

CITY OF SANTA CRUZ
809 Center Street
Santa Cruz, California 95060



JOINT CITY COUNCIL - REDEVELOPMENT AGENCY AGENDA

Regular Meeting

June 22, 2010

1:00 P.M. CLOSED LITIGATION SESSION, COURTYARD CONFERENCE
ROOM

3:00 P.M. CONSENT, GENERAL BUSINESS AND PUBLIC HEARINGS, ORAL
COMMUNICATIONS, COUNCIL CHAMBERS

Note: There will be no 7:00 p.m. session.

Written correspondence and telephone calls received after 5:00 p.m. on Monday preceding a Council meeting may not have time to reach Councilmembers, nor be read by them prior to consideration of an item. Please make any communication to Councilmembers regarding Council meeting items prior to 5:00 p.m. Monday.

Council meetings are cablecast on Comcast Channel 25.

Written material for every item listed in the open sessions is available for review at the Central Branch Library Reference Desk.

Time limits set by Council Policy are guidelines. Unless otherwise specified, procedures for all items, except those approved in one motion on the Consent Agenda, are:

- Oral staff report
- Public comment - 2 minutes each; maximum total time may be established by the Presiding Officer at the beginning of the item
- Council/Agency deliberation and action

Closed Litigation Session

1:00 PM

At 1:00 p.m., the Presiding Officer will open the City Council and Redevelopment Agency Closed Litigation sessions in a public meeting in the Courtyard Conference Room, for the purpose of announcing the agenda and considering item 1; thereafter the meeting will be closed to the public.

Referral to Closed Session

1. Referral to Closed Session - 190 Walnut Avenue, APN 005-072-26. (ED)

Motion to refer to closed session the potential exchange of city-owned property located at 190 Walnut Avenue, APN 005-072-26 for the purpose of instructing the negotiator concerning price, terms, or both.

Closed Litigation Session

- A. Labor Negotiations (Government Code §54956.6).

Lisa Sullivan—Negotiator

- Employee Organizations—
1. Police Management
 2. Police Officers' Association
 3. SEIU—All Units
 4. Operating Engineers-Supervisors
 5. Operating Engineers-Managers
 6. Firefighters IAFF

- B. Conference With Legal Counsel—Existing Litigation (Government Code §54956.9).

1. Community Water Coalition v. Santa Cruz County LAFCO, et al.
Santa Cruz County Superior Court Case No. CV 167407.
2. Regents of the University of California v. City of Santa Cruz, et al.
Santa Cruz County Superior Court Case No. CV 155136.
3. Regents of the University of California v. City of Santa Cruz, et al.
Santa Cruz County Superior Court Case No. CV 155995.
4. City of Santa Cruz v. UCSC (LRDP/EIR), Santa Cruz County Superior
Court Case No. CV 155571.

Closed Litigation Session (continued)

B. Conference With Legal Counsel—Existing Litigation (Government Code §54956.9) (continued).

5. City of Santa Cruz v. UCSC (Biomedical Building – CEQA), Santa Cruz County Superior Court Case No. CV 156366.
6. People v. Modes, Santa Cruz County Superior Court Case Nos. SCT077272 and SCT029729.
7. People v. Deleon/Richardson, Santa Cruz County Superior Court Case Nos. CV 162526 and CV 162525.
8. UACC Midwest, Inc. and United Cable Television of Santa Cruz, Inc. v. City of Santa Cruz, County of Santa Cruz, Northern District Federal Court Case No. C-84-7546 SI.

C. Conference with Legal Counsel- Real Property Negotiations (Government Code §54956.8).

190 Walnut Avenue Property Disposition Negotiation
Bonnie Lipscomb-City Negotiator
APN 005-072-26

An oral report will be presented in the 3:00 p.m. Session (item 27).

Joint City Council/Redevelopment Agency

3:00 PM

- * Call to Order
- * Roll Call
- * Pledge of Allegiance
- * Presentation - Thirty Year Service Award Pin Presented to John Lippi, Public Works Solid Waste Worker
- * Presentation - Thirty Year Service Pin Award Presentation to Parks and Recreation Director Dannettee Shoemaker
- * Presentation - Mayor's Proclamation Recognizing July as Parks and Recreation Month
- * Presiding Officer's Announcements
- * Statements of Disqualification
- * Additions and Deletions
- * Joint City Council/Redevelopment Agency Oral Communications - 30 Minutes

Consent Agenda

2. Minutes of the June 7, 2010 Special City Council Meeting. (CC)
Motion to approve as submitted.

3. Professional/Legal Services for Fiscal Year 2010 – Budget Adjustment. (CM)
Resolution transferring funds and amending the Fiscal Year 2010 Budget in the amount of \$43,800 to pay for: 1) an under-funded expense for the Independent Police Auditor; and 2) environmental consulting services related to the Local Agency Formation Commission (LAFCO) sphere of influence application environmental review requirements.

Consent Agenda (continued)

4. Downtown Management Corporation – Sixteenth Amendment to Agreement with the City of Santa Cruz. (ED)

Resolution authorizing the City Manager to execute the Sixteenth Amendment to the Agreement with the Downtown Management Corporation (DMC) providing for the payment of fees collected by the Department of Finance from assessments levied on downtown properties and revenues collected from the leasing and licensing of kiosks as well as café and retail extension areas in the downtown.

5. Hope Services, Inc. – Agreement to Provide Job Training for Persons with Developmental Disabilities. (ED)

Redevelopment Agency Resolution authorizing the Executive Director to execute an agreement with Hope Services, Inc. in the amount of \$57,730 to provide job training for persons with developmental disabilities contingent on approval of the Agency FY 2011 budget.

6. Administrative Services Agreement Between the City of Santa Cruz and the Redevelopment Agency. (ED)

City Council resolution authorizing the City Manager to enter into an Administrative Services Agreement with the Redevelopment Agency for FY 2011, contingent upon the approval by the Redevelopment Agency.

Redevelopment Agency resolution authorizing the Executive Director to enter into an Administrative Services Agreement with the City of Santa Cruz for FY 2011, contingent upon the approval by the City Council and the adoption of the City's and Agency's FY 2011 budget.

7. Low- and Moderate-Income Housing Fund – Administrative Charges FY 2011. (ED)

Redevelopment Agency resolution authorizing the allocation of \$202,950 for the administrative charge for FY 2011 for the Low- and Moderate-Income Housing Fund.

Consent Agenda (continued)8. Loan for Redevelopment Agency Administration. (ED)

City Council resolution authorizing the City Manager to execute a loan agreement with the Redevelopment Agency of the City of Santa Cruz in the amount of \$1,600,000 to fund FY 2011 administrative costs, contingent upon approval of said agreement by the Redevelopment Agency.

Redevelopment Agency resolution authorizing the Executive Director to execute a loan agreement with the City of Santa Cruz in the amount of \$1,600,000 to fund FY 2011 administrative costs, contingent upon approval of said agreement by the City Council and adoption of the Redevelopment Agency's budget.

9. Loan from the City to the Redevelopment Agency to Fund FY 2011 Redevelopment Agency Capital Improvement Projects for the Eastside Business Improvement Project Area. (ED)

City Council resolution authorizing the City Manager to execute a loan agreement with the Redevelopment Agency of the City of Santa Cruz in the amount of \$29,315 for the Eastside Business Improvement Project to fund FY 2011 Agency capital projects, contingent upon approval of said agreement by the Redevelopment Agency.

Redevelopment Agency resolution authorizing the Executive Director to execute a loan agreement with the City of Santa Cruz in the amount of \$29,315 for the Eastside Business Improvement Project contingent upon approval of said agreement by the City Council and adoption of the Redevelopment Agency's budget.

10. Loan for Redevelopment Agency Capital Improvement Projects for the Merged Earthquake Recovery and Reconstruction Project to Fund FY 2011 Agency Capital Projects. (ED)

City Council resolution authorizing the City Manager to execute a loan agreement with the Redevelopment Agency of the City of Santa Cruz in the amount of \$260,000 for the Merged Earthquake Recovery and Reconstruction Project to fund FY 2011 Agency capital projects, contingent upon approval of said agreement by the Redevelopment Agency.

Redevelopment Agency resolution authorizing the Executive Director to execute a loan agreement with the City of Santa Cruz in the amount of \$260,000 for the Merged Earthquake Recovery and Reconstruction Project contingent upon approval of said agreement by the City Council and adoption of the Redevelopment Agency's FY 2011 budget.

Consent Agenda (continued)

11. 1520-K2 Pacific Avenue – Lease Agreement with Emily’s Good Things To Eat, Inc. (ED)

Motion to authorize and direct the City Manager to execute a Lease Agreement and any amendments of a non-substantive nature, in a form approved by the City Attorney, with Emily dba Emily’s Good Things to Eat for the premises located at 1520-K2 Pacific Avenue.

12. 1130-K2 Pacific Avenue – Lease Agreement with Shana Casey Weiner and Edward J Weiner dba Asana Tea Café. (ED)

Motion to authorize and direct the City Manager to execute a Lease Agreement and any amendments of a non-substantive nature, in a form approved by the City Attorney, with Shana Casey Weiner and Edward J Weiner dba Asana Tea Cafe for the premises located at 1130-K2 Pacific Avenue.

13. AB 2766 Emission Reduction Grant Program Application FY 2011. (ED)

Redevelopment Agency resolution ratifying the submittal of a grant application to the FY 2011 AB 2766 Emission Reduction Grant Program to support Zero Motorcycle’s efforts to develop an electric powertrain and manufacturing facility in Santa Cruz.

14. State CalHome Program Grant Application for the City’s First Time Homebuyer Program. ED

Resolution authorizing the City Manager to submit an application to the California State Department of Housing and Community Development (HCD) for funding under the CalHome Program and, if selected, to execute a standard agreement for such funding and any amendments thereto, and any related document necessary, in a form approved by the City Attorney, to participate in the CalHome Program and to accept and appropriate such grant funds as may be awarded under the program.

Consent Agenda (continued)

15. Authorization to Expend Available Funds. (FN) (ED)

Council resolution authorizing the Finance Director to expend available funds from the period of July 1, 2010, until formal adoption of the FY 2011 budget.

Redevelopment Agency resolution authorizing the Executive Director to expend available funds from the period of July 1, 2010, until formal adoption of the FY 2011 budget.

16. Establishing a Safety Enhancement Zone for Independence Day 2010. (PD)

Resolution authorizing a temporary safety enhancement zone for Independence Day 2010 from 5:00 p.m. on July 2 2010 to 12:01 a.m. on July 6, 2010, designating the geographic boundary of the temporary safety enhancement zone for Independence Day 2010, and increasing fines and penalties for certain Municipal Code violations in the safety enhancement zone.

17. Amendment No. 3 to Landfill Gas Lease. (PW)

Resolution authorizing and directing the City Manager to execute Amendment #3 to the Landfill Gas Lease with Santa Cruz, Energy, LLC, a Delaware limited liability company.

18. Summer 2009 Overlay Project - Market Street (c400828), Federal Project No. ESPL-5025(046) - Notice of Completion. (PW)

Motion to accept the work completed by Joseph J. Albanese, Inc. of Santa Clara, CA, as completed per the plans and specifications and authorize the filing of the Notice of Completion for the Summer 2009 Overlay Project – Market St. (c400828), Federal Project Number ESPL-5025(046).

19. Summer 2009 Overlay Project – Morrissey Boulevard (c400827), Federal Project Number ESPL-5025(045) - Notice of Completion. (PW)

Motion to accept the work of Joseph J. Albanese, Inc. of Santa Clara, CA, as completed per the plans and specifications and authorize the filing of the Notice of Completion for the Summer 2009 Overlay Project – Morrissey Blvd. (c400827), Federal Project Number ESPL-5025(045).

Consent Agenda (continued)

20. Beltz Well #12 Project - Acquisition of Property in Soquel Research Park - APN 030-181-70. (WT)

Motion to authorize the City Manager to execute an amendment to the September 10, 2009 purchase option agreement with Nahum Guzik, Trustee, for property located in Soquel Research Park, APN 030-181-70.

21. Statement of Investment and Portfolio Policy. (FN)

Motion to approve the Statement of Investment and Portfolio Policy.

End Consent Agenda**Public Hearing**

22. American Recovery and Reinvestment Act of 2009 - Recovery Zone Facility Revenue Bonds for Cruzio – Public Hearing. (ED)

Resolution to approve the issuance of Recovery Zone Facility tax-exempt revenue bonds in an amount not to exceed three million dollars by the California Statewide Communities Development Authority for the Cruzio Building Renovation and Data Center Project.

General Business

23. Annual Financial Report For Clean River, Beaches and Ocean Tax Ordinance. (FN)

Motion to authorize the Finance Director to file the Annual Financial Report for Clean River, Beaches and Ocean Tax.

24. United Way 2-1-1 Health and Human Service Information and Referral System Funding - FY 2011 Budget. (CM)

Motion directing the inclusion of funding in the FY 2011 Budget for the countywide 2-1-1 Health and Human Service Information and Referral System.

General Business (continued)25. Code Enforcement Ordinance - Santa Cruz Municipal Code. (CA)

Introduction of an ordinance for publication, authorizing the City Attorney to file criminal misdemeanor complaints for Municipal Code violations where the offender, on three occasions during any given six-month period, has failed to appear in court in connection with citations issued for a criminal violation of the Municipal Code, or to post bail in connection with those citations.

26. Council Meeting Calendar

That the City Council review the meeting calendar attached to the agenda and revise as necessary.

27. City Attorney Oral Report on Closed Session. (See Page 2.)28. Council Memberships in City Groups and Outside Agencies.

The Presiding Officer will provide Councilmembers with the opportunity to update Council and the public regarding City Groups and Outside Agencies.

Adjournment — The Redevelopment Agency will adjourn from the regularly scheduled meeting of June 22, 2010 to the next regularly scheduled meeting on July 13, 2010, for a closed litigation session at 1:30 p.m., in the Courtyard Conference Room, followed by open sessions at the approximate hours of 3:00 p.m. and 7:00 p.m. in Council Chambers.

Adjournment — The City Council will adjourn from the regularly scheduled meeting of June 22, 2010, to the next regularly scheduled meeting on July 13, 2010, for a closed litigation session at 1:30 p.m., in the Courtyard Conference Room, followed by open sessions at the approximate hours of 3:00 p.m. and 7:00 p.m. in Council Chambers.

Note: The Council Chambers will be closed ten minutes after the meeting is adjourned.

Advisory Body Appointments

The following positions are vacant. Council will make appointments at a future meeting.

Sister Cities Committee	One (1) opening
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Public Hearing: If, in the future, you wish to challenge in court any of the matters on this agenda for which a public hearing is to be conducted, you may be limited to raising only those issues which you (or someone else) raised orally at the public hearing or in written correspondence received by the City at or before the hearing.

Any person seeking to challenge a City Council decision made as a result of a proceeding in which, by law, a hearing is required to be given, evidence is required to be taken, and the discretion in the determination of facts is vested in the City Council, shall be required to commence that action either 60 days or 90 days following the date on which the decision becomes final as provided in Code of Civil Procedure Section 1094.6 Please refer to code of Civil Procedure 1094.6 to determine how to calculate when a decision becomes “final.” The 60-day rule applies to all public hearings conducted pursuant to the City’s Zoning Ordinance, Title 24, Santa Cruz Municipal Code. The 90-day rule applies to all other public hearings.

City Council Agenda Legislative History Addendum

No information was submitted.

City staff is responsible for providing the City Clerk with such documentation and information for the Legislative History Addendum. The information will be on file in the City Clerk’s Department.

The Addendum is a listing of information specific to City Council business, but which does not appear on a Council meeting agenda. Such entities would include, but not be limited to:

- Court decisions
- Coastal Commission Appeals of City Council actions
- Closed Session Agreements/Settlements, which are public record
- Association of Monterey Bay Area Governments
- Local Agency Formation Commission

ADDENDUM TO CITY COUNCIL AGENDA – JUNE 22, 2010
INFORMATION ITEMS PREVIOUSLY DISTRIBUTED TO CITY COUNCILMEMBERS
(Copies available in the Central Branch Library at the Reference Desk)

Parks and Recreation Department

FYI Regarding Privatization - 6/7/10 (PK FYI 049)

FYI Water Quality Testing Timeline – Cowell
Beach - 6/8/10 (PK FYI 050)

ADDENDUM TO CITY COUNCIL AGENDA – JUNE 22, 2010
MAYOR'S PROCLAMATIONS

1. Proclaiming Saturday, June 5, 2010 as “Mark Stephens and Santa Cruz Yoga Day” and urging all residents of our fair City to join in celebrating the many contributions of Mark Stephens and the opening of Santa Cruz Yoga.
2. Proclaiming June 12, 2010 as “Dan Martinez Day” and urging all citizens to join in celebrating his numerous contributions and accomplishments during his career in education; applauding him for the inspiration and guidance that he provided to his students, staff, and family; and wishing him much success in the future.
3. Proclaiming June 17, 2010 as “National Dump the Pump Day” and urging all citizens and civic organizations to join in using public transit and acquainting ourselves with the benefits involved such as saving money, improving the environment, reducing dependence on foreign oil, and improving the quality of life in Santa Cruz.
4. Proclaiming June 25, 2010 as “Linda Burroughs Day” and encouraging all citizens to join in recognizing the valiant if unsuccessful efforts of Linda Burroughs.
5. Proclaiming the week of June 21–27, 2010 as “Amateur Radio Week” and calling on all residents to support the very important emergency preparedness exercise and recognize the tremendous contributions local amateur radio operators have made to our community.



JOINT CITY COUNCIL/
REDEVELOPMENT AGENCY
AGENDA REPORT

DATE: 6/14/2010

AGENDA OF: 6/22/2010

DEPARTMENT: Economic Development

SUBJECT: Referral to Closed Session - 190 Walnut Avenue, APN 005-072-26. (ED)

RECOMMENDATION: Motion to refer to closed session the potential exchange of city-owned property located at 190 Walnut Avenue, APN 005-072-26 for the purpose of instructing the negotiator concerning price, terms, or both.

BACKGROUND: In a City Council closed session meeting on December 8, 2009, the Council directed staff to pursue the potential acquisition of 212 Church Street, APN APN 005-048-12, the parking lot adjacent to the Central Library. During negotiation discussions with the representative of the property owner it became apparent that an exchange of city-owned property located at 190 Walnut Avenue might be possible for the property located at 212 Church Street.

DISCUSSION: Staff recommends that the City council refer this matter to closed session to discuss the potential exchange of 190 Walnut Avenue for 212 Church Street.

FISCAL IMPACT: None at this time.

Submitted by:
Bonnie Lipscomb
Director of Economic Development/
Agency Executive Director

Approved by:
Richard C. Wilson
City Manager

ATTACHMENTS: None

CITY OF SANTA CRUZ
809 Center Street
Santa Cruz, California 95060

**SPECIAL CITY COUNCIL MEETING
TO REVIEW THE PROPOSED FY 2011 BUDGET**

JUNE 7, 2010

Call to Order

Mayor Rotkin called the meeting to order at 8:40 a.m. in City Council Chambers.

Roll Call

Present: Councilmembers Lane, Mathews, Beiers, Robinson; Vice Mayor Coonerty; Mayor Rotkin.

Absent: Councilmember Madrigal.

Staff: City Manager R. Wilson, Assistant City Manager M. Bernal, City Attorney J. Barisone, Director of Economic Development and Redevelopment B. Lipscomb, Director of Finance J. Dilles, Budget Manager P. Haymond, Chief of Fire R. Oliver, Director of Human Resources L. Sullivan, Director of Information Technology S. Caiocca, Director of Libraries T. Landers, Director of Parks and Recreation D. Shoemaker, Superintendent of Parks S. Hammack, Director of Planning and Community Development J. Rebagliati, Chief of Police H. Skerry, Director of Public Works M. Dettle, Assistant Director of Public Works/City Engineer C. Schneider, Director of Water B. Kocher, City Clerk L. Brewer, Deputy City Clerk T. Graves.

Budget Hearings

I. Introduction.

City Manager R. Wilson made opening remarks.

A. Budget Message.

Finance Director J. Dilles gave a presentation on the proposed FY 2011 budget and responded to Council's questions.

CITY COUNCIL MEETING – BUDGET HEARINGS
JUNE 7, 2010

Budget Hearings (continued)

II. Administrative Departments.

A. City Council.

No discussion was held on this item.

B. City Clerk.

City Clerk L. Brewer presented an oral report and responded to Council's questions.

C. City Manager.

1. Membership Dues.

2. Animal Services Authority.

This item was taken out of order.

Animal Services Authority Acting Director L. Miller presented an oral report and responded to Council's questions.

D. City Attorney.

City Attorney J. Barisone presented an oral report and responded to Council's questions.

E. Human Resources.

Director of Human Resources L. Sullivan presented an oral report and responded to Council's questions.

F. Finance.

Director of Finance J. Dilles presented an oral report and responded to Council's questions.

G. Information Technology.

Director of Information Technology S. Caiocca presented an oral report and responded to Council's questions.

Budget Hearings (continued)

III. Public Trust Fund.

Director of Finance J. Dilles presented an oral report and responded to Council's questions.

IV. City Supported Services.

A. Conference and Visitors Council.

SPEAKING FROM THE FLOOR IN SUPPORT OF THE CVC:

Maggie Ivy, Conference and Visitors Council Executive Director, presented an oral report in support of funding and responded to Council's questions.

B. Cultural Council.

SPEAKING FROM THE FLOOR IN SUPPORT OF THE CULTURAL COUNCIL:

Michelle Williams, Santa Cruz Cultural Council Executive Director, presented an oral report in support of funding and responded to Council's questions.

C. Native Animal Rescue.

No report was provided.

V. Police.

Chief of Police H. Skerry presented an oral report and responded to Council's questions.

VI. Fire.

Chief of Fire R. Oliver presented an oral report and responded to Council's questions.

Council recessed at 12:12 p.m. and reconvened at 1:18 p.m.

CITY COUNCIL MEETING – BUDGET HEARINGS
JUNE 7, 2010

Budget Hearings (continued)

VII. Parks and Recreation.

- A. General Fund Operations.
- B. Golf Course Fund Operations.
- C. Capital Improvement Program Projects.

Director of Parks and Recreation D. Shoemaker and Superintendent of Parks S. Hammack presented oral reports and responded to Council's questions.

VIII. Library (City)

Director of Libraries T. Landers presented an oral report and responded to Council's questions.

Action

Councilmember Mathews moved, seconded by Councilmember Beiers, to approve the staff recommendations regarding making temporary working capital loans from the City's General Fund to the Santa Cruz County Public Libraries Joint Powers Authority, with the understanding that this action is conditional upon the judgment of the Finance Director and the City Manager, and that this policy shall be reviewed annually. The motion carried unanimously (Councilmember Madrigal absent).

IX. Public Works.

- A. General Fund Operations.
- B. Special Revenue Funds.
- C. Enterprise Fund Operations.
- D. Internal Service Fund.
- E. Capital Improvement Program Projects.

Director of Public Works M. Dettle and Assistant Director of Public Works/City Engineer C. Schneiter presented oral reports and responded to Council's questions.

Budget Hearings (continued)

IX. Public Works (continued)

E. Capital Improvement Program Projects (continued)

SPEAKING FROM THE FLOOR IN SUPPORT OF A BICYCLE
BOULEVARD ON KING STREET AND/OR EXPRESSING CONCERNS:

Micah Posner
David Foster
Rick Longinotti

Action

Councilmember Lane moved, seconded by Councilmember Beiers, to direct staff to return with an estimate of costs for a Destinations and Origins study on King Street, what projects might have to be deferred if the D&O study were done, and how volunteer labor might be used in the D&O study. Staff was also directed to take the Mission/Bay intersection into account when planning possible vehicle diversions on King Street. The motion carried unanimously (Councilmember Madrigal absent).

SPEAKING FROM THE FLOOR IN SUPPORT OF THE THIRD STREET
PATHWAY/STAIRS:

Philip Rosenblum

SPEAKING FROM THE FLOOR IN SUPPORT OF PEDESTRIAN SAFETY
ON THIRD STREET:

Richard Andrews

Action

By consensus, Council directed staff to review Third Street pedestrian safety options, including a crosswalk at the intersection of Third and Front Streets, and a stop sign at Third and Main Streets.

X. Planning and Community Development.

Director of Planning and Community Development J. Rebagliati presented an oral report and responded to Council's questions.

CITY COUNCIL MEETING – BUDGET HEARINGS
JUNE 7, 2010

Budget Hearings (continued)

XI. Water.

- A. Operations
- B. Capital Improvement Program Projects

Director of Water B. Kocher and Principal Management Analyst P. Harmon presented oral reports and responded to Council's questions.

XII. Economic Development and Redevelopment.

- A. Programs.
- B. Capital Improvement Program Projects.

Director of Economic Development and Redevelopment B. Lipscomb presented an oral report and responded to Council's questions.

XIII. Non-Departmental Capital Improvement Program Projects.

No report was provided.

Council recessed at 4:33 p.m. and reconvened at 4:42 p.m.

XIV. City-Supported Services.

Social Services Programs (Presentation by Human Care Alliance)

SPEAKING FROM THE FLOOR IN SUPPORT OF THE HUMAN CARE ALLIANCE:

Yolanda Henry
Carolyn Coleman
Stefan Richter
Liliana, Jasmine and Dannie
Robin Phaels
Mike
Ginny Saunders
Sue Muttersbach

Council recessed at 5:10 p.m. and reconvened at 5:13 p.m.

Budget Hearings (continued)

Action

By consensus, staff was directed to bring back corrections, updates and amendments, including Social Services Program recommendations, to the July 13, 2010 meeting. Staff was also directed to bring back Public Works recommendations on King Street, Police Department recommendations on diversion and intervention programs, and any other changes that may be necessary for adoption of the FY 2011 budget.

Adjournment: At 5:40 p.m., the City Council adjourned to the next regularly scheduled meeting of June 8, 2010 at 1:30 p.m. for a Closed Litigation Session in the Courtyard Conference Room, followed by a 3:00 p.m. open session in the City Council Chambers.

Respectfully Submitted

Tom Graves
Deputy City Clerk

Approved

Lorrie Brewer
City Clerk

Approved

Michael Rotkin
Mayor

CITY COUNCIL AGENDA REPORT

DATE: June 14, 2010

AGENDA OF: June 22, 2010

DEPARTMENT: City Manager

SUBJECT: Professional/Legal Services for Fiscal Year 2010 – Budget Adjustment.
(CM)

RECOMMENDATION: Resolution transferring funds and amending the Fiscal Year 2010 Budget in the amount of \$43,800 to pay for: 1) an under-funded expense for the Independent Police Auditor; and 2) environmental consulting services related to the Local Agency Formation Commission (LAFCO) sphere of influence application environmental review requirements.

BACKGROUND: A budget adjustment is being requested to pay for unanticipated and under-funded expenses.

DISCUSSION: Funds are being requested to pay for professional services in two areas:

Independent Police Auditor

The budget for the Independent Police Auditor was under funded by \$6,000. Staff inadvertently included the wrong number in the Fiscal Year 2010 Adopted Budget. Staff had hoped that this relatively small amount could be covered within the existing City Manager's Budget, as it is normally not 100 percent expended. This year, however, it experienced higher than budgeted expenses, including legal costs for cable franchise negotiations. A budget adjustment in the amount of \$6,000 is therefore needed to pay for the contract with the Independent Police Auditor.

LAFCO Application Environmental Review

A budget adjustment is also needed to pay for unanticipated environmental consulting services related to the LAFCO sphere of influence application environmental review requirements. When the budget was adopted the level of environmental review that was required was unknown. It was subsequently determined that an Environmental Impact Report was required. Once again, budgeted funds were used to cover the costs but are insufficient. A total of \$37,800 is needed to cover these expenses. It is important to point out that half of these costs will be reimbursed by the University of California at Santa Cruz (UCSC).

FISCAL IMPACT: Approval of the budget adjustment will reduce the City's General Fund balance by \$43,800. A total of \$18,900 will be reimbursed by UCSC for a net reduction of \$24,900.

Submitted by:

Approved by:

Martín Bernal
Assistant City Manager

Richard C. Wilson
City Manager

Attachment: Budget Adjustment

**City of Santa Cruz
BUDGET ADJUSTMENT REQUEST**

<input checked="" type="radio"/> Council Approval	Resolution No. _____
<input type="radio"/> RDA Approval	Resolution No. _____
<input type="radio"/> Administrative Approval	

<input checked="" type="radio"/> Current Fiscal Year
<input type="radio"/> Prior Fiscal Year

Date: 06/14/2010

ACCOUNT	REVENUE EDEN ACCOUNT TITLE	
101-50-70-1301-43355	Local grants - UCSC reimbursements	\$18,900.00
TOTAL REVENUE		\$18,900.00

ACCOUNT	EXPENDITURE EDEN ACCOUNT TITLE	
101-10-03-1212-52132	Independent Police Auditor - Legal Services-Outside	\$6,000.00
101-50-70-1301-52199	Planning & Zoning - Other Professional and Technical Services	37,800.00
TOTAL EXPENDITURE		\$43,800.00

NET: \$ (24,900.00)

Purpose: Funds to pay for an under-funded expense for the Independent Police Auditor and environmental consulting services related to LAFCO sphere of influence application environmental review requirements.

PREPARED BY	DEPARTMENT HEAD APPROVAL	ACCOUNTING APPROVAL	FINANCE DIRECTOR APPROVAL	CITY MANAGER APPROVAL
Suzanne Haberman <small>Digitally signed by Suzanne Haberman DN: cn=Suzanne Haberman, o=City of Santa Cruz, ou=City Manager's Office, email=suzanne.haberman@ci.sc.ca.us, c=US Date: 2010.06.14 17:04:47-0700</small>	Martin Bernal <small>Digitally signed by Martin Bernal DN: cn=Martin Bernal, o=City of Santa Cruz, ou=City Manager's Office, email=mbernal@ci.sc.ca.us, c=US Date: 2010.06.14 17:20:44-0700</small>	Cheryl Fyfe <small>Digitally signed by Cheryl Fyfe DN: cn=Cheryl Fyfe, o=City Manager's Office, email=cfyfe@ci.sc.ca.us, c=US Date: 2010.06.14 17:22:30-0700</small>	Jack Dilles <small>Digitally signed by Jack Dilles DN: cn=Jack Dilles, ou=Finance, o=CI/MAD, email=jdilles@ci.sc.ca.us, c=US Date: 2010.06.14 12:55:41-0700</small>	
6/14/10		6/16/10		

Revised December 2009



CITY COUNCIL AGENDA REPORT

DATE: 6/14/2010

AGENDA OF: 6/22/2010

DEPARTMENT: Economic Development

SUBJECT: Downtown Management Corporation – Sixteenth Amendment to Agreement with the City of Santa Cruz. (ED)

RECOMMENDATION: Resolution authorizing the City Manager to execute the Sixteenth Amendment to the Agreement with the Downtown Management Corporation (DMC) providing for the payment of fees collected by the Department of Finance from assessments levied on downtown properties and revenues collected from the leasing and licensing of kiosks as well as café and retail extension areas in the downtown.

BACKGROUND: In connection with the establishment of the Cooperative Retail Management program, certain actions were taken wherein the City of Santa Cruz would provide funds to an organization established to manage the downtown host program through the annual assessment and with revenues from both kiosks as well as from the café and retail extension areas. The DMC was established February 1994 to improve the public perception of downtown by providing a visible presence in downtown to observe, report and prevent street disorder. The current agreement expires on June 30, 2010.

DISCUSSION: In order for such revenue to be disbursed to DMC, an agreement was entered into between the DMC and the City setting forth legal and reporting responsibilities required by law. The agreement further provides for the organization to submit an annual budget and an annual report on the previous year's expenditures. The proposed amendment extends the term to June 30, 2011.

FISCAL IMPACT: The assessment district, established solely for this purpose, will generate an annual income of approximately \$154,054 which is disbursed to the Downtown Management Corporation. Rental receipts from the Pacific Avenue kiosks in an amount not to exceed \$6,500 annually, and the café/retail extension areas in an amount not to exceed \$5,000 annually, are committed as the City's contribution to the program as well as assessments on Agency and City owned properties.

Submitted by:
Bonnie Lipscomb
Director of Economic Development

Approved by:
Richard C. Wilson
City Manager

ATTACHMENTS:
Resolution
Amendment

SIXTEENTH AMENDMENT TO THE AGREEMENT BETWEEN THE CITY OF SANTA CRUZ AND THE DOWNTOWN MANAGEMENT CORPORATION

WHEREAS, the City of Santa Cruz ("City") and Downtown Management Corporation ("Corporation") entered into an Agreement dated September 14, 1994 and amended on June 14, 1995, June 25, 1996 and July 8, 1997, July 12, 1998, July 13, 1999, June 27, 2000; June 26, 2001, July 23, 2002, July 22, 2003, June 22, 2004, June 28, 2005, July 11, 2006, July 10, 2007, June 24, 2008 and June 23, 2009; and

WHEREAS, said Agreement expires on June 30, 2010 unless extended; and

WHEREAS, the parties wish to extend said term of said Agreement.

NOW, THEREFORE, in consideration of the mutual promises the City and Corporation agree as follows:

The first sentence of Section 10 is amended to read: "The Agreement shall be effective as of July 1, 2010 and shall terminate on June 30, 2011."

All other terms and conditions of said Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, City and Corporation have caused this to be fully executed this 22nd day of June, 2010.

THE CITY OF SANTA CRUZ

By: _____
City Manager

Date: _____

DOWNTOWN MANAGEMENT CORPORATION

By: _____
President

Date: _____

APPROVED AS TO FORM:



City Attorney

Date: 6-22-10

RESOLUTION NO. NS-

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA CRUZ AUTHORIZING AND DIRECTING THE CITY MANAGER TO EXECUTE THE SIXTEENTH AMENDMENT TO THE AGREEMENT BETWEEN THE CITY AND THE DOWNTOWN MANAGEMENT CORPORATION REGARDING ASSESSMENT DISTRICT REVENUES

WHEREAS, pursuant to the Parking and Business Improvement Area Law of 1979, the Charter of the City of Santa Cruz, and Title 12 of the Santa Cruz Municipal Code, the City did, on the 8th day of February, 1994, adopt an ordinance establishing a Cooperative Retail Management Business Real property Improvement District; and

WHEREAS, said ordinance provides for the levy of special charge within the area more particularly described in said ordinance, and specifies the purposes for which the charge may be used; and

WHEREAS, on May 11, 2010, the City Council approved the levy of the assessment for FY 2011; and

WHEREAS, the City generates revenues from the lease of certain kiosk improvements and licenses granted to local cafes and restaurants and other retailers for the extended use of public sidewalks, all of which are located within the Cooperative Retail Management Business Real Property Improvement District; and

WHEREAS, the City has designated the Downtown Management Corporation as the entity to assume the downtown host program for the Cooperative Retail Management Business Real Property Improvement District with the responsibility of expending and administering the funds derived from the special charge and other revenues derived from said kiosk improvements and sidewalk extension licenses which revenues are capped; and

WHEREAS, on September 13, 1994, by Resolution No. NS-21,793 the City entered into an agreement with the Downtown Management Corporation, a duly organized nonprofit corporation under the laws of the State of California, wherein the Corporation agreed to create, implement and administer said downtown host program and to assume the responsibility for receiving and expending the special charge revenue and other revenues assigned by the City for said purposes in accordance with a budget approved by the City; and

WHEREAS, subsequent amendments to the contract extended the term to June 30, 2010; and

WHEREAS, the parties desire to extend the term of said agreement and the reporting period for said organization.

RESOLUTION NO. NS-

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Santa Cruz that by the City Council of the City of Santa Cruz that the Sixteenth Amendment to the Agreement between the City and the Downtown Management Corporation regarding assessment district revenues is hereby approved and the City Manager is hereby authorized and directed to execute said amendment upon the terms and conditions as presented to Council this date.

PASSED AND ADOPTED this 22nd day of June, 2010, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

APPROVED: _____
Mayor

ATTEST: _____
City Clerk



REDEVELOPMENT AGENCY AGENDA REPORT

DATE: 6/14/2010

AGENDA OF: 6/22/2010

DEPARTMENT: Economic Development

SUBJECT: Hope Services, Inc. – Agreement to Provide Job Training for Persons with Developmental Disabilities. (ED)

RECOMMENDATION: Redevelopment Agency Resolution authorizing the Executive Director to execute an agreement with Hope Services, Inc. in the amount of \$57,730 to provide job training for persons with developmental disabilities contingent on approval of the Agency FY 2011 budget.

BACKGROUND: Hope Services, Inc. (the “Center”) is a local rehabilitation training program for persons with developmental disabilities. Center employees have provided supplemental maintenance services on Pacific Avenue and the use of the Center’s services has resulted in a cleaner downtown and has provided training for persons in the training program.

DISCUSSION: Under Redevelopment Law, the Agency is vested with the responsibility of expanding opportunities for the jobless, underemployed, and low-income persons. Staff is recommending that the Agency continue to provide the resources to develop vocation, education and job opportunities for the persons with developmental disabilities and to continue to engage the Center for downtown maintenance services.

Staff is proposing that the Agency continue funding for this program through FY 2011 in the amount of \$57,730. In addition to integrating persons with disabilities into the community, training of people who live in the Merged Project Area will benefit the community by providing an increased pool of trained labor upon which the existing and developing businesses may draw.

FISCAL IMPACT: The proposed FY 2011 budget contains \$57,730 in funds for this agreement.

Submitted by:
Bonnie Lipscomb
Executive Director

Approved by:
Richard C. Wilson
City Manager

ATTACHMENTS:
Resolution
Agreement

RESOLUTION NO.

RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CRUZ
AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AN AGREEMENT, WITH
HOPE SERVICES, INC. TO PROVIDE JOB TRAINING FOR PERSONS WITH
DEVELOPMENTAL DISABILITIES IN THE AMOUNT OF \$57,730

WHEREAS, by ordinance Nos. 90-40 and 90-41, adopted on November 13, 1990, the City Council of the City of Santa Cruz approved and adopted the Redevelopment Plan (the “Merged Redevelopment Plan”) for the Merged Earthquake Recovery and Reconstruction Project (the “Merged Project”); and

WHEREAS, pursuant to Section 33071 of the California Health and Safety Code, the Redevelopment Agency (Agency) is vested with the responsibility of expanding opportunities for jobless, underemployed and low income persons and pursuant to California Welfare and Institution Code 19850, shares with the State of California an interest and commitment to develop vocational education and job opportunities for persons with developmental disabilities; and

WHEREAS, the Agency has identified a need for job training for persons with developmental disabilities who live or work within the Merged Project; and

WHEREAS, pursuant to Section 33126 (b) of the California Health and Safety Code, the Agency may contract with another agency for necessary staff services associated with or required by redevelopment and which could be performed by the staff of an agency; and

WHEREAS, Hope Services, Inc., (the “Center”) is a nonprofit organization that assists persons with developmental disabilities by providing opportunity for full inclusion in typical community settings in work, housing and other activities; and

WHEREAS, the Agency and the Center desire to enter into an agreement to enable the Agency to conditionally grant certain funds to the Center to provide job training to persons with developmental disabilities who reside in or will have employment in the Merged Project; and

WHEREAS, it is appropriate that redevelopment funds be allocated to such a grant because the Merged Project will benefit from an increase pool of trained labor upon which existing and developing businesses may draw; and

WHEREAS, the fulfillment of the Agreement is in the vital and best interests of the City of Santa Cruz and the health, safety, morals and welfare of its residents and in accordance with the public purposes and provisions of applicable federal, state and local laws and requirements.

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Santa Cruz that the Executive Director is authorized to execute an agreement, with Hope Services, Inc. for providing job training to persons with developmental disabilities in the amount of \$57,730 for FY 2011.

RESOLUTION NO.

PASSED AND ADOPTED this 22nd day of June, 2010, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

APPROVED: _____
Chair

ATTEST: _____
Executive Director

**AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY
OF THE CITY OF SANTA CRUZ AND HOPE SERVICES**

THIS AGREEMENT (the "Agreement") is entered into this ___ day of _____, 2010, by and between the REDEVELOPMENT AGENCY OF THE CITY OF SANTA CRUZ, a public body, corporate and politic (the "Agency") and HOPE SERVICES, INC. a California nonprofit corporation (the "Center").

RECITALS

A. The Agency is a community redevelopment agency formed, organized and existing pursuant to the provisions of Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code. Pursuant to said law, Agency is vested with the responsibility of expanding "employment opportunities for jobless, underemployed, and low income persons and to provide an environment for the social, economic, and psychological growth and well-being of all citizens." Health & Safety Code § 33071. As an entity created by state law the Agency shares with the state of California an interest and commitment to develop "appropriate vocational education, training and employment-related activities for persons with disabilities." Welf. & Inst. Code § 19850.

B. Pursuant to the Community Redevelopment Law, the City Council of the City of Santa Cruz approved and adopted the Merged Earthquake Recovery and Reconstruction Redevelopment Plan on November 13, 1990, by Ordinances No. 90-40 and 90-41 and amended it on November 15, 1994 by Ordinance No. 94-54. This Plan describes the Redevelopment Project area referenced throughout this Agreement (the "Project Area").

C. The Center is a California nonprofit organization that works with infants and adults who have developmental disabilities such as mental retardation, autism, epilepsy, cerebral palsy, brain trauma, and other neurological impairments, as well as people with multiple disabilities. The Center's mission is to assist persons with developmental disabilities to live and participate in their communities by providing opportunity for full inclusion in typical community settings in work, housing, and other life activities.

D. The Agency and the Center desire to enter into this Agreement to enable the Agency to conditionally pay certain funds to the Center to provide job training for persons with developmental disabilities. In addition to integrating persons with disabilities into the community, the training of disabled persons who reside in or will have employment in the Merged Project Area will benefit the Merged Project Area by providing an increased pool of trained labor upon which existing and developing businesses may draw. The fulfillment of this Agreement is in the vital and best interests of the City of Santa Cruz and the health, safety, morals and welfare of its residents and in accordance with the public purposes and provisions of applicable federal, state and local laws and requirements.

NOW, THEREFORE, Agency and Center, for the consideration and upon the terms and conditions hereinafter specified, agree as follows:

DUTIES OF CONSULTANT

All work performed by the Center or under its direction shall be sufficient to meet the purposes specified.

The scope of work to be performed by the Center is described in Exhibit A, "Scope of Work," attached hereto and incorporated herein.

COMPENSATION

The cost of said services is not to exceed Fifty Seven Thousand Seven Hundred Thirty Dollars (\$57,730) per year. The Center shall provide a monthly invoice based on a daily rate of Two Hundred Thirty Dollars (\$230). If the service is not able to be performed on a day due to inclement weather, the Center shall not invoice the Agency for the canceled day.

The Center shall submit semi-annual reports to the Agency, accounting for its use of funds and outlining progress made in job training and job placement assisted by Agency funds.

ASSIGNMENT

The Center shall not assign or transfer any interest in this Agreement without the prior written consent of the Agency, and any attempt by the Center to assign this Agreement or any rights, duties or obligations arising hereunder shall be void and of no effect.

INSURANCE

Prior to proceeding with any work called for by this Agreement, Center shall provide the Agency with proof that it has complied with each of the insurance requirements set forth in Exhibit B attached to this agreement and made a part hereof.

INDEMNIFICATION

Center shall indemnify and hold harmless the City, its officers, agents, employees, and servants from all damages, losses, claims, suits, or actions of any kind and nature whatsoever, including attorneys' fees brought for or on account of damage to property, or injuries to or death of any person, resulting or alleged to have resulted, directly or indirectly, wholly or partially, from Center's performance of this Agreement. Additionally, the Center shall indemnify the City against, and hold the City harmless from, all damages, losses, claims, suits or actions of any kind and nature whatsoever, including attorneys' fees, which the City may sustain or incur, in whole or in part, as a consequence of Center's negligent errors or omissions in the performance of professional services contemplated by this Agreement.

TERMINATION

City shall have the right to terminate this Agreement at any time upon giving ten (10) days written notice to Center. Center may terminate this Agreement upon written notice to City should the City fail to fulfill its duties as set forth in this Agreement. In the event of termination, City shall pay the Center for all services performed and accepted under this Agreement up to the date of termination.

LEGAL ACTION/ATTORNEYS' FEES

If any action at law or in equity is brought to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which he or she may be entitled. The Santa Cruz County Superior Court shall have jurisdiction over any such action and that Court shall be authorized to determine which party is the prevailing party and what amount constitutes reasonable attorneys' fees to be awarded to the prevailing party.

THE PARTIES HERETO have caused this Agreement to be executed by their duly authorized officers as of the day and year first written above.

REDEVELOPMENT AGENCY OF THE CITY
OF SANTA CRUZ

By: _____
Bonnie Lipscomb, Executive Director

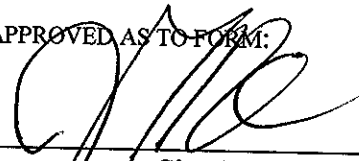
Date: _____

HOPE SERVICES, INC.
a California nonprofit corporation

By:  _____
Regional Vocational Manager

Date: 05/28/2010

APPROVED AS TO FORM:



City Attorney
Date 5-13-10

EXHIBIT A
SCOPE OF WORK

Hope Services Inc. will provide job training and safety education to developmentally disabled clients as follows.

Priority will be given to clients who are residents of the Merged Earthquake Redevelopment Project area; and/or who will be working in the Merged Earthquake Redevelopment Project area as a result of or as part of their training.

The training schedule will be Monday through Friday from 8:45am till 3:15pm

The Crew will include the equivalency of two non-disabled workers and one working supervisor.

Work Area:

The work area is Pacific Avenue between Water Street and Laurel Street, including side streets up to Front Street and Cedar Street.

Duties:

- Sweep debris into dust pans.
- Pick up litter on sidewalks, gutters and tree wells with grab-sticks
- Deposit litter in rolling trash bins with liners.
- Place litter in bags and deposit in designated trash enclosure.
- Sweep gutters.
- Sweep sidewalks.
- Remove recycling in trash cans.

Materials:

All Cleaning Supplies, brooms, dustpans, litter collection bags etc., to be provided by the City of Santa Cruz. All special clothing and wet weather gear will be provided by Hope Services, Inc.

Holidays:

The following days are holidays in the year 2010-2011, which Hope Services, Inc. observes and shall not be, obligated to perform any services. Services shall be performed the day following a holiday if requested in advance.

- July 5, 2010 Independence Day
- September 6, 2010 Labor Day
- November 25 and November 26, 2010 Thanksgiving Holiday
- December 23 and December 24, 2010 Winter Holiday
- January 1, 2011 New Years Holiday
- January 17, 2011, Martin Luther King's Birthday
- February 21, 2011, Presidents Day
- May 30, 2011, Memorial Day
- Annual Picnic, date to be determined

EXHIBIT B INSURANCE

Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, his agents, representatives, or employees.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. Insurance Services Office Commercial General Liability coverage (occurrence Form CG 0001).
2. Insurance Services Office Form Number CA 0001 covering Automobile Liability, Code 1 (any auto).
3. Workers' Compensation insurance as required by the State of California.
4. Errors and Omissions Liability insurance appropriate to the consultant's profession. Architects' and engineers' coverage is to be endorsed to include contractual liability.

Minimum Limits of Insurance

Consultant shall maintain limits no less than:

- | | |
|--|--|
| 1. General Liability:
(Including operations,
products and
completed operations) | \$1,000,000 per occurrence for bodily injury,
personal injury and property damage. |
| 2. Automobile Liability: | \$1,000,000 per accident for bodily injury and
property damage. |
| 3. Errors and Omissions Liability: | \$1,000,000 per occurrence, with other limits
to be approved by Risk Manager. |

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the City. At the option of the City, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, employees and volunteers; or the Consultant shall provide a financial guarantee satisfactory to the City guaranteeing payment of losses and related investigations, claim administration and defense expenses.

Other Insurance Provisions

The commercial general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. The City of Santa Cruz, its officers, officials, employees and volunteers are to be covered as additional insureds as respects: liability arising out of work or operations performed by or on behalf of the Consultant; or automobiles owned, leased, hired or borrowed by the Consultant.

2. For any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects the City, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
3. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the City.
4. Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under Subdivision (b) of Section 2782 of the Civil Code.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the City.

Verification of Coverage

Consultant shall furnish the City with original certificates and amendatory endorsements effecting coverage required by this clause. The endorsements should be on forms provided by the City or on other than the City's forms provided those endorsements conform to City requirements. All certificates and endorsements are to be received and approved by the City before work commences. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications at any time.



JOINT CITY COUNCIL/
REDEVELOPMENT AGENCY
AGENDA REPORT

DATE: 6/14/2010

AGENDA OF: 6/22/2010

DEPARTMENT: Economic Development

SUBJECT: Administrative Services Agreement Between the City of Santa Cruz and the Redevelopment Agency. (ED)

RECOMMENDATION: City Council resolution authorizing the City Manager to enter into an Administrative Services Agreement with the Redevelopment Agency for FY 2011, contingent upon the approval by the Redevelopment Agency.

Redevelopment Agency resolution authorizing the Executive Director to enter into an Administrative Services Agreement with the City of Santa Cruz for FY 2011, contingent upon the approval by the City Council and the adoption of the City's and Agency's FY 2011 budget.

BACKGROUND: The City's FY 2011 budget contains an appropriation for the administrative costs of the Redevelopment Agency (Agency). In order for the Agency to reimburse the City for these costs, it is necessary for both parties to enter into an Administrative Services Agreement. The attached resolution authorizes the City Manager to sign such an agreement with the Agency.

The total reimbursement by the Agency to the City shall not exceed \$1,948,650 for Agency personnel and its share of City personnel who provide financial management and other administrative services for the Agency.

DISCUSSION: None.

FISCAL IMPACT: This is a reimbursement by the Redevelopment Agency to offset City administrative costs and is annually budgeted.

Submitted by:
Bonnie Lipscomb
Director of Economic Development/
Agency Executive Director

Approved by:
Richard C. Wilson
City Manager

ATTACHMENTS:
Resolutions
Agreement

RESOLUTION NO. NS-

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA CRUZ
AUTHORIZING THE CITY MANAGER TO EXECUTE AN ADMINISTRATIVE SERVICES
AGREEMENT WITH THE REDEVELOPMENT AGENCY CONTINGENT UPON
APPROVAL BY THE REDEVELOPMENT AGENCY

WHEREAS, the Redevelopment Agency of the City of Santa Cruz does not have employees or staff to provide administrative services and is in need of such services; and

WHEREAS, the City of Santa Cruz can provide such services; and

WHEREAS, it is in the best interest of the Agency and the City to coordinate their efforts and for the City to provide the needed administrative services for FY 2011.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Santa Cruz that the City Manager be and hereby is authorized to execute the attached Administrative Services Agreement between the City of Santa Cruz and the Redevelopment Agency for FY 2011, as presented to Council this date, contingent upon the approval by the Redevelopment Agency.

PASSED AND ADOPTED this 22nd day of June, 2010, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

APPROVED: _____
Mayor

ATTEST: _____
Clerk

RESOLUTION NO.

RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CRUZ
AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AN ADMINISTRATIVE
SERVICES AGREEMENT WITH THE CITY OF SANTA CRUZ CONTINGENT
UPON APPROVAL BY THE CITY COUNCIL

WHEREAS, the Redevelopment Agency of the City of Santa Cruz does not have employees or staff to provide administrative services and is in need of such services; and

WHEREAS, the City of Santa Cruz can provide such services; and

WHEREAS, it is in the best interest of the Agency and the City to coordinate their efforts and for the City to provide the needed administrative services for FY 2011.

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Santa Cruz that the Executive Director be and hereby is authorized to execute the attached Administrative Services Agreement between the City of Santa Cruz and the Redevelopment Agency for FY 2011, as presented to the Agency this date, contingent upon the approval by the City Council.

PASSED AND ADOPTED this 22nd day of June, 2010, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

APPROVED: _____
Chair

ATTEST: _____
Executive Director

**AGREEMENT BETWEEN THE CITY OF SANTA CRUZ
AND
THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CRUZ**

THIS AGREEMENT is being made between the City of Santa Cruz, a municipal corporation ("City"), and the Redevelopment Agency of the City of Santa Cruz ("Agency").

WHEREAS, the Agency does not have employees or staff to provide administrative services and is in need of such services; and

WHEREAS, the City and the Agency have recognized the mutual benefit of coordinating their efforts and of the City providing the needed administrative services; and

WHEREAS, the Agency agrees that the City will provide such administrative services and that the Agency will reimburse the City for actual costs for such services during FY 2011; and

WHEREAS, in future years the City and Agency will agree each year, by adoption of their respective budgets, to the level of services to be provided and the budgeted costs for such services.

NOW, THEREFORE, it is mutually agreed between the parties:

1. The City shall provide personnel to administer and manage the Redevelopment Agency as directed by the Agency's Board of Directors. Services shall include management, financial, clerical, and other services.
2. The Agency shall pay the City a sum not to exceed \$1,948,650 for services from July 1, 2010 to June 30, 2011 for personnel, management, legal, financial, and other services.
3. The Agency shall reimburse the City for actual costs as they are incurred during the year.

IN WITNESS WHEREOF, the City and Agency have caused this Agreement to be fully executed this 22nd day of June, 2010.

CITY OF SANTA CRUZ,
A Municipal Corporation

REDEVELOPMENT AGENCY OF THE
CITY OF SANTA CRUZ

By: _____
City Manager

By: _____
Executive Director

Date: _____

Date: _____

APPROVED AS TO FORM:

City Attorney

Date: 6/11/10



REDEVELOPMENT AGENCY AGENDA REPORT

DATE: 6/14/2010

AGENDA OF: 6/22/2010

DEPARTMENT: Economic Development

SUBJECT: Low- and Moderate-Income Housing Fund – Administrative Charges FY 2011. (ED)

RECOMMENDATION: Redevelopment Agency resolution authorizing the allocation of \$202,950 for the administrative charge for FY 2011 for the Low- and Moderate-Income Housing Fund.

BACKGROUND: Section 33334.3(d) of California Redevelopment Law provides for payment from the Low-and Moderate-Income Housing Fund for administrative costs associated with the low and moderate income housing activities and further requires that the Agency determine annually the planning and administrative costs necessary for the production, improvement, and/or preservation of low- and moderate-income housing. To determine this amount, each year the Agency conducts a survey of the City departments and Agency staff that administer activities involved in the production and improvement of low- and moderate-income housing and which receive no reimbursement from Federal Government or other funding sources. Each department was asked to list the individual positions, percentages of time, and specific projects that pertain to low- and moderate-income housing. The departments involved include the Redevelopment Agency, Finance Department, and the City Manager's Office. Other costs included are the City's general service costs which are assigned to each City fund and the Agency supply and service costs.

DISCUSSION: None.

FISCAL IMPACT: The Low- and Moderate-Income Housing Fund contains funds in the proposed FY 2011 budget for this purpose.

Prepared by:
Bonnie Lipscomb
Executive Director

Approved by:
Richard C. Wilson
City Manager

ATTACHMENTS:
Resolution
Cost Allocation Chart

RESOLUTION NO.

RESOLUTION OF THE REDEVELOPMENT AGENCY
OF THE CITY OF SANTA CRUZ ESTABLISHING CHARGES FOR THE
ADMINISTRATION OF THE LOW-AND MODERATE-INCOME HOUSING FUND

WHEREAS, California Community Redevelopment Law Section 33334.3(d) provides for the payment from the Low and Moderate Income Housing Fund to defray the administrative costs of the production, improvement, and preservation of low-and moderate-income housing; and

WHEREAS, Section 33334.3(d) provides that the Agency shall annually determine the planning and administrative expenses necessary for the production, improvement and preservation of low and moderate income housing; and

WHEREAS, the Redevelopment Agency has considered the cost breakdown for the positions and costs associated with the administration of low-and moderate-income housing.

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Santa Cruz that the Redevelopment Agency Capital Fund has allocated \$202,950 for the administration of the Low and Moderate Income Housing Fund.

BE IT FURTHER RESOLVED that these funds shall be reimbursed from the Agency Low and Moderate Income Housing Fund at the close of FY 2011.

PASSED AND ADOPTED this 22nd day of June, 2010, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

APPROVED: _____
Chair

ATTEST: _____
Executive Director

COST ALLOCATION FOR ADMINISTRATION OF LOW AND MODERATE INCOME HOUSING FUND FOR FY 2011

DEPARTMENT	POSITION	DIRECT HOURLY	COST BASIS	PERCENT TIME ALLOCATED	TOTAL SALARY	PROJECTS
Redevelopment	Administrative Analyst	\$36.95		10%	\$6,917	Support for all low and moderate income housing projects.
Redevelopment	Administrative Assistants III	\$27.27		10%	\$5,105	All projects.
Redevelopment	Administrative Assistants II	\$17.45		5%	\$1,633	All projects.
Redevelopment	Executive Director	\$79.12		25%	\$37,028	Policy development; All low and moderate income housing projects using Redevelopment funds including Mission Gardens and other projects in development stages.
Redevelopment	Finance Manager	\$41.45		10%	\$7,759	Support for all low and moderate income housing projects.
Redevelopment	Management Professional	\$52.01		30%	\$29,207	Administration of Low and Moderate Income Housing Fund and report preparation.
Redevelopment	Principal Planner	\$52.01		10%	\$9,736	Development of LMIH projects, community outreach activities and report preparation.
Redevelopment	Redevelopment Manager	\$43.85		20%	\$16,416	Administration and monitoring of affordable housing projects in Redevelopment Project Areas.
Redevelopment	Supplies and Services		\$842,439	5%	\$42,122	Legal costs and other associated services required to support affordable housing development.
Redevelopment	City Service Costs Allocation		\$257,749	5%	\$12,887	Support services provided by other City Departments whose cost is allocated to the Agency through the City Cost Allocation System. (estimate dated 6/24/09)
	Subtotal				\$168,810	
	Benefit Cost				\$34,140	30% of Salary charges
	Total Cost				\$202,950	
	Agency Capital Fund Cost				\$202,950	

Total Salary Costs based on 36 hour furlough week

2011 Tax Income Estimate						
Eastside	183,765	7.3%	\$10,150	5%		
Merged	2,343,768	92.7%	\$192,800	95%		
	2,527,533	100.0%	\$202,950	100%		



JOINT CITY COUNCIL/
REDEVELOPMENT AGENCY
AGENDA REPORT

DATE: 6/14/2010

AGENDA OF: 6/22/2010

DEPARTMENT: Economic Development

SUBJECT: Loan for Redevelopment Agency Administration. (ED)

RECOMMENDATION: City Council resolution authorizing the City Manager to execute a loan agreement with the Redevelopment Agency of the City of Santa Cruz in the amount of \$1,600,000 to fund FY 2011 administrative costs, contingent upon approval of said agreement by the Redevelopment Agency.

Redevelopment Agency resolution authorizing the Executive Director to execute a loan agreement with the City of Santa Cruz in the amount of \$1,600,000 to fund FY 2011 administrative costs, contingent upon approval of said agreement by the City Council and adoption of the Redevelopment Agency's budget.

BACKGROUND: Each year, the City of Santa Cruz has advanced funds to the Redevelopment Agency for its administrative costs through loan agreements. California Redevelopment Law requires that tax increment funds may only be used by the Redevelopment Agency to repay outstanding debt. Because the Redevelopment Agency's (Agency) administrative costs occur throughout the fiscal year before the receipt of tax increment, and in order to comply with Redevelopment Law, the Agency enters into a loan agreement each year with the City which is repaid from the receipt of tax increment funds which are received during the course of the year. The City, as in past years, will earn interest on the loan of such funds.

The action requested is approval of a loan agreement in the amount of \$1,600,000 to fund FY 2011 Agency administrative costs. Repayment of the loan has been included in the Agency's proposed budget for FY 2011.

DISCUSSION: None.

FISCAL IMPACT: This loan from the City is repaid with interest during the fiscal year by the Agency.

Submitted by:
Bonnie Lipscomb
Director of Economic Development/
Agency Executive Director

Approved by:
Richard C. Wilson
City Manager

ATTACHMENTS:
Resolutions
Agreement

RESOLUTION NO. NS

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA CRUZ
AUTHORIZING A LOAN TO FUND THE OPERATIONS
OF THE REDEVELOPMENT AGENCY

WHEREAS, the City Council of the City of Santa Cruz (“City”) desires the Redevelopment Agency of the City of Santa Cruz (“Agency”) to carry out certain redevelopment activities, including the facilitation and assistance of rebuilding the downtown area and other project areas; and

WHEREAS, to facilitate the activities of the Agency during FY 2011 a loan of \$1,600,000 is needed by the Agency.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Santa Cruz that the City Manager be and is hereby authorized to execute the agreement authorizing a loan of \$1,600,000 by the City to the Redevelopment Agency of the City of Santa Cruz, as presented to Council this date, contingent upon approval of said agreement by the Agency.

PASSED AND ADOPTED this 22nd day of June, 2010, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

APPROVED: _____
Mayor

ATTEST: _____
City Clerk

RESOLUTION NO.

RESOLUTION OF THE REDEVELOPMENT AGENCY OF
THE CITY OF SANTA CRUZ AUTHORIZING A LOAN IN THE AMOUNT OF
\$1,600,000 TO FUND THE OPERATIONS OF THE REDEVELOPMENT AGENCY

WHEREAS, the City Council (“City”) desires the Redevelopment Agency of the City of Santa Cruz (“Agency”) to carry out certain redevelopment activities, including the facilitation and assistance of rebuilding the downtown area and other project areas; and

WHEREAS, to facilitate the activities of Agency during FY 2011, a loan of \$1,600,000 is needed by the Agency.

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Santa Cruz that the Executive Director be and is hereby authorized to execute the agreement authorizing a loan of \$1,600,000 by the City to the Redevelopment Agency of the City of Santa Cruz, as presented to the Agency this date, contingent upon approval of said agreement by the City Council.

PASSED AND ADOPTED this 22nd day of June, 2010, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

APPROVED: _____
Chair

ATTEST: _____
Executive Director

**AGREEMENT BETWEEN THE CITY OF SANTA CRUZ
AND THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CRUZ**

This agreement is made between the City of Santa Cruz, a Municipal Corporation ("City"), and the Redevelopment Agency of the City of Santa Cruz ("Agency").

RECITALS

WHEREAS, the Agency is in need of working capital to implement the FY 2011 budget.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises herein, the City and Agency agree as follows:

- 1) The City agrees to loan the Agency the sum of \$1,600,000 which shall go toward Agency administrative expenses and other costs associated with administration of the Agency during FY 2011.
- 2) Interest shall accrue on the unpaid balance of the loan at a rate equal to the earnings rate of the City investment portfolio for the previous month.
- 3) The Agency shall, upon receipt of this loan, repay said loan to the City of Santa Cruz during FY 2011 with available tax increment funds in the debt service account, and such other sources as may be available for the purposes set forth herein.
- 4) If any provision of this agreement is held invalid, the remainder of this agreement shall not be affected, thereby if such remainder would then continue to conform to the terms and requirements of California Health and Safety Code.
- 5) This agreement shall be effective on July 1, 2010.

IN WITNESS WHEREOF, City and Agency have caused this to be fully executed this 22nd day of June, 2010.

THE CITY OF SANTA CRUZ,
a Municipal Corporation

By: _____
City Manager

Date: _____
REDEVELOPMENT AGENCY OF THE
CITY OF SANTA CRUZ, a body politic

By: _____
Executive Director

Date: _____

APPROVED AS TO FORM:

City Attorney

Date: 6-8-10



JOINT CITY COUNCIL/
REDEVELOPMENT AGENCY
AGENDA REPORT

DATE: 6/14/2010

AGENDA OF: 6/22/2010

DEPARTMENT: Economic Development

SUBJECT: Loan from the City to the Redevelopment Agency to Fund FY 2011
Redevelopment Agency Capital Improvement Projects for the Eastside
Business Improvement Project Area. (ED)

RECOMMENDATION: City Council resolution authorizing the City Manager to execute a loan agreement with the Redevelopment Agency of the City of Santa Cruz in the amount of \$29,315 for the Eastside Business Improvement Project to fund FY 2011 Agency capital projects, contingent upon approval of said agreement by the Redevelopment Agency.

Redevelopment Agency resolution authorizing the Executive Director to execute a loan agreement with the City of Santa Cruz in the amount of \$29,315 for the Eastside Business Improvement Project contingent upon approval of said agreement by the City Council and adoption of the Redevelopment Agency's budget.

BACKGROUND: California Redevelopment Law requires that tax increment funds may only be used by a Redevelopment Agency (Agency) to repay outstanding debt. After a review of the various capital projects to be undertaken by the Agency in FY 2011 in the Eastside Business Improvement Project area, it has been found that those capital projects which will be constructed by the Agency should be funded from loan proceeds rather than directly from redevelopment tax increment funds.

Because these projects will occur throughout the fiscal year, and in order to comply with Redevelopment Law, it is advisable for the Agency to enter into a loan agreement with the City for these projects. The loan will be repaid from the receipt of tax increment funds during the current fiscal year and the City will earn interest on the loan of these funds.

The action requested is approval of a loan agreement in the amount of \$29,315 for the Eastside Business Improvement Project. Repayment of the loan has been included in the Agency's budget for FY 2011.

DISCUSSION: None.

FISCAL IMPACT: This loan from the City is repaid with interest during the fiscal year by the Agency.

Submitted by:
Bonnie Lipscomb
Director of Economic Development/
Agency Executive Director

Approved by:
Richard C. Wilson
City Manager

ATTACHMENTS:
Resolutions
Agreement

RESOLUTION NO. NS-

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA CRUZ
AUTHORIZING A LOAN FOR REDEVELOPMENT AGENCY CAPITAL IMPROVEMENT
PROJECTS FOR THE EASTSIDE BUSINESS IMPROVEMENT PROJECT
IN THE AMOUNT OF \$29,315 FOR FY 2011

WHEREAS, the City Council (City) desires the Redevelopment Agency of the City of Santa Cruz (Agency) to carry out certain redevelopment capital projects, in the Agency's various project areas; and

WHEREAS, to facilitate the activities of the Agency during FY 2011 a loan of \$29,315 for the Eastside Business Improvement Project is needed by the Agency.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Santa Cruz that the City Manager be and is hereby authorized to execute the agreement authorizing a loan of funds by the City to the Redevelopment Agency of the City of Santa Cruz, as presented to Council this date, contingent upon approval of said agreement by the Agency.

PASSED AND ADOPTED this 22nd day of June, 2010, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

APPROVED: _____
Mayor

ATTEST: _____
City Clerk

RESOLUTION NO.

RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CRUZ
AUTHORIZING A LOAN FOR REDEVELOPMENT AGENCY CAPITAL PROJECTS
FOR THE EASTSIDE BUSINESS IMPROVEMENT PROJECT IN THE AMOUNT
OF \$29,315 FOR FY 2011 AND REPAYMENT OF SAID LOAN

WHEREAS, the City Council (“City”) desires the Redevelopment Agency of the City of Santa Cruz (“Agency”) to carry out certain redevelopment capital projects, in the Agency’s various project areas; and

WHEREAS, a loan of \$29,315 for the Eastside Business Improvement Project is needed by the Agency to facilitate its activities during FY 2011.

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Santa Cruz that the Executive Director be and is hereby authorized to execute the agreement authorizing a loan of funds by the City to the Agency, as presented to the Agency this date, contingent upon approval of said agreement by the City Council.

PASSED AND ADOPTED this 22nd day of June, 2010, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

APPROVED: _____
Chair

ATTEST: _____
Executive Director

**AGREEMENT BETWEEN THE CITY OF SANTA CRUZ
AND THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CRUZ**

This agreement is made between the City of Santa Cruz, a Municipal Corporation ("City"), and the Redevelopment Agency of the City of Santa Cruz ("Agency").

RECITALS

WHEREAS, the Agency is in need of working capital to implement FY 2011 budget.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises herein, the City and Agency agree as follows:

- 1) The City agrees to loan the Agency the sum of \$29,315 for the Eastside Business Improvement Project which shall go toward Agency capital project costs and other costs associated with said projects during FY 2011.
- 2) Interest shall accrue on the unpaid balance of the loan at a rate equal to the earnings rate of the City investment portfolio for the previous month.
- 3) The Agency shall during FY 2011, upon receipt of this loan, repay said loan to the City of Santa Cruz with available tax increment funds in the debt service account, and such other sources as may be available for the purposes set forth herein.
- 4) If any provision of this agreement is held invalid, the remainder of this agreement shall not be affected, thereby if such remainder would then continue to conform to the terms and requirements of California Health and Safety Code.
- 5) This agreement shall be effective on July 1, 2010.

IN WITNESS WHEREOF, City and Agency have caused this to be fully executed this 22nd day of June, 2010.

THE CITY OF SANTA CRUZ,
a Municipal Corporation

By: _____
City Manager

Date: _____

APPROVED AS TO FORM:

City Attorney

Date: 6-1-10

REDEVELOPMENT AGENCY OF THE
CITY OF SANTA CRUZ, a body politic

By: _____
Executive Director

Date: _____



JOINT CITY COUNCIL/
REDEVELOPMENT AGENCY
AGENDA REPORT

DATE: 6/14/2010

AGENDA OF: 6/22/2010

DEPARTMENT: Economic Development

SUBJECT: Loan for Redevelopment Agency Capital Improvement Projects for the Merged Earthquake Recovery and Reconstruction Project to Fund FY 2011 Agency Capital Projects. (ED)

RECOMMENDATION: City Council resolution authorizing the City Manager to execute a loan agreement with the Redevelopment Agency of the City of Santa Cruz in the amount of \$260,000 for the Merged Earthquake Recovery and Reconstruction Project to fund FY 2011 Agency capital projects, contingent upon approval of said agreement by the Redevelopment Agency.

Redevelopment Agency resolution authorizing the Executive Director to execute a loan agreement with the City of Santa Cruz in the amount of \$260,000 for the Merged Earthquake Recovery and Reconstruction Project contingent upon approval of said agreement by the City Council and adoption of the Redevelopment Agency's FY 2011 budget.

BACKGROUND: California Redevelopment Law requires that tax increment funds may only be used by a Redevelopment Agency to repay outstanding debt. After staff review of the various capital projects to be undertaken by the Redevelopment Agency (Agency) in FY 2011 in the Merged Earthquake Recovery and Reconstruction Project Area, it has been found that those capital projects which are constructed by the Agency should be funded from loan proceeds rather than directly from redevelopment tax increment funds.

Because these projects will occur throughout the fiscal year, and in order to comply with Redevelopment Law, it is advisable for the Agency to enter into a loan agreement with the City for these projects. The loan will be repaid from the receipt of tax increment funds during the current fiscal year and the City will earn interest on the loan of these funds.

The action requested is approval of a loan agreement in the amount of \$260,000 for the Merged Earthquake Recovery and Reconstruction Project. Repayment of the loan has been included in the Agency's proposed budget for FY 2011.

DISCUSSION: None.

FISCAL IMPACT: This loan from the City is repaid with interest during the fiscal year by the Agency.

Submitted by:
Bonnie Lipscomb
Director of Economic Development/
Agency Executive Director

Approved by:
Richard C. Wilson
City Manager

ATTACHMENTS:
Resolutions
Agreement

RESOLUTION NO. NS-

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA CRUZ
AUTHORIZING A LOAN FOR REDEVELOPMENT AGENCY CAPITAL IMPROVEMENT
PROJECTS FOR THE MERGED EARTHQUAKE RECOVERY AND RECONSTRUCTION
PROJECT IN THE AMOUNT OF \$260,000 FOR FY 2011

WHEREAS, the City Council (City) desires the Redevelopment Agency of the City of Santa Cruz (Agency) to carry out certain redevelopment capital projects, in the Agency's various project areas; and

WHEREAS, to facilitate the activities of the Agency during FY 2011 a loan of \$260,000 for the Merged Earthquake Recovery and Reconstruction Project is needed by the Agency.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Santa Cruz that the City Manager be and is hereby authorized to execute the agreement authorizing a loan of funds by the City to the Redevelopment Agency of the City of Santa Cruz, as presented to Council this date, contingent upon approval of said agreement by the Agency.

PASSED AND ADOPTED this 22nd day of June, 2010, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

APPROVED: _____
Mayor

ATTEST: _____
City Clerk

RESOLUTION NO.

RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CRUZ
AUTHORIZING A LOAN FOR REDEVELOPMENT AGENCY CAPITAL IMPROVEMENT
PROJECTS FOR THE MERGED EARTHQUAKE RECOVERY AND
RECONSTRUCTION PROJECT IN THE AMOUNT OF \$260,000 FOR FY 2011
AND REPAYMENT OF SAID LOAN

WHEREAS, the City Council (City) desires the Redevelopment Agency of the City of Santa Cruz (Agency) to carry out certain redevelopment capital projects, in the Agency's various project areas; and

WHEREAS, a loan of \$260,000 for the Merged Earthquake Recovery and Reconstruction Project (Merged Project) is needed by the Agency to facilitate its activities during FY 2011.

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Santa Cruz that the Executive Director be and is hereby authorized to execute the agreement authorizing a loan of funds by the City to the Agency, as presented to the Agency this date, contingent upon approval of said agreement by the City Council.

PASSED AND ADOPTED this 22nd day of June, 2010, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

APPROVED: _____
Chair

ATTEST: _____
Executive Director

**AGREEMENT BETWEEN THE CITY OF SANTA CRUZ
AND THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CRUZ**

This agreement is made between the City of Santa Cruz, a Municipal Corporation ("City"), and the Redevelopment Agency of the City of Santa Cruz ("Agency").

RECITALS

WHEREAS, the Agency is in need of working capital to implement the FY 2011 budget.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises herein, the City and Agency agree as follows:

- 1) The City agrees to loan the Agency the sum of \$260,000 which shall go for the Merged Earthquake Recovery and Reconstruction Project which shall go toward Agency Capital Project costs and others associated with said project during FY 2011.
- 2) Interest shall accrue on the unpaid balance of the loan at a rate equal to the earnings rate of the City investment portfolio for the previous month.
- 3) The Agency shall, upon receipt of this loan, repay said loan to the City of Santa Cruz during FY 2011 with available tax increment funds in the debt service account, and such other sources as may be available for the purposes set forth herein.
- 4) If any provision of this agreement is held invalid, the remainder of this agreement shall not be affected, thereby if such remainder would then continue to conform to the terms and requirements of California Health and Safety Code.
- 5) This agreement shall be effective on July 1, 2010.

IN WITNESS WHEREOF, City and Agency have caused this to be fully executed this 22nd day of June, 2010.


THE CITY OF SANTA CRUZ,
a Municipal Corporation

By: _____
City Manager

Date: _____
REDEVELOPMENT AGENCY OF THE
CITY OF SANTA CRUZ, a body politic

By: _____
Executive Director

APPROVED AS TO FORM:



City Attorney

Date: 6-1-10

Date: _____



CITY COUNCIL AGENDA REPORT

DATE: 6/14/2010

AGENDA OF: 6/22/2010

DEPARTMENT: Economic Development

SUBJECT: 1520-K2 Pacific Avenue – Lease Agreement with Emily’s Good Things To Eat, Inc. (ED)

RECOMMENDATION: Motion to authorize and direct the City Manager to execute a Lease Agreement and any amendments of a non-substantive nature, in a form approved by the City Attorney, with Emily dba Emily’s Good Things to Eat for the premises located at 1520-K2 Pacific Avenue.

BACKGROUND: On May 11, 2010, Teresa Sabankaya provided notice of her intention to terminate the Kiosk Lease Agreement between the City of Santa Cruz and Teresa Sabankaya dba Bonny Doon Flower Company for the premises located at 1520-K2 Pacific Avenue. The kiosk was advertised for lease and seven qualified applications were received.

DISCUSSION: Emily’s Good Things To Eat has been in business since 1981 and is currently located at 1129 Mission Street. Emily’s Good Things To Eat, Inc., proposes to lease the premises at 1520-K 2 to serve as a satellite operation. The menu includes Emily’s bakery goods, sandwiches, espresso and other drinks.

The business owners of Emily’s Good Things To Eat have been in discussion with neighboring business owners including Bookshop Santa Cruz and Chocolate about their proposed venture and about partnering with them in mutually beneficial ways.

The term of the lease is five years, terminating on June 30, 2015, and includes an option to extend the lease for an additional five years. The monthly minimum rent is the greater of \$150 for the first year or 6% of sales, up to a maximum of \$500.00. The minimum rent is adjusted annually according to changes in the Consumer Price Index. The lease strictly prohibits the assignment, sublease or encumbrance of the tenant’s interest in the lease.

Staff recommends approval of the lease.

FISCAL IMPACT: The monthly minimum rent is the greater of \$150 or 6% of sales, up to a maximum of \$500. Lease revenue from the kiosks is maintained in the Kiosk Maintenance Fund. Kiosk lease revenues are budgeted for repairs, maintenance and a contribution to the Downtown Host Program.

Prepared by:
Julie Hendee
Redevelopment Manager

Submitted by:
Bonnie Lipscomb
Director of Economic Development

Approved by:
Richard C. Wilson
City Manager

ATTACHMENTS: None.



CITY COUNCIL AGENDA REPORT

DATE: 6/14/2010

AGENDA OF: 6/22/2010

DEPARTMENT: Economic Development

SUBJECT: 1130-K2 Pacific Avenue – Lease Agreement with Shana Casey Weiner and Edward J Weiner dba Asana Tea Café. (ED)

RECOMMENDATION: Motion to authorize and direct the City Manager to execute a Lease Agreement and any amendments of a non-substantive nature, in a form approved by the City Attorney, with Shana Casey Weiner and Edward J Weiner dba Asana Tea Cafe for the premises located at 1130-K2 Pacific Avenue.

BACKGROUND: The kiosk located at 1130-K2 Pacific Avenue has been vacant since Marilyn Strayer, dba Alfresco relocated in May 2010. The kiosk was advertised for lease and seven qualified applications were received.

DISCUSSION: Asana Tea Cafe is currently located at 103 Lincoln Street, which is approximately 200 feet from the kiosk located at 1130-K2 Pacific Avenue. Shana Casey Weiner and Edward J. Weiner propose to lease the kiosk for a satellite operation of Asana Tea Café in order to increase exposure for their business and also offer their customers an opportunity for outdoor dining.

The kiosk menu for Asana Tea Café will include hot and cold tea, tea lattes, drip coffee, baked goods and a variety of other food items prepared in Asana's kitchen. There will also be a remote ordering system so that a customer will be able to order and pay for items from the larger café menu. Customers may pick up the order at the Lincoln Street location or the order can be delivered to the customer at the kiosk or the sidewalk seating area.

The proximity of the kiosk to Asana Tea Café located at 103 Lincoln Street offers several advantages. A full menu can be offered at the kiosk because food preparation will be done in the commercial kitchen. Staff will be available to cover for kiosk employee breaks without closing the business. Both employees and customers will be able to use the restrooms at 103 Lincoln Street.

The term of the lease is five years, terminating on July 1, 2015. The monthly minimum rent is the greater of \$150 for the first year or 6% of sales, up to a maximum of \$500.00. The minimum rent is adjusted annually according to changes in the Consumer Price Index. The lease strictly prohibits the assignment, sublease or encumbrance of the tenant's interest in the lease.

Staff recommends approval of the lease.

FISCAL IMPACT: The monthly minimum rent is the greater of \$150 or 6% of sales, up to a maximum of \$500. Lease revenue from the kiosks is maintained in the Kiosk Maintenance Fund. Kiosk lease revenues are budgeted for repairs, maintenance and a contribution to the Downtown Host Program.

Prepared by:
Julie Hendee
Redevelopment Manager

Submitted by:
Bonnie Lipscomb
Director of Economic Development

Approved by:
Richard C. Wilson
City Manager

ATTACHMENTS: None.



REDEVELOPMENT AGENCY AGENDA REPORT

DATE: 6/14/2010

AGENDA OF: 6/22/2010

DEPARTMENT: Economic Development

SUBJECT: AB 2766 Emission Reduction Grant Program Application FY 2011. (ED)

RECOMMENDATION: Redevelopment Agency resolution ratifying the submittal of a grant application to the FY 2011 AB 2766 Emission Reduction Grant Program to support Zero Motorcycle's efforts to develop an electric powertrain and manufacturing facility in Santa Cruz.

BACKGROUND: The AB 2766 Motor Vehicle Emission Reduction Grant Program of the Monterey Bay Unified Air Pollution Control District (MBUAPCD) funds projects that will reduce pollution from motor vehicles. The deadline to submit applications for FY 2011 grants was June 16, 2010. The maximum grant amount is \$200,000.

DISCUSSION: Zero Motorcycles (Zero) is an electric motorcycle company currently based in Scotts Valley, California that designs, manufactures, and sells high performance electric motorcycles. Originally founded as Electricross in 2006 by Neal Saiki, the company is dedicated to combining the best aspects of a traditional motorcycle with today's most advanced battery/electric motor technology. The company is in the process of establishing a manufacturing and sales outlet in the City of Santa Cruz.

Zero is currently working on a development program for a new electric powertrain that includes the development, manufacturing, and testing of both advanced prototypes and an early production volume of scalable motors.

While the research and development phase of this project is anticipated to be funded through a California Energy Commission (CEC) grant with Redevelopment Agency assistance, the MBUAPCD grant will be used to help underwrite the scaling of the technology into a more robust manufacturing facility.

In addition to securing new employment opportunities and a new point of sale within the city limits, Zero's project has the ability to reduce aggregate greenhouse gas emissions by helping to replace extant internal combustion engines with new electric motors produced in Santa Cruz.

The terms and conditions of this grant stipulate that an application must be "signed by a public agency staff person who is authorized to apply for the AB 2766 Grant or who will provide such authorization to the District prior to September 16, 2010." As the Agency has been working with Zero to obtain funding for the new Santa Cruz facility, Zero approached Agency staff on June 7, 2010 with a completed application and requested that the Agency allow Zero to submit the

application on its behalf. Zero submitted a grant application for \$200,000 for the project on June 16, 2010. Ratifying this application submittal would allow the Agency to accept the grant should it be awarded by the District.

FISCAL IMPACT: An application for a \$200,000 grant from the AB 2766 grant program was submitted for the development of a new powertrain manufacturing and sales facility in Santa Cruz. Matching funds of \$20,000 will be provided by Zero. No Agency funds will be expended on this project.

Prepared by:
Peter Koht
Economic Development Coordinator

Submitted by:
Bonnie Lipscomb
Agency Executive Director

Approved by:
Richard C. Wilson
City Manager

ATTACHMENTS:
Resolution
Grant Application

RESOLUTION NO.

RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CRUZ
RATIFYING THE SUBMITTAL OF A PROJECT APPLICATION TO THE FY 2011
AB 2766 EMISSION REDUCTION GRANT PROGRAM OF THE MONTEREY BAY
UNIFIED AIR POLLUTION CONTROL DISTRICT

WHEREAS, in 1990 Assembly Bill 2766 was enacted into law to distribute motor vehicle registration surcharge fees to regional Air Districts solely for the purpose of reducing pollution from motor vehicles; and

WHEREAS, the Monterey Bay Unified Air Pollution Control District is soliciting grant applications for projects that will result in emission reductions in the Monterey Bay region; and

WHEREAS, the proposed Zero Motorcycles' Electric Motor Powertrain facility would support emissions reduction by producing powertrains that would reduce reliance on internal combustion engines in a number of commercial applications, including, but not limited to, construction equipment, personal watercraft, gardening equipment, and personal transit;

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Santa Cruz that it hereby ratifies the submittal of application to the FY 2011 AB 2766 Motor Vehicle Emission Reduction Grant Program of the Monterey Bay Unified Air Pollution Control District in support of Zero Motorcycles' electric powertrain manufacturing facility.

PASSED AND ADOPTED this 22nd day of June, 2010, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

APPROVED: _____
Chair

ATTEST: _____
Executive Director



MONTEREY BAY

Unified Air Pollution Control District
serving Monterey, San Benito, and Santa Cruz counties

Air Pollution Control Officer
Richard Stedman

24580 Silver Cloud Court • Monterey, California 93940 • 831/647-9411 • FAX 831/647-8501

June 9, 2010

To: Applicants for the FY11 AB2766 Grant Program
Re: Application Packet
From: David Fairchild, Transportation/ Air Quality Planner

DISTRICT BOARD MEMBERS

CHAIR:
Simon Salinas
Monterey County

VICE CHAIR:
Sam Storey
City of Capitola

Lou Calcagno
Monterey County

Tony Campos
Santa Cruz
County

Dennis Donohue
City of Salinas

Doug Emerson
San Benito
County Cities

Reb Monaco
San Benito
County

Richard Ortiz
City of Soledad

Jane Parker
Monterey County

Ellen Pirie
Santa Cruz
County

Joe Russell
Monterey
Peninsula Cities

On February 17, 2010, the District Board authorized this year's AB2766 Motor Vehicle Emission Reduction Grant Program. On September 15, 2010, the Board will award up to \$1.6 million at up to \$200,000 per eligible project. Eligible projects must reduce motor vehicle emissions and meet other criteria described in this packet. Only public agencies may apply for projects implemented in Monterey, San Benito and/or Santa Cruz Counties.

Projects must enable reduction in the net weighted total of ozone precursor emissions (ROG, NO_x or PM) and of greenhouse gases (CO₂, CH₄, or N₂O), from vehicle sources. Although only public agencies may apply and receive funds, private entities may implement the projects under contract to the applicant agency. Applications are due at the above address **by 4:00 PM on June 16, 2010.**

District staff will hold three workshops for potential applicants on applications, scoring, selection, Grant Acceptance Agreements, reimbursement and monitoring. The workshops are free and open to the public as follows:

Thursday, March 18, 2010

Monterey. 10-12 AM. MBUAPCD offices, 24580 Silver Cloud Court, Monterey.
Directions: Take Hwy 68 to York Rd. just E. of Ryan Ranch, turn onto York, go one block, turn right onto Blue Larkspur Lane, go two blocks, turn left onto Silver Cloud Court to the last building on the left.

Watsonville. 3 -5 PM. The City of Watsonville's former Council Chambers at the City Hall, 250 Main St., Watsonville. *Directions:* Take Hwy 1 to Riverside Rd., go east about one mile to Main St., turn left, then go about two blocks to the old City offices on the right.

Friday, March 19, 2010

Hollister. 10- 12 AM. The County Board of Supervisors' offices, 481 Fourth St., Hollister. From Hwy 101, take Hwy 156 East to Hollister, continue on Fourth St. to 481 on the right, in the second block before San Benito Street.

You may download digital versions in native or pdf format from the District website:

http://www.mbuapcd.org/index.php?option=com_content&view=article&id=59&Itemid=45

Please call David Fairchild at (831) 647-9418 x234 if you need more information.

AB 2766 Motor Vehicle Emission Reduction Grant Program

AB 2766 EMISSION REDUCTION GRANT PROGRAM

(Authorized by Assembly Bill 2766 of 1990)

APPLICATION PACKET

For the Fiscal year

JULY 1, 2010 TO JUNE 30, 2011

February 22, 2010

MONTEREY BAY UNIFIED AIR POLLUTION CONTROL DISTRICT

**24580 SILVER CLOUD COURT
MONTEREY, CALIFORNIA 93940
TELEPHONE: 647-9411; FAX 647-8501**

AB 2766 Motor Vehicle Emission Reduction Grant Program

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APPLICATION

ATTACHMENT 1 - PROJECT NARRATIVE 1 or more Pages

ATTACHMENT 1A - PROJECT BUDGET AND SCHEDULE 4 Pages

ATTACHMENT 1B - PROGRAM CRITERIA CHECKLIST 3 Pages

SUPPLEMENTAL INFORMATION

District Scoring 2 Pages

Adopted Plan List 1 Page

Previous AB2766 Grant-Funded Projects..... 5 Pages

Sample Grant Acceptance Agreement Template 12 Pages

AB2766 Travel Activity Data Manual 7 Pages

AB 2766 Motor Vehicle Emission Reduction Grant Program

Changes from Last Year's Version

Apart from minor editorial changes, the following changes were made to this year's application packet, compared to last year's version:

1. A small number of previous AB2766 grant-funded projects were never implemented, only partially implemented or implemented except for monitoring data in final reports. To encourage more diligence in this important aspect of the program, this year staff will report to the Board, during the award meeting in September, all AB2766 Grantees who failed to provide adequate project monitoring data in final reports and thus forfeited their ten percent retention, as agreed, pending reporting of that data. All such instances occurring during the past five years *will be reported to the Board of Directors this year.*
2. Quantifying emissions benefits and scoring is not possible for educational and policy projects. The same applies to fueling infrastructure projects when fleet size is unknown. To ensure a level playing field for such projects in competition with scored applications for awards, this year applicants *must clearly define what the grant funding would accomplish by providing detailed task and product descriptions in applications.*
3. Ensuring that Grantees actually implement their agreed educational or policy projects requires considerable documentation of expenditures in reimbursement requests. To reduce paperwork for these types of projects, this year Grantees *may claim reimbursement based on adequacy of delivered work products as well as incurred expense, if so agreed in Grant Agreements.*

AB 2766 Motor Vehicle Emission Reduction Grant Program

1. INTRODUCTION

In 1990, Assembly Bill (A.B.) 2766 was enacted into law as the California Health and Safety Code Section 44220 – 44247. The legislation authorized the Department of Motor Vehicles (DMV) to collect a motor vehicle registration fee surcharge of \$4.00 per vehicle, with the revenues distributed to the Monterey Bay Unified Air Pollution Control District (MBUAPCD). The regulation requires that those AB766 revenues “...be used solely to reduce air pollution from motor vehicles and for related planning, monitoring, enforcement, and technical studies...” (Calif. H&S 44220(b)).

California Air Resources Board (ARB) guidance for the AB2766 grant program directs Districts to select cost-effective projects. ARB proposes that the District grants in dollars per ton of lifetime emissions, (program cost-effectiveness: C/E or C-E) be \$20,000 or less in AB2766 funds per ton. To get that C-E average, the Board has adopted a policy of funding projects only up to a C-E limit of \$40,000 per lifetime ton for quantifiable projects, although less cost-effective grants have been awarded in the past. By keeping grant C-E below \$40,000 per ton, the program usually meets an average C-E of \$20,000/ ton.

Since the District initiated the AB2766 grant program 19 years ago, the Board of Directors has awarded over \$26 million to 473 projects in Monterey, San Benito and Santa Cruz counties. (See a list of prior grants included in this packet). This year, this application packet will be mailed to over 330 potential applicants and interested parties. Applicants must be authorized officials of public agencies or jurisdictions, and implement the project inside the land areas of one or more of the following counties: Monterey, San Benito and Santa Cruz. Grants can only be awarded to the same public agency or agencies that submitted the application, with one agency acting as signatory of a Grant Acceptance Agreement.

Applicants may submit regional projects, or those implemented in two or more Counties. The District grant cannot be used for advance payment unless requested by Grantee and agreed in the Grant Agreement. Costs must be invoiced or incurred within a two-year period starting with signature of a Grant Acceptance Agreement for the project by all parties. Provided all terms and conditions of the Grant Acceptance Agreement are met, projects themselves may be implemented by private entities under District-approved subcontract(s) with the Grantee agency.

To be eligible, a project must reduce, or enable the reduction of motor vehicle ozone precursor pollutants, including exhaust PM10 reductions weighted by a factor of 20. In addition, any reduction in pollutants associated with global warming will be estimated and reported by staff to the District Board for its use in project selection. Ozone precursor pollutants are limited to:

1. Particulate Matter 10 microns or less in diameter (PM10);
2. Reactive Organic Gas (ROG) or Volatile Organic Compounds(VOC) and
3. Oxides of Nitrogen (NO_x)

After review by District staff and after an opportunity for applicants to revise funding amounts, staff will recommend final grant awards to the District Board of Directors for their discretionary

AB 2766 Motor Vehicle Emission Reduction Grant Program

award of grants on September 15, 2010. (See detailed schedule below). The total funding to be awarded has not yet been determined. Last year, the Board awarded \$1.36 million to 24 projects.

2. ELIGIBILITY

To be eligible, projects funded under this program must comply with all terms and conditions in this FY 2011 application packet; must meet all application eligibility criteria listed in the packet and must belong to one or more of the following four categories:

Eligible Project Categories

1. **DIRECT MOTOR VEHICLE EMISSIONS REDUCTION:** Projects for which activity data are available (or will be collected as part of the project); or for which estimates are available which allow the expected reductions in motor vehicle emissions to be calculated for the project by District staff. This category of project is given a point score, based on estimated emissions reduced and other measures, and grants are typically awarded to this category in descending order of point score.
2. **DEMONSTRATION:** –Projects which demonstrate facilities, equipment, methods or procedures that will self-evidently enable motor vehicle emission reductions within five years.
3. **EDUCATION or POLICY** – Projects that educate, inform the public, or propose policies or regulations for adoption by jurisdictions or agencies that will self-evidently enable motor vehicle emissions reductions within five years.
4. **FUELING INFRASTRUCTURE** – Projects which deliver alternative fuels, including electricity, to vehicles, or facilities, equipment and/ or services which will enable motor vehicle emission reductions within five years, whether or not the reductions can be reliably estimated.
5. **ELIGIBILITY** – Projects must meet the specific eligibility criteria listed in Attachment 1B of the application. In addition, projects are NOT eligible if law or regulations would otherwise require emissions reduced, nor if the project would qualify for funding under the Carl Moyer Program (CMP), including CMP grants funded by AB923 funds. Projects eligible for the District's Lower Emissions School Bus Program (LESBP) are eligible, since that program has been suspended.

For information on these, or any other District grant programs, please call Dave Fairchild at (831) 647-9418 x234 or download this application packet from the District website at

http://www.mbuapcd.org/index.php?option=com_content&view=article&id=59&Itemid=45

3. SCHEDULE

AB 2766 Motor Vehicle Emission Reduction Grant Program

2010

- Feb. 26** Staff mails the application packets to all public agencies in the region, as well as to interested non-profits and others.
- March 18** Staff holds the Monterey (10 AM) and Watsonville (3 PM) Grant Application Workshops, both open to the public.
- March 19** Staff holds the San Benito Grant Application Workshop (10 AM), open to the public.
- June 1** Due date for *optional* staff review of draft applications.
- June 16** Due date for final applications, at District offices by 4:00 P.M.
- July 16** Staff mails preliminary emissions estimates, calculation methodologies and application point scores to applicants.
- July 23** Due date for *optional* funding revisions, at District offices by 4:00 P.M.
- August 10** Staff award recommendations are mailed to applicants and Board members.
- Sept. 15** District Board considers staff recommendations and makes grant awards at a public hearing.
- Sept. 16** Staff mails Grantees notification of grant awards made by Board.
- Oct. 8** Staff mails draft Grant Acceptance Agreements to Grantees for signature

2011

- Jan. 31** Signed Grant Agreements due at District offices by 4:00 P.M.

4. SCORING AND GRANT AWARD AMOUNTS

District staff scores applications for projects falling into the direct emissions category. Although not all categories of project can be scored, they still may be recommended for funding by District staff, if the project would be cost-effective in reducing ozone precursor emissions, in the opinion of District staff. Final recommendations for grant awards will be released to Board members and applicants during early August, 2010, and a public hearing to consider final award of grants based on those recommendations will be held on September 15, 2010.

AB2766 POINT SCORING SYSTEM	Maximum Points
1. Cost-Effectiveness (C/E) The C/E is the AB2766 grant request divided by the sum of tons of ROG, NO _x and 20X tons of PM ₁₀ emissions reduced over the project life:	60
2. Leveraging (Grant request as a percent of total project cost):	20
3. VMT Reduced (Reduction in vehicle miles traveled over the project life):	10
4. TCM Status 10 points if the project implements an adopted TCM, or Transportation Control Measure in the District's Current Air Quality Management Plan:	10
Maximum possible score	100

5. PREPARING AND SUBMITTING APPLICATIONS

AB 2766 Motor Vehicle Emission Reduction Grant Program

This packet contains all application forms and instructions. You may download digital versions in native or pdf format from the District website:

http://www.mbuapcd.org/index.php?option=com_content&view=article&id=59&Itemid=45

Alternatively, call (831) 647-9418 x 215 and leave a voicemail request for an “AB2766 application packet” with your mailing address, and one will be mailed to you. To be considered, applications must be completed in accordance with the instructions in this packet. Final applications will NOT be considered if received at District offices after:

Wednesday June 16, 2010 at 4:00 P.M.

6. APPLICATION WORKSHOPS

District staff will give a workshop for applicants on forms, eligibility, scoring, selection, Grant Agreements, reimbursement and reporting. The three workshops are open to the public at the following times and locations:

Thursday, March 18, 2010

Monterey. 10-12 AM. MBUAPCD offices, 24580 Silver Cloud Court, Monterey. Directions: Take Hwy 68 to York Rd. just E. of Ryan Ranch, turn onto York, go one block, turn right onto Blue Larkspur Lane, go two blocks, turn left onto Silver Cloud Court to the last building on the left.

Watsonville. 3 -5 PM. The City of Watsonville’s former Council Chambers at the City Hall, 250 Main St., Watsonville. Directions: Take Hwy 1 to Riverside Rd., go east about one mile to Main St., turn left, then go about two blocks to the old City offices on the right.

Friday, March 19, 2010

Hollister. 10- 12 AM. The County Board of Supervisors’ offices, 481 Fourth St., Hollister. From Hwy 101, take Hwy 156 East to Hollister, continue on Fourth St. to 481 on the right, in the second block before San Benito Street.

In addition to the above three workshops, District staff will assist applicants by phone, email or FAX at 647-8501. Just call Dave Fairchild (831) 647-9418 x234, or email him at dfair@mbuapcd.org.

7. REVISIONS ALLOWED TO FINAL APPLICATIONS

On July 16, 2010, staff will mail out preliminary draft estimates of emissions reductions and point scores to applicants with the maximum grant award possible for each project, based those estimates and point scores, and the program limit of \$200,000 per project. The final grant award recommended by staff to the District Board may be lower, and point scores may differ, since applicants may revise the funding requests in their applications to add more funding from other

AB 2766 Motor Vehicle Emission Reduction Grant Program

secure sources, thereby increasing their points for leverage. Other limited revisions are permitted per the revision guidelines below. Revisions must reach District offices by July 23, 2010 at 4 P.M. Acceptable revisions to funding requests are as follows:

- Increase other secured project funding. Only if emissions reductions will be the same or greater. May result in a higher point score for leverage and/or cost-effectiveness.
- Decrease AB2766 grant funding request. May result in more points for cost-effectiveness and/or leveraging.
- Revise sources of other secured funding

The following applicant revisions are NOT acceptable:

- Increased AB2766 grant requests for any application
- Reduce the scope or revise the project so that emissions reductions are decreased.
- Reallocation of AB2766 grant requests between multiple applications.
- Any substantial change to the project purpose and scope.

If an acceptable funding request revision is received by July 23, District staff will use the revision to revise its cost-effectiveness and point score in recommending grant award amounts to the Board in September.

8. PROJECT SELECTION AND GRANT AWARDS

District staff evaluates all applications for project eligibility, project life, travel data and other characteristics. For projects for which emissions reductions cannot be quantified, staff guesstimates the amount of motor vehicle emissions reductions the project would produce in order to evaluate the relative cost-effectiveness of those projects. Applicants must submit travel activity data for projects that reduce emissions directly. See the Travel Activity Data Manual enclosed in this packet for what data to submit for various types of projects. For projects with adequate data provided in the application and/or for which default values are available, District staff calculates the amount of emissions reduced. Staff uses methods and procedures based on methods approved by the District or the California Air Resources Board (ARB). District staff adjusts ARB methodologies to reflect local conditions. As always, District calculations will be sent to each applicant for their review on July 16, 2010. The statewide ARB methodology can be found at: <http://www.arb.ca.gov/planning/tsaq/eval/eval.htm>

The District Board considers grant awards for this program at a regular meeting on September 15, 2010. The meetings are held at District offices in Ryan Ranch, in Monterey, starting promptly at 1:30 PM. Staff recommended amounts are often less than the grant amounts requested by applicants.

Applicants are encouraged to attend the September 15, 2010 Board meeting, and to make a brief presentation on behalf of their proposed projects to provide Board members and staff any information that may assist the Board in awarding grants.

AB 2766 Motor Vehicle Emission Reduction Grant Program

The District Board awards grants awards first to regional projects, defined as projects implemented in two or more Counties. Next, the Board allocates the remaining funds within County allocations in proportion to current County populations. Grants are then awarded to unscored projects first, then to scored projects, generally in descending order of point score.

After the meeting, District staff will mail a list of grant awards to all applicants. By October 8, 2010, staff will mail draft Grant Acceptance Agreements to all Grantees. Unless delay is approved by the District Board, all Agreements must be signed by Grantees no later than January 31, 2011, or the grant offer becomes void.

9. RESPONSIBILITIES OF GRANTEES

AB2766 grants are reimbursement grants, payable to Grantees for expenses incurred in accordance with signed grant Agreements. District staff mails an original draft Grant Acceptance Agreement to all Grantees. These Agreements set forth specific terms and conditions. After signature by the parties, including the District Air Pollution Control Officer (APCO), District staff mails a copy of a fully executed Grant Agreement to the Grantee. The terms and conditions of the each Agreement vary, and include, but are not limited to the following:

1. All other funding needed to implement the project must be secured prior to Grantee signature on the Grant Acceptance Agreement.
2. All expenditures for the project must be incurred or invoiced after the start date and before the expiration date of the Grant Agreement.
3. Unless requested by the Grantee and included in the grant Agreement, advance payments are not allowed.
4. Grant funds will be disbursed to the agency signing the Agreement, or to other parties if requested by Grantee and so specified in the Agreement.
5. Payment will be within 30 days of District approval of a reimbursement request, unless otherwise specified in the Agreement.
6. All expenditures must occur within two years of grant execution, unless extended by the District Board. Extensions will only be recommended by staff if delay was beyond the control of the Grantee.
7. Final reports must contain adequate monitoring data as specified in the Agreement. Until monitoring data is found adequate by District staff, 10% of the grant will be withheld.
8. Projects must be operational and/or provide emission reductions within five years of the first AB2766 grant award to the project.
9. Grantees may request reimbursement on the basis of adequacy of delivered work products specified in the Grant Agreement, in lieu of incurred expense.

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10. EQUAL EMPLOYMENT OPPORTUNITY GUIDELINES

All programs funded with AB 2766 funds must conform to the District's Equal Employment Opportunity Guidelines, available from the District on request.

11. APPLICATION FORMS AND INSTRUCTIONS

Applicants may submit applications for more than one project, but each application should be for a single project type. (For example, do not combine a direct emissions project with an education project). Applications must be completed and submitted in accordance with the instructions on the forms and this application packet. All applications must have a cover letter from an authorized representative of the sponsoring public agency to Richard Stedman, District Air Pollution Control Officer, and include the three enclosed Attachments:

Attachment 1.	Narrative Description
Attachment 1A	Project Budget and Schedule
Attachment 1B	Program Criteria Checklist

Attachments must be completed legibly, either handwritten in ink, by typewriter, or completed and printed digitally. Download a digital version in native or pdf format here:

http://www.mbuapcd.org/index.php?option=com_content&view=article&id=59&Itemid=45

The application should contain project descriptions and data sufficient for District staff to determine whether emissions reductions can be quantified, and if so, provide the data needed to estimate those reductions. The data needed to estimate emissions reductions for each type of project are listed in the enclosed *Travel Activity Data Manual*.

The final grant application should not exceed 10 pages including any maps or graphics. Instructions for completing the three attachments are on the forms. Your application(s) must be received at the District offices no later than:

Wednesday, June 16, 2010 at 4:00 P.M.

FAX submittals transmitted by the above deadline are acceptable, provided identical inked originals arrive within three business days at the District office. District staff will contact applicants if additional information is needed for processing. Only applications completed in accordance with the instructions in this packet will be considered for grant funding.

AB 2766 Motor Vehicle Emission Reduction Grant Program

**AB 2766 EMISSION REDUCTION GRANT
PROGRAM**

(Authorized by Assembly Bill 2766 of 1990)

APPLICATION

MONTEREY BAY UNIFIED AIR POLLUTION CONTROL DISTRICT

**24580 SILVER CLOUD COURT
MONTEREY, CALIFORNIA 93940
TELEPHONE: 647-9411; FAX 647-8501**

ATTACHMENT 1 - PROJECT NARRATIVE

Project Title

Advanced Electric Vehicle Powertrain Development and Pilot Manufacturing in California

Grantee Agency

City of Santa Cruz Redevelopment Agency

Instructions for Attachment 1:

The applicant uses the Project Narrative in Attachment 1 to describe, in narrative form, the project concept scope, budget and activities, including those that will result in emission reductions. Applicants must clearly define what the grant funding would accomplish by providing detailed task and product descriptions in applications.

For direct emissions-reducing projects, applicants must provide travel activity data to allow District staff to calculate emissions reductions. (See attached Travel Activity Data Manual for the type of information to provide for different project types). Include any project maps, graphics, tables and photographs needed to describe the project purpose, scope and schedule. Attach additional pages for the Project Narrative section of Attachment 1, but within the overall ten-page limit for the entire application.

Zero Motorcycles, a California-based electric vehicle company that designs, manufactures, and sells high performance electric motorcycles, in cooperation with the City of Santa Cruz, has identified a market opportunity for more powerful and more efficient powertrains for electric vehicles. Early research indicates the feasibility of significantly improving the performance, efficiency and power-to-weight ratio while maintaining low manufacturing cost for a new, advanced generation of electric powertrains. A key design consideration of this advanced electric vehicle powertrain (AEVP) is to allow manufacturing in California to be competitive with Asia. With the Monterey Bay Unified Air Pollution Control District's support of \$200,000 combined with matching support from the California Energy Commission of \$900,272 and additional matching support of \$938,000, Zero Motorcycles will evaluate the technical and economic feasibility of this advanced powertrain, develop and prototype the most promising powertrain, and bring the final prototypes to pilot manufacturing readiness. This powertrain will provide a platform for the next generation of efficient, practical electric vehicles.

Project Description:

The Zero Motorcycles' AEVP Development Program will advance the current state of powertrains used on electric vehicles today. Traditional electric vehicle motor designs have derived directly from technology developed for industrial motor applications. They typically have been stationary, where weight and size are not a significant issue, and they have used cheap and plentiful power from the electric power grid, a very different set of constraints than those faced by electric vehicles. Even motors used in mobile applications, like golf carts or forklifts, have not had the range of performance needs required of an on-road electric vehicle. In order to tackle these issues and to further advance electric vehicles, the AEVP project will:

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- Benchmark a representative sample of currently available electric motors in the three to ten kilowatt DC space, defining the current performance envelope
- Develop proof of concept of a motor and controller that exceeds the performance envelope defined by the above activities, particularly a 20% increase in K_M , a comprehensive gauge of motor performance
- Manufacture and test both advanced prototypes, and an early pre-production pilot manufacturing volume of 30 motors
- Secure a space for the development, testing, prototyping, and pilot manufacturing of the advanced motors

Project objectives:

- Achieve a 20% improvement in K_M over the currently available electric motors by developing the next generation of purpose-built electric powertrains
- Design manufacturing processes for the scalable production of the advanced powertrains in Santa Cruz, California
- Prove the economics of fully scalable manufacturability within a financial envelope of \$450 per electric powertrain

Quantitative and Measurable Goals:

The Zero Motorcycles' AEVP Project has a number of principal goals as well as supporting goals.

Principal goals:

- Complete the design of an electric powertrain with a 20% increase in K_M performance over currently available DC motors (see Figure 1)
- Move from proof of concept to advanced prototypes to production ready design of the electric powertrain
- Complete manufacturing of 30 early production motors
- Finalize costing activities to prove scalable manufacturability within a financial envelope of \$450 per electric powertrain

Supporting Goals:

- Secure and build out space in Santa Cruz, California to base the AEVP operation
- Define the performance envelope of currently available electric motors by benchmarking Agni, Perm, Mars and other motors in terms of K_M and overall efficiency

With the California Energy Commission's support, Zero Motorcycles will develop the promising AEVP, bringing the final prototypes to pilot manufacturing readiness. This innovative powertrain will be a platform for the next generation of efficient, practical electric vehicles, all while supporting the economy of California with a manufacturing base of green jobs.

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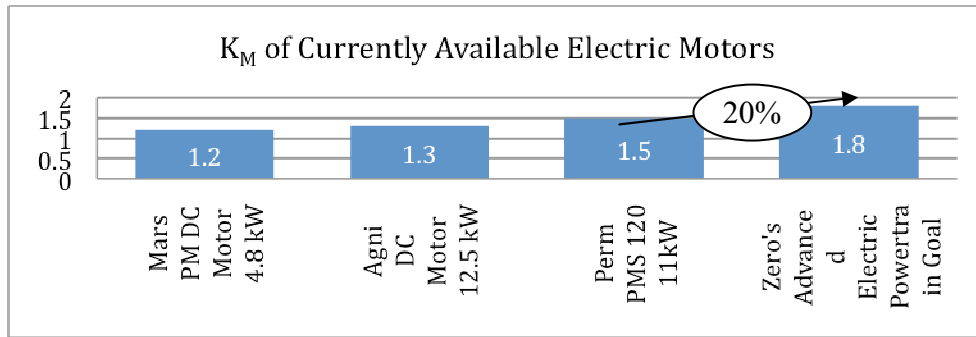


Figure 1: Design outcome for AEVP Project

AB 2766 Motor Vehicle Emission Reduction Grant Program

ATTACHMENT 1A - PROJECT BUDGET & SCHEDULE

See general instructions at end of this attachment

A. Public Agency Applicant: City of Santa Cruz Redevelopment Agency

B. Implementing Entity, if Different: Zero Motorcycles, Inc.

C. Budget: This AB2766 Grant Request: \$ 200,000
 Total Project Cost: \$ 1,952,572

D. Project Title: Advanced Electric Vehicle Powertrain Development and Pilot Manufacturing in California

E. Project Schedule and Activity List :

Start Date: 10/15/2010 End Date: 9/31/2011 . (Within 2 years)

Activity List: *List each distinct task, phase, or activity needed to implement this funded project: ???Listing all activities of the project, not just the ones impacted by the AB 2766 program???*

- Activity #1:** Administration
- Activity #2:** Prepare facility for Advanced Electric Vehicle Powertrain Development Program
- Activity #3:** Prove concept of Advanced Electric Vehicle Powertrain
- Activity #4:** Build pilot production powertrains and prove manufacturability of Advanced Electric Powertrain (Core activity supported by AB 2766 funding)

Details of Activity #4:

BUILD PILOT PRODUCTION POWERTRAINS AND PROVE MANUFACTURABILITY OF ADVANCED ELECTRIC POWERTRAIN	Sub-activity Start Date	Sub-activity End date
Final design documentation package for pilot production powertrain including engineering drawings and standard operating procedure for construction	12/1/2010	4/15/2011
Thirty working powertrains	12/1/2010	4/15/2011
Engineering report covering performance, durability and longevity analysis of the batch of thirty production powertrains	12/1/2010	4/15/2011
Bill of materials for the motor, motor controller and any other components making up the advanced electric vehicle powertrain	12/1/2010	4/15/2011
Engineering report covering performance, durability and longevity analysis of the batch of thirty production powertrains	12/1/2010	4/15/2011
Cost analysis for production of AEVPs. This will include part costs, shipping costs, manufacturing and tool costs.	12/1/2010	4/15/2011

AB 2766 Motor Vehicle Emission Reduction Grant Program

Table F. AB2766 Funds: Expenditure Schedule

Show *ONLY* AB2766 grant funds in Table F.
Total must equal AB2766 request shown in §C.

Check type of Period:

X Quarter
 Semester
 Year

Table F. Activity #	1st Period Ends 12/31/10	2nd Period Ends 3/31/11	3rd Period Ends 6/30/11	4th Period Ends 9/30/11	TOTAL AB2766
1.	\$ <u> 0</u>	\$ <u> 0</u>	\$ <u> 0</u>	\$ <u> 0</u>	\$ <u> 0</u>
2.	\$ <u> 0</u>	\$ <u> 0</u>	\$ <u> 0</u>	\$ <u> 0</u>	\$ <u> 0</u>
3.	\$ <u> 0</u>	\$ <u> 0</u>	\$ <u> 0</u>	\$ <u> 0</u>	\$ <u> 0</u>
4.	\$ <u>98,000</u>	\$ <u>102,000</u>	\$ <u> 0</u>	\$ <u> 0</u>	\$ <u>200,000</u>
Total	\$ <u>98,000</u>	\$ <u>102,000</u>	\$ <u> 0</u>	\$ <u> 0</u>	\$ <u>200,000</u>

Table G. All Funding Sources: Total Project Budget

You must use other secured funds for grant administration. Show other funding for grant administration in column 2. Column 4 total must equal Total Project Cost in C above.

Table G	1. Grant This AB2766 Grant Request	2. Secured Other Funds, Secured Now	3. Unsecured Other Funds, To be Secured By 1/31/11	4. TOTAL All Funds, All fund Sources
Equipment	\$ <u>50,000</u>	\$ <u>5,000</u>	\$ <u>337,000</u>	\$ <u>392,000</u>
Other capital	\$ <u>114,000</u>	\$ <u> </u>	\$ <u> </u>	\$ <u>114,000</u>
Personnel	\$ <u>36,000</u>	\$ <u>279,680</u>	\$ <u>496,450</u>	\$ <u>812,130</u>
Other operating	\$ <u> </u>	\$ <u> </u>	\$ <u>525,860</u>	\$ <u>525,860</u>
Grant Administration	\$ <u>XXXXXX</u>	\$ <u> </u>	\$ <u>108,582</u>	\$ <u>108,582</u>
All Costs, Total	\$ <u>200,000</u>	\$ <u>284,680</u>	\$ <u>1,467,892</u>	\$ <u>1,952,572</u>

AB 2766 Motor Vehicle Emission Reduction Grant Program

Table H. Source and Status of Other Funding

Check one box for each source. See Status Codes below.

STATUS CODES :

S = Secured funds: Grantee attests these funds are NOW secured.

U = Unsecured funds: Grantee attests these funds will be secured by January 31, 2011.

P = Previous AB2766 funds secured and available for this project.

<u>Source</u>	<u>Amount</u>	<u>S</u>	<u>U</u>	<u>P</u>
1. <u>Zero Motorcycles Inc</u>	\$ <u>248,680</u>	<u>X</u>	<u> </u>	<u> </u>
2. <u>City of Santa Cruz</u>	\$ <u>418,750</u>	<u> </u>	<u>X</u>	<u> </u>
3. <u>Edward Hinshaw – Real Estate Owner</u>	\$ <u>184,870</u>	<u> </u>	<u>X</u>	<u> </u>
4. <u>California Energy Commission</u>	\$ <u>900,272</u>	<u> </u>	<u>X</u>	<u> </u>
5. <u>AB 2766</u>	\$ <u>200,000</u>	<u>X</u>	<u>X</u>	<u> </u>
Total	\$ <u>1,952,572</u>			

P=Prior AB2766 Grant for this same project, if any: \$ _____ Grant # _____

I. Monitoring Program: *See instructions below and separate AB2766 Travel Activity Data Manual.*

a. Travel or other activity measurements to be collected: *Describe each:*

Measure 1 : _____

Measure 2 : _____

Measure 3 : _____

Measure 4 : _____

b. Type of Data Collection (Counts, surveys, logs, etc.): Describe methods

c. Frequency and source of collection for each measure: Describe

J. Contacts: *List contact information for the primary Grantee reimbursement and/or Project Manager, if different, and for the implementation entity, if different:*

Primary Contact Name: Jay Friedland (Zero Motorcycles)

Mail address: 1 Victor Square, Scotts Valley, CA 95066

Telephone: (831) 818-3510 Fax: (831) 438-4900

E-Mail: jay@zeromotorcycles.com

Reimbursement Contact Name (If different): Bonnie Lipscomb (City of Santa Cruz Redevelopment Agency)

Mail address: 337 Locust St, Santa Cruz, CA 95060

Telephone: (831) 420-5150 Fax: _____

E-Mail: blipscomb@cityofsantacruz.com

Implementing Entity Name (if different) _____

Mail address: _____

Telephone: _____ Fax: _____ E-Mail: _____

K. Useful Life of Project: _____ **Years.**

NOTE: District staff may apply applicable default for the project type if differs from Applicant value.

AB 2766 Motor Vehicle Emission Reduction Grant Program

General instructions for Attachment 1A:

- E. *Project Schedule and Activity List:*** Start date must be after Agreement execution. End date cannot be later than two years after grant Agreement signed. For the Activity List, describe each project activity, task or phase of the proposed project. Applicants must clearly define what the grant funding would accomplish by providing detailed task and product descriptions in their application.
- F. *Table F. AB2766 Funds: Expenditure Schedule:*** First, define up to four periods of project implementation. Check whether periods are quarters, semesters or years. If annual, must end June 30th. The first period should include the project start date and the last period should include the end date. Next, enter the expected grant funded project costs for each activity by period. Project total must be the same as the requested AB2766 grant amount shown in §C.
- G. *Table G: All Funding Sources: Total Project Budget:*** For the types of expenditure shown, distribute the requested AB2766 grant funds (Column 1) then other secured funding (Col. 2) and then funding not yet secured but necessary to implement the grant funded project (Col. 3). Note that the sum of Column 1 equals the grant request shown in §C and the project total column should be the sum of the other columns. Grant administration costs must be shown, and only in Col. 2, funded from other secured funds. To qualify as secured funds, funding for the project must be in an approved adopted budget at the time of application. Secured funds are used in scoring applications for “Leverage.” See the scoring discussion elsewhere in this packet. Unsecured funds are not yet approved and budgeted for the project, but must be secured to implement the proposed project. Unsecured funds must be included in an adopted budget or otherwise committed to the project before the District will sign a grant Agreement. In submitting an application, applicants thereby commit to securing all funding identified as needed to implement the project-- above the grant amount requested-- by January 31, 2011.
- H. *Table H. Source and Status of Other Funding:*** Indicate the source and amount of all other funding needed to implement the project here, both secured and unsecured. “In-kind services may be sourced. Check whether each funding source/amount entry is secured (S), unsecured (U) or from a prior AB2766 grant (P), as defined above.
- I. *Monitoring Program:*** Enter the kind, type and frequency of travel monitoring to be conducted if a grant is awarded. (See enclosed AB2766 Travel Activity Data Manual for instructions regarding the exact measurements or data needed for each type of project). District staff may add other monitoring conditions to the grant Agreement as needed.
- J. *Contact Person(s):*** Enter the Grantee’s contact information for the project and for Grantee reimbursement, if different, as well as contact information for any other entity implementing the project under contract.
- K. *Project Life:*** For emission- reducing projects, specify the expected life of the project.

AB 2766 Motor Vehicle Emission Reduction Grant Program

ATTACHMENT 1B- PROGRAM CRITERIA CHECKLIST

Project Title: Advanced Electric Vehicle Powertrain Development and Pilot Manufacturing in California

Public Agency Applicant: City of Santa Cruz.Redevlopment Agency

PROJECT CATEGORY:

For ALL Applications. Check ONE or MORE

1. **MOTOR VEHICLE EMISSIONS REDUCTION PROJECTS** - directly reduce vehicular emissions and data is available (or will be collected as part of the project) to enable District staff to estimate those reductions over the project life. This category is scored by District staff as described in this application packet.
2. **XXXX DEMONSTRATION PROJECTS** – demonstrate facilities, equipment, methods and/or procedures that would enable vehicular emission reductions, even when those reductions cannot be quantified. (If they quantifiable, also check #1 above).
3. **EDUCATION or POLICY PROJECTS** - Educate, inform the public, or propose policies or regulations for adoption by jurisdictions or agencies regarding activities, facilities and equipment, processes or procedures that would enable reduction or directly reduce motor vehicle emissions within five years, even if these reductions cannot be quantified. (If they can be quantified, also check #1 above).
4. **FUELING INFRASTRUCTURE PROJECTS** – Increase the availability and use of fuels, including electricity, that enable motor vehicle emission reductions within five years, even if the amount of emission reductions cannot be reliably estimated. (If they can be estimated, also check A, above).

GENERAL CRITERIA:

Unless ALL are checked, YOU CANNOT APPLY for a grant.

5. XX The grant request does not exceed \$200,000 in AB2766 funds.
6. XXX The proposed project will result in actions needed to implement the California Clean Air Act (as amended in 1992) and/or achieve motor vehicle emission reductions meeting the requirements of Health & Safety Code §44220 to 44247.
7. XXX The proposed project will be implemented within two years within the land area of Monterey, San Benito and/or Santa Cruz Counties and

AB 2766 Motor Vehicle Emission Reduction Grant Program

will generate emission reductions within five years from first award of AB2766 grant funds.

- 8. ___ XXX The application is signed by a public agency staff person who is authorized to apply for this AB2766 grant for this project, or who will provide such authorization to the District prior to date of grant award, or September 15, 2010.
- 9. ___ XXX This AB2766 application consists of a signed original cover letter and Attachments 1, 1A and 1B, completed in accordance with their included instructions in this packet.
- 10. ___ XXX Applicant will secure all other funds needed to implement the proposed project prior to executing a grant agreement, no later than January 31, 2011. "Secured other funds" are defined as adopted in an agency budget for the project, or committed to the project in writing, prior to Grantee execution of a Grant Agreement
- 11. ___ XXX Should staff recommend less than the requested grant, applicant will notify District staff by the District Board meeting of September 15, 2010, whether sufficient other funds needed to execute a Grant Agreement will be secured by the due date.
- 12. ___ XXX If adequate other funds to implement this project have NOT been secured, the grant becomes null and void, unless the District Board approves a later date to execute a Grant Agreement.
- 13. ___ XXX For projects to be implemented under subcontract with another entity, the implementing entity is identified in the application.
- 14. ___ XXX This project is included in, or is consistent with a policy, program or project in a current adopted State, Regional or Local Plan. From the attached Plan List, enter the name of the plan in the space below, and the page in that plan with which this project is consistent.
_____.
- 15. ___ XXX Data requested by District staff to estimate the project's emissions reductions are included in the application.
- 16. ___ XXX Applicant will not apply any AB2766 grant funds to reimburse any costs of preparation of applications; preliminary work related to obtaining the AB2766 grant or the costs of administering the grant. Adequate funds or value of in-kind services to perform these administrative tasks is included in Table G, Col. 2 under "Grant Administration".
- 17. ___ XXX If the proposal includes purchase of an engine or engine modification, the resulting engine will meet or exceed current applicable California Air Resource

AB 2766 Motor Vehicle Emission Reduction Grant Program

Board emissions standards unless otherwise specified in the grant Agreement.

MULTI-YEAR CRITERIA:

ONLY for applicants with multi-phase projects previously awarded AB2766 grants.

Check ALL the following criteria for such projects.

- 18. ___ The cost-effectiveness ratio calculated for the project will only include emissions reductions calculated for the entire project using FY11 estimation methods.
- 19. ___ The project will generate emissions within five years of the *initial* AB2766 grant award for this same project.
- 20. ___ The project is for the same purpose as any previously AB2766 grant-funded phase and the proposed new phase is consistent with all prior AB2766 Grant Agreement terms and conditions for this same project.
- 21. ___ Prior AB2766 grants are NOT “secured other funds” used to score leveraging points for scored projects (See Application Scoring).

This concludes Attachment 1B

AB 2766 Motor Vehicle Emission Reduction Grant Program

AB 2766 EMISSION REDUCTION GRANT PROGRAM

(Authorized by Assembly Bill 2766 of 1990)

SUPPLEMENTAL INFORMATION

Do NOT submit with application

February 17, 2010

MONTEREY BAY UNIFIED AIR POLLUTION CONTROL DISTRICT

**24580 SILVER CLOUD COURT
MONTEREY, CALIFORNIA 93940
TELEPHONE: 647-9411; FAX 647-8501**

AB 2766 Motor Vehicle Emission Reduction Grant Program

DISTRICT SCORING -- For Quantified Emissions-Reduction Projects Only

*Do **NOT** submit this form with the application – For information only.*

(See additional notes on next page.)

1. Cost-Effectiveness: *Cost-effectiveness is defined as the AB2766 request, plus any prior AB2766 grant for this same project, divided by the total tons of ROG and NOx emissions plus ten times the PM10 emissions reduced over the project life:*

<u>Cost-Effectiveness</u>	<u>Points</u>
\$ 1 - \$ 2,000	60
\$ 2,001 - \$ 3,500	40
\$ 3,501 - \$ 5,000	35
\$ 5,001 - \$10,000	30
\$10,001 - \$15,000	20
\$15,001 - \$20,000	15
\$20,001 - \$40,000	10
\$40,001 - Greater	0

Points _____

2. Vehicle miles of travel (VMT) reduced:

<u>VMT</u>	<u>Points</u>
1,000,000 - Or More	10
500,001 - 1,000,000	8
250,001 - 500,000	6
100,001 - 250,000	4
50,001 - 100,000	2
1 - 50,000	0

Points _____

3. Whether the project is an adopted transportation control measure (TCM): *If the project implements one or more of the TCMs adopted in the 2000 AQMP.*

If Yes, TCM # _____, 10 points.

If No, 0 points

Points _____

4. Leveraging of Grant Funds: *Ratio of this request to total project cost, less any prior AB2766 grant funding for this project.*

<u>Ratio</u>	<u>Points</u>
Up to - 10%	20
11% - 20%	15
21% - 35%	8
36% - 50%	2
Over - 50%	0

Points _____

Total Score: _____

AB 2766 Motor Vehicle Emission Reduction Grant Program

Notes on District Project Scoring:

- ❑ **District staff performs all project scoring.** District staff will score all emission-reducing project applications using travel activity or other data provided by applicant, or will use standard default assumptions if data is not available or provided. Scoring shown above is applied as continuous linear scales over the ranges shown.
- ❑ **Leveraging of Grant.** To encourage leveraging of AB2766 grant funds with other funds these points are scored based on the ratio of grant request to the request amount plus the total of other secured funds at the time of application, shown marked “S” in Attachment 1A, Table H.
- ❑ **Multi-year Funding.** Grant cost-effectiveness (C/E) is the sum of the AB2766 grant request plus any prior MBUAPCD grant awards to this same project, divided by the most recent estimate of emissions reduced by the project over its lifetime, in tons.
- ❑ **Travel activity information.** For all emission-reducing projects, available travel or other information to perform scoring must be provided to District staff. Provide the data in Attachment 1, Project Narrative, if available, using a travel activity data table, filled in with available data, for the appropriate project type. Data tables are found in the enclosed AB2766 Travel Activity Data Manual. (See next bullet).
- ❑ **The enclosed “AB2766 Travel Activity Data Manual”** describes the form and content of travel activity and/or usage data to be provided with your application and provides travel activity data tables to complete for use in the Attachment 1 – Project Narrative. If you have any questions about what data is required, please contact Dave Fairchild of District staff (831-647-9418 x234, dfair@mbuapcd.org) as soon as possible.
- ❑ **Default activity values may be used.** If activity data are not available or not submitted, District staff may use default assumptions to perform the emissions calculations.
- ❑ **Total Score.** Sum of all points scored. The maximum possible score is 100 points.

This concludes District Scoring

AB 2766 Motor Vehicle Emission Reduction Grant Program

ADOPTED STATE, REGIONAL & LOCAL PLAN LIST

Use this list of recently adopted plans, policies or programs as a source to complete the project consistency criterion in Attachment 1B, Criterion #7:

1. If the project would implement one or more of the nine Transportation Control Measures (TCMs) in the current 2008 *Air Quality Management Plan (AQMP) for the Monterey Bay Region* adopted by MBUAPCD, enter the TCM number(s) from the following list:
 1. Improved Public Transit (Includes School Buses Paratransit)
 2. Area wide Travel Demand Management (Ridesharing, Vanpools etc.)
 3. Signal Synchronization (For existing signals, or existing plus new signals)
 4. New and Improved Bike Facilities (Bike parking, bikeways, bike incentives)
 5. Alternative Fuels (Including Electrification, CNG and Biodiesel)
 6. Park and Ride Lots
 7. Livable Communities (If project reduces congestion, VMT or trips)
 8. Intelligent Transportation Systems (If project reduces congestion, VMT or trips)
 9. Traffic Calming (If project reduces congestion, VMT or trips)

2. If the project would implement a policy, program or project in one of more of the following adopted plans, identify which of these plan(s) and the page reference(s) for the policy, program or project it would implement:
 1. Current *Metropolitan Transportation Plan (MTP)* or current *Metropolitan Transportation Improvement Program (MTIP)* adopted by AMBAG.
 2. Current *Regional Transportation Plan (RTP)* or current *Regional Transportation Improvement Program (RTIP)* adopted by TAMC, SCCRTC or the SBCOG.
 3. Current *Congestion Management Programs (CMP)*, if any, adopted by TAMC, SCCRTC or SBCOG.
 4. Current *General Plan, Specific Plan or Community Plan* adopted by Counties or Cities in Monterey, San Benito or Santa Cruz counties.
 5. Current *Community, Specific or Area Plans and Bicycle Route plans* adopted by a County or City in the District.
 6. Current *Short Range Transit Plan* adopted by MST or SCMTD.

This concludes the Adopted Plan List

AB 2766 Motor Vehicle Emission Reduction Grant Program

[See separate listing of prior projects and sample grant agreement.]



CITY COUNCIL AGENDA REPORT

DATE: 6/14/2010

AGENDA OF: 6/22/2010

DEPARTMENT: Economic Development

SUBJECT: State CalHome Program Grant Application for the City's First Time Homebuyer Program. ED

RECOMMENDATION: Resolution authorizing the City Manager to submit an application to the California State Department of Housing and Community Development (HCD) for funding under the CalHome Program and, if selected, to execute a standard agreement for such funding and any amendments thereto, and any related document necessary, in a form approved by the City Attorney, to participate in the CalHome Program and to accept and appropriate such grant funds as may be awarded under the program.

BACKGROUND: The California Department of Housing and Community Development (HCD) has issued a Notice of Funding Availability (NOFA) for the state's CalHome Program. The CalHome Program provides funding for mortgage assistance for low or very-low income first time homebuyers and/or owner-occupied rehabilitation loans for low or very-low income homeowners. Approximately \$50 million in CalHome Program funds are being made available as a result of Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006.

The maximum CalHome Grant is for \$1 million for jurisdictions the size of the City of Santa Cruz. Grant funds may be used for deferred first time homebuyer loans of up to \$60,000 for a household whose income does not exceed 80% of the area median income adjusted for household size. All grant funds must be used within three years.

In order to apply for a CalHome Grant, the City Council is required to adopt a resolution authorizing the submittal of an application to HCD and execution of a standard agreement and any related documents. Applications will be rated under a point system that rewards past performance as well as a demonstrated ability to run the program activity.

DISCUSSION: Based on CalHome Program requirements, the City of Santa Cruz qualifies to apply for a grant for the City's First Time Homebuyer (FTH) Program. The City's FTH Program assists low income households to secure financing to purchase a home by providing down payment assistance in the form of a deferred, or "silent second" loan. This deferred loan does not require monthly payments and is due only when the home is sold, refinanced, or transferred. The Federal Department of Housing and Urban Development HOME Investment Partnership Program (HOME) is currently the primary funding source for the City's FTH Program.

Receipt of a CalHome grant for the FTH Program would allow the City to use HOME funds for other programs and projects. The CalHome grant request would be for \$720,000, which would provide for an annual average of four \$60,000 loans during the three years covered by the Program.

ENVIRONMENTAL REVIEW: The project is exempt from the California Environmental Quality Act (CEQA), under the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA (Section 15061(b) (3)). In this case the recommended actions serve to provide additional funding by which the City may assist first time homebuyers. It does not result in physical changes to the environment.

FISCAL IMPACT: None at this time. The CalHome Program grant will cover grant expenses.

Prepared by:
Carol Berg
Housing and Community
Development Manager

Submitted by:
Bonnie Lipscomb
Director of Economic Development

Approved by:
Richard C. Wilson
City Manager

ATTACHMENTS: Resolution

RESOLUTION NO. NS-

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA CRUZ
AUTHORIZING THE CITY MANAGER TO SUBMIT AN APPLICATION TO THE
STATE OF CALIFORNIA, DEPARTMENT OF HOUSING AND COMMUNITY
DEVELOPMENT FOR FUNDING UNDER THE CALHOME PROGRAM AND,
IF SELECTED, TO EXECUTE A STANDARD AGREEMENT FOR SUCH FUNDING AND
ANY AMENDMENTS THERETO, AND ANY RELATED DOCUMENTS NECESSARY,
IN A FORM APPROVED BY THE CITY ATTORNEY, TO PARTICIPATE IN THE
CALHOME PROGRAM AND TO ACCEPT AND APPROPRIATE SUCH GRANT FUNDS
AS MAY BE AWARDED UNDER THE PROGRAM

WHEREAS, the City of Santa Cruz wishes to apply for and receive an allocation of funds through the CalHome Program;

WHEREAS, The California Department of Housing and Community Development (hereinafter referred to as "HCD") has issued a Notice of Funding Availability ("NOFA") for the CalHome program established by Chapter 84, Statutes of 2000 (SB 1656 Alarcon), and codified in Chapter 6 (commencing with Section 59650) of Part 2 of Division 31 of the Health and Safety Code (the "statute"). Pursuant to the statute, HCD is authorized to approve funding allocations utilizing monies made available by the State Legislature to the CalHome program, subject to the terms and conditions of the statute and the CalHome Program Regulations adopted by HCD on April 4, 2004; and

WHEREAS, the City of Santa Cruz wishes to submit an application to obtain from HCD an allocation of CalHome funds in the amount of \$720,000.

NOW, THEREFORE, BE IT RESOLVED that the City of Santa Cruz shall submit to HCD an application to participate in the CalHome Program in response to the NOFA issued on April 19, 2010 which will request funding of \$720,000 to provide deferred loans to be made to low income first time homebuyers under the City of Santa Cruz's city-wide First Time Homebuyer Program;

BE IT FURTHER RESOLVED that the City Council of the City of Santa Cruz authorizes the City Manager to execute in the name of the City of Santa Cruz the application, the Standard Agreement, and all other documents required by the HCD for participation in the CalHome Program and any amendments hereto and in forms acceptable to the City Attorney; and

BE IT FURTHER RESOLVED if the application for funding is approved, the City of Santa Cruz hereby agrees to use the CalHome funds for eligible activities in the manner presented in the application as approved by HCD and in accordance with program regulations cited above. It also may execute any and all other instruments necessary or required by HCD for participation in the CalHome Program.

RESOLUTION NO. NS-

PASSED AND ADOPTED this 22nd day of June, 2010, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

APPROVED: _____
Mayor

ATTEST: _____
City Clerk



CITY COUNCIL/
REDEVELOPMENT AGENCY
AGENDA REPORT

DATE: June 14, 2010

AGENDA OF: June 22, 2010
DEPARTMENT: Finance and Redevelopment Agency
SUBJECT: Authorization to Expend Available Funds. (FN) (ED)

RECOMMENDATION: Council resolution authorizing the Finance Director to expend available funds from the period of July 1, 2010, until formal adoption of the FY 2011 budget.

Redevelopment Agency resolution authorizing the Executive Director to expend available funds from the period of July 1, 2010, until formal adoption of the FY 2011 budget.

BACKGROUND: None.

DISCUSSION: During the period between the end of the current fiscal year and the approval of the FY 2011 budget, authorization is needed to expend and encumber funds for payroll and other essential and normal expenditures. The attached resolutions authorize the City Finance Director and the Agency Executive Director to expend and encumber available funds between the beginning of the new fiscal year and the date when the FY 2011 budget is adopted.

FISCAL IMPACT: Expenditures which occur during FY 2011 as a result of this action will not exceed the current year FY 2010 appropriations.

Prepared by:
Jack Dilles
Finance Director

Submitted by:
Jack Dilles
Finance Director

Approved by:
Richard C. Wilson
City Manager

Submitted by:
Bonnie Lipscomb
Executive Director

ATTACHMENTS: Resolutions

RESOLUTION NO. NS-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA CRUZ
AUTHORIZING THE DIRECTOR OF FINANCE TO EXPEND AND ENCUMBER
AVAILABLE FUNDS FOR INTERIM PERIOD FROM JULY 1, 2010,
UNTIL FORMAL ADOPTION OF THE FY 2011 BUDGET

WHEREAS, it is anticipated that the formal adoption of the FY 2011 Budget for the City of Santa Cruz will not occur until the first regular meeting of the City Council in July, 2010; and

WHEREAS, it is necessary for the City to expend and encumber funds on the City Payroll Account and for other essential and normal expenditures in order to continue the operation of City services, maintenance, and operations.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Santa Cruz as follows:

1. That the Director of Finance of the City of Santa Cruz is hereby authorized and directed to expend available funds for the City payroll as needed during the period from July 1, 2010 until formal adoption of the Fiscal Year 2011 Budget ("Interim Period").
2. That the Director of Finance is hereby authorized and directed to issue checks for the payment of claims and to make appropriations and encumbrances for essential and normal expenditures during the Interim Period, from available funds, as approved by the City Council or the City Manager.
3. That sufficient funds are hereby appropriated in order for the Director of Finance to issue checks and expend funds for the aforesated purposes and all such claims, demands, or changes are hereby approved by the City Council.

PASSED AND ADOPTED this 22nd day of June, 2010, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

APPROVED: _____
Mayor

ATTEST: _____
City Clerk

RESOLUTION NO.

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CRUZ
AUTHORIZING THE EXECUTIVE DIRECTOR TO EXPEND AND ENCUMBER
AVAILABLE FUNDS FOR INTERIM PERIOD FROM JULY 1, 2010,
UNTIL FORMAL ADOPTION OF THE FY 2011 BUDGET

WHEREAS, it is anticipated that the formal adoption of the FY 2011 Budget for the Redevelopment Agency of the City of Santa Cruz will not occur until the first regular meeting of the Agency in July, 2010; and

WHEREAS, it is necessary for the Agency to expend and encumber funds for essential and normal expenditures in order to continue the operation of Agency services, maintenance, and operations.

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Santa Cruz as follows:

1. That the Executive Director is hereby authorized and directed to issue checks for the payment of claims and to make appropriations and encumbrances for essential and normal expenditures as needed during the period from July 1, 2010 until formal adoption of the Fiscal Year 2011 Budget ("Interim Period"), as approved by the Agency or the City Manager.

2. That sufficient funds are hereby appropriated in order for the Executive Director to issue checks and expend funds for the aforesated purposes and all claims, demands, or changes herein authorized are hereby approved by the Agency.

PASSED AND ADOPTED this 22nd day of June, 2010, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

APPROVED: _____
Chair

ATTEST: _____
Executive Director



CITY COUNCIL AGENDA REPORT

DATE: 6/9/2010

AGENDA OF: 6/22/2010

DEPARTMENT: Police

SUBJECT: Establishing a Safety Enhancement Zone for Independence Day 2010. (PD)

RECOMMENDATION: Resolution authorizing a temporary safety enhancement zone for Independence Day 2010 from 5:00 p.m. on July 2 2010 to 12:01 a.m. on July 6, 2010, designating the geographic boundary of the temporary safety enhancement zone for Independence Day 2010, and increasing fines and penalties for certain Municipal Code violations in the safety enhancement zone.

BACKGROUND: Independence Day traditionally draws a large crowd to the Santa Cruz area. In order to maintain a safe environment, the Santa Cruz Police Department has deployed additional law enforcement resources in the past and plans to provide the same level of resources for this year's holiday.

DISCUSSION: The Safety Enhancement Zone Ordinance, adopted in July of 2006, allows the City Council, in the interests of public health and safety, to designate a geographic region as a safety enhancement zone for a specified time period, wherein certain violations of the Santa Cruz Municipal Code are subject to triple fines.

The Police Department is requesting that the City Council authorize a safety enhancement zone from 5:00 p.m. on July 2, 2010 to 12:01 a.m. on July 6, 2010. This request is recommended based on the potential for public health and safety issues, given this history of a large number of residents and visitors at this type of holiday. The safety enhancement zone provides an additional incentive for attendees to comply with local ordinances.

The attached resolution, if adopted, would authorize the designation of a safety enhancement zone for Independence Day 2010 from 5:00 p.m. on July 2, 2010 to 12:01 a.m. on July 6, 2010, with the geographic boundary described in the resolution and depicted on the attached map.

The safety enhancement zone will operate as on New Year's Eve, effecting triple fines for Santa Cruz Municipal Code violations ranging from littering to possession of open containers of alcoholic beverages to fireworks. Staff will work to inform the community, using bilingual outreach and press materials, about the safety enhancement zone.

Additionally, in order to provide a safe environment for residents and visitors in Santa Cruz on Independence Day 2010, several streets will be closed from 7 p.m. to midnight on July 4. They include:

-The Murray Street Bridge between Seabright Avenue and 7th Avenue. (Access to the Harbor from Santa Cruz will be off 7th Avenue via Capitola Road.)

-Jesse at East Cliff

-Pearl at East Cliff will be a right turn only.

-All roads south of E. Cliff Drive between Buena Vista Avenue and the Yacht Harbor.

Residents, Aldo's Restaurant patrons, and Chardonnay Sailing Charters passengers will be allowed in. Local businesses and residents affected by the street closures and the "No Parking/Tow Away" zones will be notified seven (7) days prior and also three (3) days prior to Independence Day. The information on the street closures is included for the City Council's information. The Police Department is not requesting any council action in regards to the street closures.

FISCAL IMPACT: Funds for Independence Day activities have been included in the Police Department budget. Funding includes Police Department officer overtime, allied law enforcement agencies, and private security, as well as necessary supplies and equipment. There is no other impact on the General Fund.

Prepared by:
Zach Friend
Principal Management Analyst

Approved by:
Richard C. Wilson
City Manager

ATTACHMENTS:
Resolution
Map



July 4th 2010, Safety

Safety Enhancement Zone Enforcement From
5:00 p.m. on July 2nd, 2010 to 12:01 a.m. on July 6th, 2010
Detours, Closures and Access Points in effect
7:00 p.m. to Midnight on July 4th, 2010



RESOLUTION NO. NS-

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA CRUZ DESIGNATING THE GEOGRAPHIC BOUNDARY OF A TEMPORARY SAFETY ENHANCEMENT ZONE FOR INDEPENDENCE DAY 2010, INCREASING FINES AND PENALTIES FOR CERTAIN MUNICIPAL CODE VIOLATIONS IN THE SAFETY ENHANCEMENT ZONE, AND DESIGNATING THE EFFECTIVE TIME FOR THE SAFETY ENHANCEMENT ZONE

WHEREAS, the Safety Enhancement Zone Ordinance, adopted July 11, 2006, was designed to protect the health, safety and welfare of the residents of, and visitors to, the City of Santa Cruz and authorizes the City Council to designate temporary safety enhancement zones and enhance the penalties for the violation of certain Municipal Code chapters; and

WHEREAS, for New Year's Eve 2008, the City Council designated a safety enhancement zone, which was effective in deterring illegal and unsafe actions; and

WHEREAS, the City anticipates large crowds for Independence Day 2010 and given the success of past safety enhancement zones, expects that the same success will be attained.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Santa Cruz that it finds that unique conditions and circumstances exist on Independence Day that pose a threat to public health and safety for the residents and visitors of Santa Cruz and hereby establishes a safety enhancement zone to be in effect from 5:00 p.m. on July 2, 2010 to 12:01 a.m. on July 6, 2010.

BE IT FURTHER RESOLVED that the boundaries of the safety enhancement zone will be the Yacht Harbor on the east, proceeding west on Murray Street as it becomes E Cliff Drive and San Lorenzo Boulevard, south on Riverside to 3rd Street, east on Beach Street and continuing 100 feet from the southern- or eastern-most curb along W Cliff Drive to Natural Bridges State Beach; and that the safety enhancement zone will extend from these boundaries to the Pacific Ocean.

BE IT FURTHER RESOLVED that within the effective hours, the following violations of the Santa Cruz Municipal Code that occur within the safety enhancement zone will be subject to triple fines: Chapter 6.12 (Solid Waste); Chapter 6.75 (Graffiti); Chapter 9.12 (Possession of open containers or consumption of alcoholic beverages in public places); Chapter 9.20 (Defacing sidewalks); Chapter 9.28 (Discharge of firearms); Chapter 9.36 (Noise control); Chapter 9.50 (Conduct on public property); Chapter 9.60 (Trespassing); Chapter 10.12 (Traffic regulation obedience); Chapter 10.16 (Traffic control device obedience); Chapter 19.05.580 (Fireworks); and Chapter 10.40 (Vehicle, parking, standing and stopping).

RESOLUTION NO. NS-

PASSED AND ADOPTED this 22nd day of June, 2010, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

APPROVED: _____
Mayor

ATTEST: _____
City Clerk



CITY COUNCIL AGENDA REPORT

DATE: 6/14/2010

AGENDA OF: 6/22/2010

DEPARTMENT: Public Works

SUBJECT: Amendment No. 3 to Landfill Gas Lease. (PW)

RECOMMENDATION: Resolution authorizing and directing the City Manager to execute Amendment #3 to the Landfill Gas Lease with Santa Cruz, Energy, LLC, a Delaware limited liability company.

BACKGROUND: In December 1984, the City entered an agreement with Cambrian Energy Systems to develop a landfill gas collection and conversion system at the City landfill on Dimeo Lane, to collect landfill gas, convert it to electric power and sell the power into the electric grid. In return, the City is paid royalties based on a percentage of the sales of the electric power.

The terms of the lease require the City to approve any assignment, change of ownership or amendments to the lease. Since 1984, the City has agreed to several assignments, mergers, reorganizations and/or ownership changes of the lease, and at least two amendments to the lease. In 2003, all the historical project entities and associated ownership responsibilities under the Lease were consolidated to reflect a single, sole ownership by Gas Recovery Systems, Inc.(GRS).

In November, 2006, the City learned, through a press release issued publicly in September 2006, of a complete and total sale of all of the assets, interests and operations of GRS to Fortistar, LLC (Fortistar/GRS). Since the City had neither been notified of nor requested to consent to an assignment of the lease staff notified Fortistar/GRS that assignment of the lease without City consent was a material breach of the lease and requested that they initiate good faith discussions with the City to resolve that issue and other issues of concern to the City. Fortistar/GRS responded in February 2007 that a wholly owned subsidiary of theirs, Fortistar Renewable Group LLC, acquired 100% of the membership interest in Gas Recovery Systems, LLC. Fortistar/GRS stated that this was not an assignment or change of ownership, but agreed to enter discussions to resolve that issue and other issues of concern.

On February 4, 2009, Fortistar sent the City a letter requesting assignment of the Landfill Gas Lease from Gas Recovery Systems, LLC to Santa Cruz Energy, LLC, stating that this was necessary to facilitate financing of the expansion and upgrade of the generator and conversion system. This assignment was approved by City Council on April 14, 2009. Language in the consent to assignment agreement stated that both parties agreed to continue to negotiate in good faith with the goal of replacing the current Gas Lease with a new and updated form of gas lease agreement. City staff and Santa Cruz LLC/Fortistar representatives have

continued to work with each other over the past year on draft language for a new lease agreement, but no formal agreement has been reached.

During meetings in 2008, Fortistar/GRS indicated to City staff that the existing, aging landfill gas conversion system needed to be replaced, and initially suggested replacement with a slightly larger, used generator. In fall of 2008, the City and Fortistar/GRS conducted tests to project future landfill gas production levels. These tests indicated that volumes of landfill gas produced would exceed the capacity of the proposed used replacement generator, and would be sufficient to support a larger generator which would produce more electric power. City staff stated that the City did not want to flare excess landfill gas and urged Fortistar/GRS to install a new, larger generator that had capacity to handle the larger gas volumes. Fortistar agreed to this, and, in late November 2009, Santa Cruz Energy LLC/Fortistar completed installing a new Caterpillar 3520 generator and completed upgrades to their plant. The engine is rated at 1.4 MW and is producing over twice as much renewable electric power from our landfill gas as the former turbine.

Santa Cruz Energy LLC/Fortistar's agreement to sell power to PG&E expired in February 2009. They signed a new power purchase agreement with Sacramento Municipal Utility District (SMUD), which expires on September 30, 2024.

DISCUSSION: The existing Landfill Gas Lease Agreement, written in 1984, has very outdated language, has no termination date, does not address environmental responsibilities of the lessee with regard to the City's Air Board permits for operation of the landfill, and provides the City with no opportunity to amend the terms of the Lease Agreement unless the Lessee defaults or agrees to the amendments.

While the City has been in continuing negotiations with them to update the Gas Lease and Operations Agreement, Santa Cruz Energy LLC/Fortistar's legal counsel contacted the City requesting to amend the existing lease immediately in order to meet their financing requirements for the new generator. The significant change in Amendment #3 is the addition of a termination date of September 30, 2024, to match Santa Cruz Energy LLC's contract termination date with SMUD. There are other language changes under the Representations of Landfill Owner and in the Notice of Security Interest. The City Attorney has reviewed and approved the proposed Amendment.

FISCAL IMPACT: No fiscal impacts are anticipated as a result of approving Amendment #3. The City Refuse Fund has been receiving increased royalties from Santa Cruz Energy LLC since November 2009 due to increased power generation by the new engine and a higher sales price per kilowatt hour sold to SMUD. Estimated royalties are expected to be about \$12,000-\$13,000/month when the plant is fully operating, which is more than double the royalties with the old turbine.

Prepared by:
Chris Chang
Associate Engineer

Submitted by:
Mark R. Dettle
Director of Public Works

Approved by:
Richard C. Wilson
City Manager

ATTACHMENTS:
Resolution
Amendment #3

RESOLUTION NO. NS-

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA CRUZ
AUTHORIZING AND DIRECTING THE CITY MANAGER TO EXECUTE
AMENDMENT #3 TO THE LANDFILL GAS LEASE WITH SANTA CRUZ ENERGY, LLC,
A DELAWARE LIMITED LIABILITY COMPANY.

WHEREAS, the City of Santa Cruz entered into a written Landfill Gas Lease on December 12, 1984 (since amended), which granted the Lessee certain rights and obligations, including, but not limited to, the right to collect landfill gas, convert it to electric power and sell the power, in exchange for a payment of royalties to the City; and

WHEREAS, as a result of a series of assignments, mergers, reorganizations and ownership changes, Santa Cruz Energy, LLC, a Delaware limited liability company, is the current Lessee under the Landfill Gas Lease, and desires to amend the existing gas lease; and

WHEREAS, Santa Cruz Energy, LLC and the City of Santa Cruz have agreed to the terms of Amendment #3 of the Landfill Gas Lease, herein attached;

AND WHEREAS, the City is amenable to approving the desired Amendment #3 of the Landfill Gas Lease.

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Santa Cruz that it hereby authorizes and directs the City Manager to execute Amendment #3 of the Landfill Gas Lease with Santa Cruz Energy, LLC.

PASSED AND ADOPTED this 22nd day of June, 2010, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

APPROVED: _____

Mayor

ATTEST: _____

City Clerk

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:
Wilson Sonsini Goodrich & Rosati,
Professional Corporation
650 Page Mill Road
Palo Alto, CA 94304-1050
Attn: Real Estate Department/JPMC

(The space above this line is for Recorder's use only)

AMENDMENT NO. 3 TO LANDFILL GAS LEASE

This Amendment No. 3 to Landfill Gas Lease (this "Amendment") is made as of _____, 2010 by and between the City of Santa Cruz, a municipal corporation (the "Landfill Owner"), Santa Cruz Energy LLC, a Delaware limited liability company ("Lessee").

RECITALS

- A. WHEREAS, Cambrian Energy Systems, a California corporation ("Cambrian") and Landfill Owner entered into that certain Landfill Gas Lease dated as of December 12, 1984 (the "Original Lease") with respect to the landfill owned by Landfill Owner located in the City and County of Santa Cruz, State of California as more particularly described on Exhibit A attached hereto (the "Landfill").
- B. WHEREAS, Cambrian assigned its right, title and interest in and to the Original Lease to Pacific Lighting Energy Systems, a California corporation ("Pacific Lighting") pursuant to that certain Assignment of Lease dated as of December 28, 1984, and Pacific Lighting accepted such assignment.
- C. WHEREAS, Pacific Lighting assigned its right, title and interest in and to the Original Lease, as amended by the First Amendment, to Solar Turbines Incorporated, a Delaware corporation ("Solar Turbines") pursuant to that certain Assignment of Lease dated as of February 13, 1988, and Solar Turbines accepted such assignment.
- D. WHEREAS, Landfill Owner and Solar Turbines amended the Original Lease pursuant to that certain Amendment No. 1 to Landfill Gas Lease dated as of June 29, 1988 (the "First Amendment").

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E. WHEREAS, Solar Turbines assigned its right, title and interest in and to the Original Lease, as amended by the First Amendment, to Landfill Energy Partners I, a California limited liability company ("LEPI"), f/k/a Caterpillar Energy Partners I, a California limited partnership, pursuant to that certain Assignment and Consent to Assignment of Lease and Agreement dated as of November 21, 1988, and LEPI accepted such assignment.

F. WHEREAS, Landfill Owner and LEPI amended the Original Lease pursuant to that certain Amendment No. 2 to Landfill Gas Lease and Consent to Assignment and Sublease dated as of January 11, 1989 (the "Second Amendment", collectively with the Original Lease and First Amendment, the "Lease").

G. WHEREAS, LEPI assigned its right, title and interest in and to the Lease to Gas Recovery Systems, LLC, a California corporation ("GRS"), f/k/a Gas Recovery Systems, Inc., a California corporation, pursuant to that certain General Conveyance, Bill of Sale, Assignment and Assumption dated as of December 31, 2003, and GRS accepted such assignment.

H. WHEREAS, GRS assigned its right, title and interest in and to the Lease to Lessee pursuant to that certain Consent to Assignment of Landfill Gas Lease / Agreement to Negotiate in Good Faith dated as of April 30, 2009, and Lessee accepted such assignment.

I. WHEREAS, Landfill Owner and Lessee wish to ratify and confirm the Lease and extend the term thereof as more particularly set forth herein.

NOW THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Extension and Ratification of Lease.

(a) Extension of Lease Term. Landfill Owner and Lessee hereby agree to extend the term of the Lease for a period expiring on September 30, 2024, which date shall be the revised expiration date of the Lease. Accordingly, Section 3.01 of the Lease is hereby deleted and replaced by the following:

"3.01 The term of this lease shall commence on the date hereof and shall expire on September 30, 2024."

(b) Ratification of Lease. The parties hereto acknowledge and agree that, except as specifically amended hereby, all of the terms and conditions of the Lease shall remain in full force and effect and are ratified and confirmed.

(c) Representations of Landfill Owner. Landfill Owner hereby represents and warrants that Lessee is the current lessee under the Lease, to Landfill Owner's knowledge without inquiry, the Lease is in full force and effect, and Landfill Owner's knowledge without inquiry, there is no default under the Lease and no event has occurred that with the giving of notice or passage of time would constitute a default under the Lease or give rise to a right of Landfill Owner to terminate the Lease. Landfill Owner hereby consents to all prior assignments and subleases that are listed

above of the Lease or the premises, easements and rights granted thereunder. Landfill Owner further represents and warrants that it owns good, valid, unencumbered title to the landfill gas described in the Lease and that there are no leases, easements or encumbrances affecting the Landfill, the Project or the landfill gas generated therefrom, the use or maintenance of which could interfere with Lessee's operations on the Landfill or the Project or the rights of Lessee under the Site Lease.

2. Notice of Security Interest. Lessee hereby notifies Landfill Owner that Lessee has pledged and collaterally assigned all of its right, title and interest in, to, and under the Lease to Union Bank, N.A., not in its individual capacity but solely as collateral agent (together with its successors and assigns in such capacity, "Collateral Agent"), pursuant to the terms and conditions of an Assignment and Security Agreement (the "Security Agreement") dated on or about the date hereof. The Security Agreement and the grant of the security interests therein constitute security for the obligations of Fortistar Methane 3 LLC, a Delaware limited liability company (the "Borrower"), with respect to the loans and credit facilities in an amount not to exceed One Hundred Ten Million Dollars (\$110,000,000) contemplated by that certain Credit Agreement by and among Borrower, Collateral Agent and the lenders and other parties identified therein. Landfill Owner agrees to send copies of all notices provided to Lessee to Collateral Agent at the following address; provided however that Landfill Owner shall have no liability to Lessee or to the Collateral Agent in the event Landfill Owner fails to send any such notice:

Union Bank, N.A., as Collateral Agent
551 Madison Ave., 11th Floor
New York, NY 10022
Attention: Fernando Moreyra
Vice President
Telephone: (646) 452-2015
Facsimile: (646) 452-2000
Email: fernando.moreyra@unionbank.com

With a copy to:

Union Bank, N.A., as Administrative Agent
445 South Figueroa St., 15th Floor
Los Angeles, CA 90071
Attention: Hideyuki Okamoto
Power & Utilities
Phone: (213) 236 5724
Fax: (213) 236 4096
Email: Hideyuki.Okamoto@unionbank.com

3. Recordation. The parties agree that a fully executed original counterpart of this Amendment may be recorded in the Official Records of Santa Cruz County, California.

4. Miscellaneous. The parties hereto have read this Amendment and, on advice of counsel, they have freely and voluntarily entered into this Amendment. If any one or more of the

provisions contained in this Amendment shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. Captions are inserted for convenience only and will not affect the construction hereof. This Amendment constitutes the entire agreement between the parties regarding the extension of the term of the Lease and the other matters described herein and supersedes any and all prior and/or contemporaneous oral or written negotiations, agreements or understandings with respect to that subject matter. This Amendment may not be orally changed or terminated, nor any of its provisions waived, except by an agreement in writing signed by the party or parties against whom enforcement of any changes, termination or waiver is sought. This Amendment shall be binding upon, and inure to the benefit of the parties hereto, their respective legal representatives, heirs, successors and assigns. This Amendment may be executed in one or more counterparts, each of which shall be an original, but all of which, taken together, shall constitute one and the same Amendment. This Amendment, once executed by a party, may be delivered to the other party hereto by facsimile transmission of a copy of this Amendment bearing the signature of the party so delivering this Amendment. This Amendment shall be governed by the laws of the State of California without reference to conflicts of law principles. If either party commences an action against the other party arising out of or in connection with this Amendment, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees and costs of suit.

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first above written.

LANDFILL OWNER:

CITY OF SANTA CRUZ

By: _____
Name:
Title:

LESSEE:

SANTA CRUZ ENERGY LLC,
a Delaware limited liability company

By: _____
Name:
Title:

I hereby approve the form of the
Foregoing Amendment

City Attorney

Date

ACKNOWLEDGMENTS

State of _____)

_____)

County of _____)

On _____ before me, _____, a Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

Witness my hand and official seal.

(Signature) (Seal)

State of _____)

_____)

County of _____)

On _____ before me, _____, a Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

Witness my hand and official seal.

(Signature) (Seal)

ACKNOWLEDGMENTS

(cont.)

State of _____)

County of _____)

On _____ before me, _____, a Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

Witness my hand and official seal.

(Signature) (Seal)

EXHIBIT A

LEGAL DESCRIPTION

ALL that real property situated in the Refugio Rancho, County of Santa Cruz, State of California, described as follows:

BEGINNING at a twelve inch Redwood post which stands at the Southwest corner of that tract of land conveyed from one Lyons to L. K. Baldwin by Deed dated September 30, 1885, and recorded at Page 377 in Book 43 of Deeds, Santa Cruz County Records; thence from said point of beginning North 3° 33' East 352.20 feet to an iron pipe at the Northwesterly corner of said lands; thence North 63° 13' West along the Northerly line of lands formerly of one Guidici 35.07 feet to a station; thence North 2° 27' East along the Westerly side of a 50 foot right of way, and parallel with the Westerly boundary of the lands of D. D. Wilders Cream 1599.40 feet to an iron pipe; thence North 6° 17' East 1370.90 feet to a steel shaft; thence North 36° 43' West 517 feet to a steel shaft; thence North 34° 49' East 738.25 feet to a steel shaft; thence North 6° 17' East 1056' to a station; thence South 82° 38' East 914.90 feet to a station . . the Westerly line of said lands of D. D. Wilders Creamery, South 11° 12' West 115.20 feet to a steel shaft; South 19° 27' West 430.20 feet to a steel shaft; South 9° 07' West at 921.30 feet a pipe at the Northerly end of the above mentioned right of way, 1585.80 feet to a steel shaft; South 2° 27' West 1619.10 feet to a steel shaft; South 63° 13' East 149.70 feet to a steel shaft; South 26° 13' West 320.90 feet to a steel shaft on the Northerly boundary of the old County Road; thence North 67° 52' West 33 feet to the place of beginning.

EXCEPTING therefrom those lands conveyed to the State of California by Deed recorded March 12, 1959, in Book 1234 at Page 376 of Official Record.



CITY COUNCIL AGENDA REPORT

DATE: 6/14/2010

AGENDA OF: 6/22/2010

DEPARTMENT: Public Works

SUBJECT: Summer 2009 Overlay Project - Market Street (c400828), Federal Project No. ESPL-5025(046) - Notice of Completion. (PW)

RECOMMENDATION: Motion to accept the work completed by Joseph J. Albanese, Inc. of Santa Clara, CA, as completed per the plans and specifications and authorize the filing of the Notice of Completion for the Summer 2009 Overlay Project – Market St. (c400828), Federal Project Number ESPL-5025(046).

BACKGROUND: City Council approved the advertisement for bid of this project at the February 10, 2009 meeting, and authorized the City Manager to execute the contract once bids were received. The intent was to take advantage of funding becoming available through the American Reinvestment and Recovery Act of 2009 (ARRA). Joseph J. Albanese, Inc. was the lowest responsive and responsible bidder and was duly awarded the contract. Construction began in August and included grind out and repair of base failures in the roadway and paving of an overlay of hot-mix asphalt. This project also included striping.

DISCUSSION: The work for this project is now complete. The project has been inspected by the Public Works Department and found to be constructed in accordance with the plans and specifications.

FISCAL IMPACT: The initial contract award was for \$301,879. With a 10% contingency added on, the total purchase order was for \$332,067. As a result of cost savings during construction the final amount of work completed was \$272,211. All of the construction costs associated with this project were paid for by ARRA funds.

Prepared by:
Joshua Spangrud
Associate Civil Engineer

Submitted by:
Mark R. Dettle
Director of Public Works

Approved by:
Richard C. Wilson
City Manager

ATTACHMENTS: Notice of Completion

RECORDED AT THE REQUEST OF
Joshua Spangrud

WHEN RECORDED MAIL TO:

CITY CLERK'S DEPARTMENT
809 CENTER STREET, ROOM 9
SANTA CRUZ, CA 95060

Space above this line for Recorder's Use Only

This instrument is being recorded for the benefit of the City of Santa Cruz.
No recording fee is required pursuant to Government Code §27383

Notice of Completion

NOTICE IS HEREBY GIVEN, pursuant to Section 3093 of the California Civil Code, of the completion on June 22, 2010, of the Summer 2009 Overlay Project – Market Street.

That the City of Santa Cruz owns the said property as described above: City Right-Of-Way.

Said Summer 2009 Overlay Project – Market Street was undertaken on said property pursuant to a contract with Joseph J. Albanese, Inc., Santa Clara, California. Said Summer 2009 Overlay Project – Market Street consisted of installation of ADA compliant curb ramps, repairs to areas of base failure, placing a leveling course of hot mix asphalt, placing a pavement reinforcing fabric and paving an overlay of hot-mix asphalt.

DATED _____

Mark R. Dettle
Director of Public Works
City of Santa Cruz

STATE OF CALIFORNIA)ss
COUNTY OF SANTA CRUZ)

I am the Director of the Public Works Department, City of Santa Cruz. I have read the foregoing Notice of Completion and know the contents thereof, and I certify that the same is true of my own knowledge, except as to those matters which are therein stated upon my information or belief, and as to those matters I believe it to be true.

I declare, under penalty of perjury, that the foregoing is true and correct.

Executed on _____, at Santa Cruz, California.

Mark R. Dettle
Director of Public Works
City of Santa Cruz

Filing of this Notice of Completion was authorized by Santa Cruz City Council Minute Order of _____.



CITY COUNCIL AGENDA REPORT

DATE: 6/14/2010

AGENDA OF: 6/22/2010

DEPARTMENT: Public Works

SUBJECT: Summer 2009 Overlay Project – Morrissey Boulevard (c400827), Federal Project Number ESPL-5025(045) - Notice of Completion. (PW)

RECOMMENDATION: Motion to accept the work of Joseph J. Albanese, Inc. of Santa Clara, CA, as competed per the plans and specifications and authorize the filing of the Notice of Completion for the Summer 2009 Overlay Project – Morrissey Blvd. (c400827), Federal Project Number ESPL-5025(045).

BACKGROUND: City Council approved the advertisement for bid of this project at its February 10, 2009 meeting, and authorized the City Manager to execute the contract once bids were received. The intent was to take advantage of funding becoming available through the American Reinvestment and Recovery Act of 2009 (ARRA). Joseph J. Albanese, Inc. was the lowest responsive and responsible bidder and was duly awarded the contract. Construction began in August and included grind out and repair of base failures in the roadway and paving of an overlay of hot-mix asphalt. This project also included striping.

DISCUSSION: The work for this project is now complete. The project has been inspected by the Public Works Department and found to be constructed in accordance with the plans and specifications.

FISCAL IMPACT: The initial contract award was for \$404,326. With a 10% contingency added on, the PO was for \$444,759. As a result of cost savings during construction the final amount of work completed was \$388,682. All of the construction costs associated with this project was paid for by ARRA funds.

Prepared by:
Joshua Spangrud
Associate Civil Engineer

Submitted by:
Mark R. Dettle
Director of Public Works

Approved by:
Richard C. Wilson
City Manager

ATTACHMENTS: Notice of Completion

RECORDED AT THE REQUEST OF
Joshua Spangrud

WHEN RECORDED MAIL TO:

CITY CLERK'S DEPARTMENT
809 CENTER STREET, ROOM 9
SANTA CRUZ, CA 95060

Space above this line for Recorder's Use Only

This instrument is being recorded for the benefit of the City of Santa Cruz.
No recording fee is required pursuant to Government Code §27383

Notice of Completion

NOTICE IS HEREBY GIVEN, pursuant to Section 3093 of the California Civil Code, of the completion on June 22, 2010, of the Summer 2009 Overlay Project – Market Street.

That the City of Santa Cruz owns the said property as described above: City Right-Of-Way.

Said Summer 2009 Overlay Project – Market Street was undertaken on said property pursuant to a contract with Joseph J. Albanese, Inc., Santa Clara, California. Said Summer 2009 Overlay Project – Market Street consisted of installation of ADA compliant curb ramps, repairs to areas of base failure, placing a leveling course of hot mix asphalt, placing a pavement reinforcing fabric and paving an overlay of hot-mix asphalt.

DATED _____

Mark R. Dettle
Director of Public Works
City of Santa Cruz

STATE OF CALIFORNIA)ss
COUNTY OF SANTA CRUZ)

I am the Director of the Public Works Department, City of Santa Cruz. I have read the foregoing Notice of Completion and know the contents thereof, and I certify that the same is true of my own knowledge, except as to those matters which are therein stated upon my information or belief, and as to those matters I believe it to be true.

I declare, under penalty of perjury, that the foregoing is true and correct.

Executed on _____, at Santa Cruz, California.

Mark R. Dettle
Director of Public Works
City of Santa Cruz

Filing of this Notice of Completion was authorized by Santa Cruz City Council Minute Order of _____.



CITY COUNCIL AGENDA REPORT

DATE: 6/14/2010

AGENDA OF: 6/22/2010

DEPARTMENT: Water

SUBJECT: Beltz Well #12 Project - Acquisition of Property in Soquel Research Park - APN 030-181-70. (WT)

RECOMMENDATION: Motion to authorize the City Manager to execute an amendment to the September 10, 2009 purchase option agreement with Nahum Guzik, Trustee, for property located in Soquel Research Park, APN 030-181-70.

BACKGROUND: At its September 8, 2009 meeting, City Council authorized the City Manager to execute a purchase option agreement with Nahum Guzik, Trustee, for property located in Soquel Research Park, with the intention of conducting an evaluation of the property for construction of a well for the City's water system. That agreement was executed on September 10, 2009.

Restoring the declining groundwater pumping capacity of the City's well system (Beltz Wells) is an important part of the City's Integrated Water Plan (IWP). After adoption of the IWP and its Program EIR, the City engaged Hopkins Groundwater Consultants, Inc. to identify potential drinking water production well sites within the City Water Department's service area. One of the areas identified is the undeveloped site in the Soquel Research Park area owned by the Nahum Guzik Trust.

Although Mr. Guzik was willing to sell this property to the City, the City could not proceed until it had conducted site studies to confirm groundwater quality and volume and identify potential environmental impacts. Mr. Guzik agreed to grant an option to the City until June 30, 2010 to give the city time to conduct these studies.

DISCUSSION: In late October 2009, the City Water Department contracted with Cascade Drilling (Woodinville, WA) to construct three monitoring wells, including one in a public right-of-way adjacent to the Guzik property. The well was completed in December 2009 and water analyses were conducted over the next couple months.

In March, 2010, the City engaged Chambers Group, Inc. (Santa Ana, CA) to conduct environmental analyses and prepare draft documents to meet the requirements of the California Environmental Quality Act (CEQA) for construction of a production well on the property.

Since the CEQA studies and reports will not be completed by the current June 30, 2010 end date of the Option Agreement, Mr. Guzik has indicated a willingness to extend the agreement to December 31, 2010. The Option Agreement Amendment to do this is attached.

FISCAL IMPACT: Extension of the Option Agreement will have no cost to the City. Funds for the studies being conducted and the eventual purchase of the property are available in the Water Department FY 2010 Capital Improvement Program budget, project c700026, Beltz Well #12.

Submitted by:
Bill Kocher
Water Director

Approved by:
Richard C. Wilson
City Manager

ATTACHMENTS: Option Agreement Amendment

Option Agreement Amendment

**City of Santa Cruz
And
Nahum Guzik, Trustee**

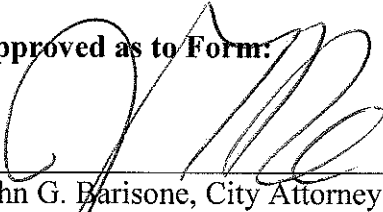
APN 030-181-70

That certain Option Agreement dated September 10, 2009 between the City of Santa Cruz ("Optionee") and Nahum Guzik of The Nahum Guzik Living Trust U/A DTD October 3, 1989 ("Optionor") for an exclusive right to purchase the Property commonly known as Soquel Research Park, APN 030-181-70 for the purchase price of Eight Hundred Fifty-Five Thousand and no/100 Dollars (\$855,000.00) is hereby amended as follows.

1. Section 4, Term of Option. The term of the Option shall be extended for a period beginning on July 1, 2010 and expiring at midnight on December 31, 2010, unless extended by mutual consent of Optionor and Optionee.
2. Immediately following the execution of this Agreement, the Memorandum of Option attached to this Agreement as Exhibit A shall be recorded by Optionee in the official records of the Recorder's Office of Santa Cruz County, California.

All other terms and conditions of the original Agreement shall remain in effect.

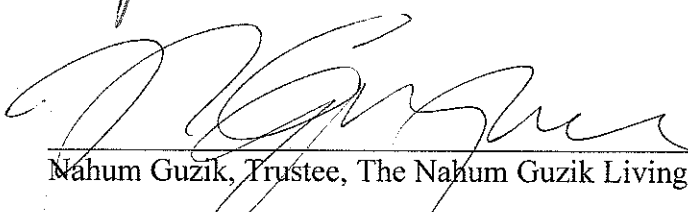
Approved as to Form:



John G. Barisone, City Attorney

Dated: 5-26-10

OPTIONOR:



Nahum Guzik, Trustee, The Nahum Guzik Living Trust

Dated: _____

OPTIONEE:



Richard C. Wilson, City Manager, City of Santa Cruz

Dated: 6-9-10

Exhibit A
MEMORANDUM OF OPTION

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL
TO:**

City Clerk
City of Santa Cruz
809 Center Street
Santa Cruz, CA 95060

(Space above for Recorder's use only)

BY THIS MEMORANDUM OF OPTION ("Memorandum"), Nahum Guzik, Trustee of The Nahum Guzik Living Trust U/A DTD October 3, 1989 ("Optionor") grants to City of Santa Cruz, a Municipal Corporation ("Optionee") an option to purchase certain real property situated in Santa Cruz County, California, within the industrial park commonly known as Soquel Research Park, APN 030-181-70 ("Real Property") more particularly described in attached Exhibit A, incorporated into this Memorandum, and the improvements constructed on the Real Property.

NOW THEREFORE, Optionor hereby agrees as follows: to grant to Optionee an exclusive option to purchase the Real Property together with all rights of Optionor to adjoining streets, rights of way, easements, and all other appurtenant rights and all personal property belonging to Optionor on the Real Property (collectively, "Property"). The option is more particularly described in the Option Agreement ("Option Agreement") dated as of September 10, 2009, executed between Optionor and Optionee.

Section 1. Term

The term of the Option begins on September 10, 2009 and ends on December 31, 2010 ("Term"), unless extended by mutual consent of Optionor and Optionee, or unless terminated sooner in accordance with the Option Agreement.

Section 2. Termination

The Option Agreement shall automatically terminate and shall have no further force upon the first of the following events to occur:

- (a) the purchase of the Property by Optionee;

- (b) the assignment or attempt to assign by Optionee of Optionee's rights under the Option Agreement in contravention of the Option Agreement; or
- (c) the end of the Term.

Section 3. Price and Terms

The parties have executed and recorded this instrument to give notice of the Option Agreement and the respective rights and obligations of Optionee and Optionor. The price and other terms are in the unrecorded Option Agreement, which is incorporated by reference in its entirety in this Memorandum. In the event of any inconsistency between this Memorandum and the Option Agreement, the Option Agreement shall control.

Section 4. Assignment

Optionee's rights and obligations under the Option Agreement shall not be assigned without Optionor's prior written consent. Any assignment without that consent shall be void.

Section 5. Successors and Assigns

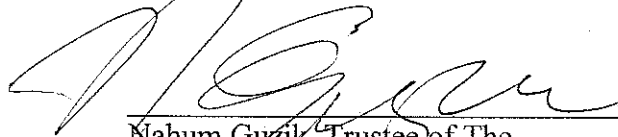
This Memorandum and the Option Agreement shall bind and inure to the benefit of the parties and their respective heirs, successors, and assigns, subject, however, to the provisions of the Option Agreement on assignment.

Section 6. Governing Law

This Memorandum and the Option Agreement are governed by California law.

IN WITNESS WHEREOF, Optionor has signed this Memorandum as of _____
Date

OPTIONOR:



Nahum Guzik, Trustee of The
Nahum Guzik Living Trust
U/A DTD October 3, 1989

EXHIBIT "A"
LEGAL DESCRIPTION

ORDER NO.: 228932
ESCROW NO.:

The land referred to herein is situated in the State of California County of Santa Cruz, Unincorporated Area, and described as follows:

PARCEL ONE:

LOT 7, AS SAID LOT IS SHOWN UPON THAT CERTAIN MAP ENTITLED, "TRACT 1085", SOQUEL RESEARCH PARK", WHICH MAP WAS FILED FOR RECORD NOVEMBER 13, 1984 IN VOLUME 74 OF MAPS, AT PAGE 11, SANTA CRUZ COUNTY RECORDS AND AMENDED BY THAT CERTAIN CERTIFICATE OF CORRECTION RECORDED JANUARY 29, 1986 IN BOOK 3936, PAGE 562, OFFICIAL RECORDS OF SANTA CRUZ COUNTY.

PARCEL TWO:

AN EASEMENT FOR INGRESS AND EGRESS PURPOSES UPON OR OVER THAT CERTAIN STRIP OF LAND BEING DESIGNATED AS "INGRESS AND EGRESS EASEMENT" OR "I.E.E.", LOT 24, AS SHOWN UPON THE MAP REFERENCED IN PARCEL ONE ABOVE.

APN: 030-181-70



CITY COUNCIL AGENDA REPORT

DATE: June 16, 2010

AGENDA OF: June 22, 2010
DEPARTMENT: Finance Department
SUBJECT: Statement of Investment and Portfolio Policy (FN)

RECOMMENDATION: Motion to approve the Statement of Investment and Portfolio Policy.

BACKGROUND: Pursuant to California Government Code Section 53646, the Director of Finance may annually render to the City Council a statement of investment and portfolio policy, which the City Council is to consider at a public meeting. The Statement of Investment and Portfolio Policy is attached.

DISCUSSION: Aside from being legally required, an investment policy is important because it provides the framework for a prudent investment program and is a fundamental requirement in fulfilling our fiduciary responsibilities. Specifically, a formal investment policy is necessary to identify investment objectives, define risk tolerance, assign responsibility, and establish control over the investment process. Safekeeping of cash and investments is one of the most important responsibilities of both the City Council and the Director of Finance/Treasurer. A well-developed investment policy serves as a working document that directs the investment activities of the staff and protects the City from potential losses stemming from unsuitable investment practices. As required by the City's Investment Policy, the Investment Committee has reviewed the recommended policy for City Council adoption. This committee also reviews and approves internal controls for the operation of the investment program. This oversight committee is comprised of the City Manager, Director of Finance/Treasurer, Assistant Director of Finance, and investment staff responsible for cash management.

INVESTMENT STRATEGY

The overall strategy of the investment program is to earn a market rate of return, while maintaining sufficient liquidity to meet operating cash requirements. This is accomplished by maintaining a portfolio of allowable investment instruments that have acceptable credit quality standards with maturities matching expected cash needs. The City does not actively trade securities in the open market. We utilize a conservative approach, which is described as "buy and hold," and which means that once we purchase a security we hold the security until maturity.

ALLOWABLE INVESTMENT INSTRUMENTS

The California Government Code restricts the types of investments that can be made by a municipal government, and the City’s investment policy further restricts the types of investment instruments that are allowed. The Government Code also restricts maturities of most investments to no more than 5 years and limits the maximum percentages of the portfolio for certain investment instruments. The City’s investment policy mirrors those same restrictions. As of May 31, 2009, the fair value of the portfolio was approximately \$115. million with a weighted average maturity of 122 days. The following table summarizes the investments allowed by California Government Code, and of those, the investments allowed by the recommended investment policy, and the fair value of each category in the current portfolio.

Investments Allowed by California Government Code	Allowed by Investment Policy	Portfolio Fair Value at 5/31/10 Pooled Cash Only
Local Agency Investment Fund (LAIF)	YES	\$77,051,309
U.S. Treasury Issues	YES	
Federal Agencies	YES	\$38,292,740
Certificates of Deposit	YES	\$696,000
Money Market Accounts	YES	
Bonds Issued by the City of Santa Cruz or Its Component Units	YES	
State of California Bonds, Notes, or Registered State Warrants	NO	
California Local Agencies Bonds, Notes, and Warrants	NO	
Bankers’ Acceptances	YES	
Commercial Paper	NO	
Repurchase Agreements	YES	
Reverse Repurchase Agreements	NO	
Medium Term Corporate Notes	NO	
Mutual Funds Invested in Securities Allowed by Investment Policy	YES	
Mortgage Backed Securities or Collateralized Mortgaged Obligations	NO	
Internal Loans	YES	
		\$115,040,049

OBJECTIVES, RISK, & DIVERSIFICATION

The objectives of the proposed investment program are as follows in order of priority:

- LEGALITY
- SAFETY OF PRINCIPAL
- LIQUIDITY
- YIELD
- LOCAL ECONOMIC BENEFITS GENERATED BY INVESTING IN LOCAL FINANCIAL INSTITUTIONS

All investments contain an element of risk. The different types of risk include credit risk, concentration of credit risk, custodial credit risk, foreign currency risk, liquidity risk, interest rate risk, and reinvestment risk. The existing policy is designed to establish a very low tolerance for risk with safety of principal being paramount, following only legality, as a guiding principal and objective. To protect the portfolio from various types of risk the investment policy requires diversification. Specifically, the policy states that no more than 25% may be invested in any one issuer or any one instrument (except U.S. Treasuries and LAIF).

REVISIONS TO POLICY

Proposed changes to the existing policy include:

1) In the OBJECTIVES section of the policy on pages 1 and 2, deletion of the objective “suitability” because it is vague and addition of the objective “Local economic benefits generated by investing in local financial institutions.” This objective would be a lesser priority than legality, safety of principal, liquidity, and yield; and would prioritize investing locally.

2) In the AUTHORIZED INVESTMENTS section, within paragraph F (Non-negotiable and non-transferable certificates of deposit), on pages 4 and 5, addition of language that would require that certificates of deposit be invested only in financial institutions which have branch office locations within Santa Cruz County. This language would thus also focus on making local investments.

Staff’s intent is to continue to place certificate of deposit investments with local banks and credit unions as part of the overall diversified City portfolio of investments. Since Federal Depository Insurance Corporation (FDIC) limits have been increased from \$100,000 to \$250,000 and will stay at this level until through calendar 2013, staff expects to safely invest somewhat larger amounts with local banks, depending upon the interest rates offered by local banks and credit unions. Currently, the City has \$696,000 invested in three local banks and credit unions. The City also has a separate \$81,598 investment at one other bank as security for a loan.

3) Addition of language in various sections to clarify that investments may be made in credit unions.

4) In the AUTHORIZED INVESTMENTS section, addition of paragraph J (City of Santa Cruz Internal Financing Pool). The City may internally invest in a financing pool comprised of available City-wide funds. The purpose of the financing pool is to provide loans to City departments or funds for significant one-time purchases such like large vehicles. Such investments will earn 2% per annum more in interest than the City has earned on the City's pooled investments for the latest quarter that is available. Investments in the financing pool will be repaid with interest on a quarterly basis with the principal amortized evenly over a period not exceeding 10 years, as established and documented at the time each loan is made. The outstanding balance of these investments will not exceed the lesser of \$10 million or 10% of the City's portfolio.

This additional investment option may allow a City department or fund to borrow funds at a lower interest rate than would be paid by the City for a loan from an outside lender and may also simultaneously provide a return on investments that is higher than the City's overall portfolio rate for the City's idle cash.

Staff recommends that City Council approve the Statement of Investment and Portfolio Policy.

FISCAL IMPACT: The overall strategy of the investment program is to earn a market rate of return, while protecting the principal amounts invested and maintaining sufficient liquidity to meet operating cash requirements.

Submitted by:

Approved by:

Jack Dilles
Director of Finance

Richard C. Wilson
City Manager

Attachment: Investment and Portfolio Policy

City of Santa Cruz
Statement of Investment and Portfolio Policy
June 15, 2010

POLICY

It is the policy of the City of Santa Cruz to meet the short and long-term cash flow demands of the City in a manner that will provide for the safety of principal and sufficient liquidity, while providing an investment return. The purpose of this Statement of Investment and Portfolio Policy is to outline a process for the investment of City funds in a prudent manner in order to meet City objectives.

In accordance with Section 53646 of the California Government Code, the Director of Finance may annually render to the City Council and the Investment Committee a statement of investment policy, which the City Council shall consider at a public meeting. Any changes in the policy shall also be considered by the City Council at a public meeting.

Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such moneys shall be reinvested only as provided by this policy.

SCOPE

This investment policy applies to activities of the City with regard to investing the financial assets of the following reporting entities:

City of Santa Cruz
City of Santa Cruz Redevelopment Agency
Santa Cruz Public Improvement Financing Corporation
Library Joint Powers Authority
City of Santa Cruz Public Financing Authority

This policy, however, specifically excludes the employees' retirement and deferred compensation funds.

Bond proceeds shall be invested in accordance with the requirements and restrictions outlined in the bond documents and this Statement of Investment and Portfolio Policy.

OBJECTIVES

Funds of the City will be invested in accordance with California Government Code Sections 53600 et. seq. and the Statement of Investment and Portfolio Policy.

The objective of the Investment and Portfolio Policy is to meet the short and long-term cash flow demands of the City. The portfolio will be structured to provide the following (in order of priority):

- Legality
- Safety of Principal
- Liquidity
- Yield
- Local economic benefits generated by investing in local financial

institutions

DELEGATION OF AUTHORITY

The Director of Finance, in the capacity of City Treasurer, is designated as the Chief Investment Officer of the City and is responsible for investment decisions and activities, under the direction of the City Manager. The Director of Finance shall develop and maintain written administrative procedures for the operation of the investment program by qualified Finance Department staff, consistent with the Statement of Investment and Portfolio Policy.

No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Director of Finance. The Director of Finance shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

PRUDENCE

Persons authorized to make investment decisions on behalf of the City are trustees and, therefore, fiduciaries subject to the prudent investor standard as defined in California Government Code Section 53600.3:

When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

Persons authorized to make investment decisions on behalf of the City, acting in accordance with written procedures and the Statement of Investment and Portfolio Policy, and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported in a timely manner and that appropriate action is taken to control adverse developments.

ETHICS AND CONFLICTS OF INTEREST

The Director of Finance and investment employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. The Director of Finance and investment employees shall disclose any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any material personal financial/investment positions that could be related to the performance of the City's portfolio. The Director of Finance and investment employees shall refrain from undertaking personal investment transactions with the same individuals with whom business is conducted on behalf of the City. The Director of Finance and investment employees shall subordinate their personal investment transactions to those of this jurisdiction, particularly with regard to the timing of purchases and sales.

The Director of Finance and investment employees are required to file an annual Statement of Economic Interests for Designated Employees pursuant to Resolution No. NS-27,915, dated September 23, 2008. During the course of the year, if there is an event subject to disclosure that could impair the ability of the Director of Finance or investment employees to make impartial decisions, the Investment Committee will be notified in writing within ten (10) days of the event.

INTERNAL CONTROLS

The Director of Finance shall establish a system of internal controls, which shall be documented in writing. The internal controls shall be reviewed by the Investment Committee and with the independent external auditor. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the City.

SALE OF SECURITIES

Securities may not be sold without the approval of the Director of Finance or the City Manager. Cash will be managed so that the sale of a security will not be required to meet the on-going cash needs of the City. However, in emergency situations, it may be necessary to raise cash by selling securities. In that case, the Director of Finance or City Manager will be consulted and their approval of the sale will be documented in writing.

PORTFOLIO DIVERSIFICATION

It is the policy of the City to diversify its investment portfolio. Assets held shall be diversified to eliminate the risk of loss resulting from undue concentration of assets in a specific maturity, a specific issuer, or a specific class of securities.

In establishing specific diversification strategies, the following general policies and constraints shall apply. Portfolio maturities shall be staggered to avoid undue

concentration of assets in a specific maturity date. Maturities selected shall provide for stability of income and reasonable liquidity.

- Liquidity shall be assured through practices ensuring that the next accounts payable and payroll dates are covered through maturing investments, revenues, or other liquid sources such as the State Treasurer's Local Agency Investment Fund (LAIF).
- Risks of market price volatility shall be controlled through maturity diversification.
- Not more than 25% of the portfolio shall be invested in any one issuer or any one instrument to protect the City from concentration of credit risk, with the following exceptions:
 - . U.S. Treasury Obligations
 - . Local Agency Investment Fund (California State Pool)

AUTHORIZED INVESTMENTS

Under the provisions of this investment policy, and in accordance with Sections 16429.1, 53601, 53635, and 53638 of the California Government Code, the City may invest in the following types of investments:

- A. Money market accounts deposited with a nationally or state-chartered bank.
- B. Bonds issued by the City of Santa Cruz, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency. Purchases of this category shall not exceed five years to maturity. There is no percentage limit in this category.
- C. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest. Purchases of this category shall not exceed five years to maturity. There is no percentage limit in this category.
- D. Obligations, participations, or other instruments of, or issued by, a Federal agency or a United States government-sponsored enterprise. Purchases of this category shall not exceed five years to maturity. There is no percentage limit in this category. In addition, purchases of callable Federal agency instruments shall not exceed 30% of the fair value of the portfolio. Callable Federal agency instruments will be limited to discrete calls and those that pay 100% of the principal at the redemption date.
- E. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances. Purchases of bankers' acceptances may not exceed 180 days' maturity or 40% of the City's portfolio. However, no more than 30% of the City's portfolio may be invested in the bankers' acceptances of any one commercial bank.
- F. Non-negotiable and non-transferable certificates of deposit issued by the following types of financial institutions which have branch office locations within

Santa Cruz County: a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a state-licensed branch of a foreign bank. Purchases of non-negotiable and non-transferable certificates of deposit may not exceed 30% of the fair value of the City's portfolio. Purchases in a single issuer in this category shall not exceed 5% of the fair value of the portfolio.

- G. Repurchase Agreements. The term "repurchase agreement" means a purchase of securities by the City pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the City's third party custodian. Securities for purpose of repurchase mean securities of the same issuer, description, issue date, and maturity.

The City may invest in repurchase agreements with primary dealers of the Federal Reserve with which the City has entered into a Public Securities Association (PSA) master repurchase contract which specifies terms and conditions of repurchase agreements. The market value of securities that underlay a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities, and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day.

Securities that can be pledged for collateral shall consist only of investments permitted within this policy with a maximum maturity of five years. If there is a default of the broker, the collateral securities can be sold. Since the securities are valued daily, it is likely that the sale proceeds will equal or exceed the value of the repurchase agreement amount.

Purchases in this category shall not exceed 92 days to maturity and 20% of the fair value of the portfolio.

- H. State of California Pool - Local Agency Investment Fund. The City may invest in the Local Agency Investment Fund (LAIF) established by the State Treasurer under California Government Code Section 16429.1 for the benefit of local agencies. LAIF provides daily liquidity; therefore, there is no final stated maturity for this investment category. LAIF establishes a maximum account balance limit.
- I. Shares of beneficial interest issued by diversified management companies that (1) invest in U.S. Treasuries, obligations, participations, or other instruments of, or issued by, a federal agency, or a United States government-sponsored enterprise, or repurchase agreements; or (2) are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.)

The net asset value of the shares shall be maintained at \$1.00 per share. The purchase price of shares of beneficial interest shall not include any commission that the companies may charge.

The management company must comply with the investment restrictions of the Statement of Investment and Portfolio Policy of the City of Santa Cruz and California Government Code Section 53600 et al. The management company shall have attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.

Purchases in this category shall not exceed 20% of the fair value of the portfolio. Purchases in a single mutual fund may not exceed 10% of the fair value of the portfolio.

- J. City of Santa Cruz Internal Financing Pool – The City may internally invest in a financing pool comprised of available City-wide funds. The purpose of the financing pool is to provide loans to City departments or funds for significant one-time purchases like large vehicles. Such investments will earn 2% per annum more in interest than the City has earned on the City’s pooled investments for the latest quarter that is available. Investments in the financing pool will be repaid by City departments or funds with interest on a quarterly basis with the principal amortized evenly over a period not exceeding 10 years, as established and documented at the time each loan is made. The outstanding balance of these investments will not exceed the lesser of \$10 million or 10% of the City’s portfolio.

If a particular category of investment has a percentage limitation, that percentage is applicable only at the date of purchase of the investment.

Appendix A provides additional information regarding the above investment vehicles. Appendix B explains the investment criteria used in the investment decision process. Appendix C provides definitions of investment risks as provided by Statement 40 of the Governmental Standards Board.

INELIGIBLE INVESTMENTS

Investments not described herein are ineligible investments. In accordance with Section 53601.6 of the California Government Code, the City shall not invest any funds in inverse floaters, range notes, or mortgage-derived interest only strips. In addition, the City shall not invest any funds in any security that could result in zero interest accrual if held to maturity. The following activities are prohibited by this policy:

- Trading securities for the sole purpose of speculating on the future direction of interest rates.
- Purchasing or selling securities on margin.
- The use of reverse repurchase agreement securities lending or any other form of borrowing or leverage.

COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS

A competitive bid process shall be conducted for securities purchased on the secondary market, bankers' acceptances, certificates of deposit, and repurchase agreements.

Bids will be requested from banks, credit unions, and primary dealers that have been approved for investment purposes. The City will accept the bid that provides the highest rate of return within the maturity required and within the parameters of these policies.

Records will be kept of the bids offered, the bids accepted, and a brief explanation of the decision that was made regarding the investment.

QUALIFIED BANKS, CREDIT UNIONS, AND PRIMARY DEALERS

The City shall transact business only with banks, credit unions, or primary dealers. The purchase of any investment, other than those purchased directly from the issuer, shall be purchased either from a National or State-Chartered Bank or a brokerage firm designated as a Primary Dealer by the Federal Reserve Bank of New York.

The City shall maintain a listing of banks, credit unions, and primary dealers that are approved by the Investment Committee to submit quotations and transact business with the City. All banks, credit unions, and primary dealers who desire to become qualified bidders for investment transactions must provide current audited financial statements with an unqualified opinion from an independent auditor. In addition, primary dealers must maintain a minimum capital adequacy ratio of liquid capital to measured risk that meets or exceeds 125% as required by the Federal Reserve Bank of New York. Banks and credit unions must meet the regulatory minimums of a well-capitalized bank as defined by the Federal Deposit Insurance Corporation Improvement Act.

The listing of banks, credit unions, and primary dealers shall be reviewed annually, and the most recent audited financial statement for each institution will be reviewed to insure that it is in compliance with the standards of the investment policy.

Only those banks, credit unions, and primary dealers on the approved list are entitled to submit quotations and transact business with the City. Any bank, credit union, or primary dealer failing to meet the capitalization standards and to maintain an unqualified opinion from an independent auditor will be deleted from the approved list. If a bank, credit union, or primary dealer places the City's investments at risk, removal from the approved list will be immediate.

Before transacting business with the City, each bank or primary dealer shall submit a certification. The document will certify that the officer of the bank or the primary dealer has reviewed the investment policies and objectives and agrees to disclose potential conflicts or risks to public funds that might arise out of business transactions between the bank or primary dealer and the City. All banks, credit unions, and primary dealers shall agree to undertake reasonable efforts to preclude imprudent transactions involving the City's funds.

A minimum number of two and a maximum number of three banks or primary dealers will be approved for conducting investment transactions with the City of Santa Cruz, except that no such limit shall apply to certificate of deposit transactions..

A request for proposal (RFP) for investment services shall be conducted periodically by the Investment Committee. Each bank or primary dealer responding to the RFP must submit a "Request for Information". The banks and primary dealers selected by the

Investment Committee to provide services must sign an agreement for securities services and a statement of work.

SAFEKEEPING OF SECURITIES AND COLLATERAL REQUIREMENTS

Pursuant to California Government Code Section 53601, securities purchased in a negotiable, bearer, registered, or nonregistered format, shall be delivered to the City, including those purchased for the City by financial advisors, consultants, or managers using the City's funds, by book entry, physical delivery, or by a third party custodial agreement. The transfer of securities to the counterparty bank's customer book entry account may be used for book entry delivery. For purposes of this section, "counterparty" means the other party to the transaction. A counterparty bank's trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the City of Santa Cruz.

A third party custodian under the terms of a PSA master repurchase agreement will hold collateral for repurchase agreements. All securities will be received and delivered using standard delivery versus payment procedures, which ensures that securities are deposited with the third party custodian prior to the release of funds. A third party custodian as evidenced by safekeeping receipts will hold securities. Investments in the Local Agency Investment Fund (LAIF) or mutual funds are undeliverable and are not subject to delivery or third party safekeeping.

California Government Code Sections 53651 through 53667 require depositories to post certain types and levels of collateral for public funds above the FDIC insurance amounts. The collateral requirements apply to bank or savings and loan deposits, both active (checking and savings accounts) and inactive (non-negotiable time certificates of deposit.)

Collateral is also required for repurchase agreements. The collateral level is valued daily and must be maintained at a level of 102% or greater for the life of the repurchase agreement.

REPORTING REQUIREMENTS

Under the provision of Section 53646 of the California Government Code, the Director of Finance, may render a report to the City Council and City Manager containing detailed information on all unrestricted moneys, securities, and investments of the City.

The report shall be submitted monthly and provided to the City Council and City Manager within 30 days following the end of the month.

The report will contain the following information on the funds that are subject to this investment policy:

- the type of investment
- name of issuer
- date of maturity
- par and cost in each investment
- the fair value and source of the valuation

- the weighted average maturity of the investments
- description of any funds, investments, or programs, that are under the management of contracted parties, including lending programs
- a statement of compliance with the investment and portfolio policy
- a statement denoting the City's ability to meet expenditure requirements for the next six months
- interest rate and yield

In addition to the above report, on a quarterly basis, the Director of Finance will submit a narrative report on the activities and investment strategy related to management of the portfolio to the City Council and City Manager.

The Director of Finance will also render a quarterly report pertaining to unpooled moneys, securities, and investments from bond proceeds that are held by a trustee. The report will be submitted to the City Manager and the City Council within 30 days following the end of the quarter covered by the report.

INVESTMENT COMMITTEE

There is hereby created an Investment Committee, consisting of the City Manager, the Director of Finance, Assistant Director of Finance, and investment staff. Members of the Investment Committee shall serve without compensation, and shall meet as needed. The Investment Committee shall include in its deliberations such topics as: economic outlook, portfolio diversification, maturity structure, potential risks to the City's funds, authorized depositories, and selection of banks and primary dealers.

COMPLIANCE

The Director of Finance shall insure that all banks and primary dealers are in compliance with the applicable provisions of the Americans with Disabilities Act of 1990 and shall be an equal opportunity employer as defined by Title VII of the Civil Rights Act of 1964, the California Fair Employment and Housing Act of 1980, and the City of Santa Cruz Resolution NS-20,137 and Ordinance 92-11. As such, the banks and primary dealers shall not discriminate against any person on the basis of race, religious creed, color, national origin, ancestry, disability, medical condition, marital status, age, sex, sexual orientation, height, weight or physical characteristics with respect to hiring, application for employment, tenure or terms and conditions of employment.

APPENDIX A
EXPLANATION OF ALLOWABLE INVESTMENTS

Federal Agency or a United States Government Sponsored Enterprise:

Obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, the Tennessee Valley Authority, or in obligations, participations, or other instruments of, or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association, or in guaranteed portions of Small Business Administration notes, or in obligations, participations, or other instruments of, or issued by, a federal agency or a United States government-sponsored enterprise.

Federal agency obligations include the following securities:

- Banks for Cooperatives
- Federal Land Banks (FLB)
- Federal Intermediate Credit Banks (FICB)
- Federal Home Loan Banks (FHLB)
- Tennessee Valley Authority (TVA)
- Federal National Mortgage Association (FNMA)
- Small Business Administration (SBA)
- Federal Farm Credit Banks (FFCB)
- Government National Mortgage Association (GNMA)
- Federal Home Loan Mortgage Corporation (FHLMC)

Callable Federal Agencies:

A security is said to be callable when the issuer has the option to repay part or all of the issue early by paying some specified redemption price to the bondholders. A discrete call can be redeemed early only on certain dates. For example, a bond may be called quarterly, semi-annually, or annually. A continuous call may be redeemed early at any date, providing the issuer gives the bondholders five to ten days notice.

Certificates of Deposit:

A certificate of deposit (CD) is a receipt for funds deposited in a bank, credit union, savings bank, or savings and loan association for a specified period of time at a specified rate of interest. The first \$250,000 of a CD is guaranteed by the Federal Deposit Insurance Corporation (FDIC) if the deposit is with a bank or savings bank; or by the National Credit Union Share Insurance Fund (NCUSIF) if the deposit is with a credit union. The \$250,000 guarantee is currently scheduled to drop to \$100,000 after December 31, 2013.

A CD with a face value in excess of \$100,000 must be collateralized pursuant to California Government Code Sections 53651 to 53667.

Bankers' Acceptance:

A bankers' acceptance is a negotiable time draft or bill of exchange drawn on and accepted by a commercial bank. Acceptance of the draft irrevocably obligates the bank to pay the bearer the face amount of the draft at maturity. Bankers' acceptances are usually created to finance the import and export of goods, the shipment of goods within the United States, and the storage of readily marketable staple commodities. In addition to the guarantee by the accepting bank, the transaction is identified with a specific commodity. Warehouse receipts verify that the pledged commodities exist, and, by definition, these commodities are readily marketable. The sale of the underlying goods generates the necessary funds to liquidate the indebtedness.

Bankers' acceptances enjoy marketability since the Federal Reserve Bank is authorized to buy and sell prime bankers' acceptances with maturities of up to nine months. The Federal Reserve Bank enters into repurchase agreements in the normal course of open market operations with bankers' acceptance dealers.

Bankers' acceptances are sold at a discount from par. An acceptance is tied to a specific loan transaction; therefore, the amount and maturity of the acceptance is fixed.

Local Agency Investment Fund Demand Deposit:

The Local Agency Investment Fund (LAIF) was established by the State to enable treasurers to place funds in a pool for investments. LAIF is particularly beneficial to those jurisdictions with small portfolios due to LAIF's policy of establishing a maximum account balance. The City uses this fund for short-term investments, liquidity, and yield when rates are declining.

Repurchase Agreements:

A repurchase agreement (REPO) is not a security, but a contractual arrangement between a financial institution or dealer and an investor. Usually, amounts are \$500,000 or more, but some repurchase agreements can be smaller.

APPENDIX B INVESTMENT CRITERIA

SAFETY OF PRINCIPAL

Investments of the City of Santa Cruz shall be undertaken in a manner that seeks to ensure the preservation of capital and to minimize capital losses. Losses may occur due to the default of a financial institution or the issuer of a security (credit risk), or the erosion of the market value of securities due to declining interest rates (interest rate risk). The City shall seek to ensure the safety of principal by mitigating the two types of risk in order of importance: credit risk and interest rate risk.

LIQUIDITY

Liquidity refers to the availability of cash to meet the operating requirements of the City. The portfolio will be structured so that securities mature concurrent with cash needs to meet anticipated demands. In addition, the portfolio will maintain a liquidity buffer so that unanticipated cash needs can be met. The buffer will be held in the Local Agency Investment Fund (LAIF).

All investments purchased shall have daily liquidity or a final stated maturity date, upon which the full principal value of the security will be received.

RETURN ON INVESTMENT

The portfolio shall be designed to attain a return on investments through budgetary and economic cycles, taking into account safety of principal and liquidity needs of the City. Return on investment is of least importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk assumed.

APPENDIX C TYPES OF INVESTMENT RISK

Concentration of Credit Risk

The risk of loss attributed to the magnitude of a government's investment in a single issuer. The portfolio will be diversified so that the failure of any one issuer will not unduly harm the City's cash flow.

Credit Risk

The risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is further defined as the risk of loss due to the failure of an issuer of a security or a financial institution. Purchasing U.S. Treasuries or Federal Agencies will lessen this type of risk. Evaluating and pre-qualifying banks, primary dealers, intermediaries, and advisors with whom the City does business will also reduce credit risk.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

The City protects deposits from custodial credit risk by requiring depositories to comply with the collateral requirements of California Government Code Sections 53651 through 53667. In addition, the City protects investments from custodial credit risk by holding all investments in the City's name at a bank's trust department (safekeeping bank).

Foreign Currency Risk

The risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The City does not invest in foreign securities.

Interest Rate Risk

The risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate risk may be reduced by investing primarily in shorter-term securities with the weighted average maturity of the portfolio not to exceed two and one-half (2 1/2) years as of the date of the monthly report.

Reinvestment Risk

The risk that coupon payments and redemptions of principal will be reinvested at lower rates of return.

Weighted Average Maturity

A weighted average maturity measure expresses investment time horizons – the time when investments become due and payable – in years or months, weighted to reflect the dollar size of individual investments within an investment type.



CITY COUNCIL AGENDA REPORT

DATE: 6/14/2010

AGENDA OF: 6/22/2010

DEPARTMENT: Economic Development

SUBJECT: American Recovery and Reinvestment Act of 2009 - Recovery Zone
Facility Revenue Bonds for Cruzio – Public Hearing. (ED)

RECOMMENDATION: Resolution to approve the issuance of Recovery Zone Facility tax-exempt revenue bonds in an amount not to exceed three million dollars by the California Statewide Communities Development Authority for the Cruzio Building Renovation and Data Center Project.

BACKGROUND: The American Recovery and Reinvestment Act of 2009 (ARRA), commonly known as the Federal Economic Stimulus Program, made a number of changes to the tax code that pertain to tax-exempt revenue bonds. These new tax-exempt private activity bonds called Recovery Zone Facility Bonds (RZFBs), allow designated projects to be financed with lower tax exempt borrowing costs. Taken as a whole, the changes in the stimulus bill mark the most significant revisions to the municipal bond market since the 1986 Tax Reform Act.

As part of this process, the U.S. Department of Treasury designated a number of communities and counties throughout the United States eligible for the use of the Recovery Zone Facility Bonds. Unfortunately, based on information available at that time, the City and County of Santa Cruz were not determined as eligible for the use of these bonds. However, due to the worsening national recession, it was thought that at some point the City and County of Santa Cruz might be eligible to apply for Recovery Zone Facility Bond financing. Based on this assumption, the Council at its July 28, 2009 meeting designated the Merged and Eastside Project Redevelopment Project Areas as the City of Santa Cruz “Recovery Zone.” This previous action allowed the City to apply for Recovery Zone bonds if circumstances changed.

This spring, the State of California Debt Limit Allocation Committee (CDLAC) announced that RZFBs would be made available to counties and cities which were not originally determined eligible. This was due to the fact that many of the agencies originally receiving eligibility to use Recovery Zone Bonds had not used their allocations and were returning them to the State.

Recognizing the potential for the RZFBs to assist local businesses, staff has been working over the last several months with a number of Santa Cruz businesses to determine if their projects are eligible for this financing. From these discussions, staff identified Cruzio and the renovation of the former Santa Cruz Sentinel building as a viable candidate for RZFB financing. The City has assisted a few businesses over the years with tax exempt financing including Bonny Doon Winery in renovating its Ingalls Street facility and Wilson Plumbing in its relocation to the

Harvey West Business Park. In the cases of Cruzio, Bonny Doon Winery and Wilson Plumbing each is an ongoing business with established credit and revenue.

In 1992, in order to assist local businesses in obtaining tax exempt financing for projects, such as those previously described above, the City joined the California Statewide Communities Development Authority (CSCDA). The CSCDA is made up of 473 member city, county, and district agencies throughout California—including the Cities of Capitola, Scotts Valley, Watsonville and Santa Cruz County. The mission of CSCDA is to “provide local government and private entities access to low-cost, tax-exempt financing for projects that provide a tangible public benefit, contribute to social and economic growth and improve the overall quality of life in local communities throughout California.” The CSCDA through its staff serves as a resource for local agencies to undertake the process of issuing tax exempt financing. In order to initiate such a financing, the member participant of CSCDA in which the project is located must: 1) conduct a public hearing, called a TEFRA hearing, which is an acronym which stands for the Tax Equity and Fiscal Responsibility Act of 1982; and 2) approve CSCDA issuance of indebtedness. Therefore, although CSCDA will be the issuer of the tax-exempt obligations for Cruzio, the financing cannot proceed without the City of Santa Cruz’s approval.

DISCUSSION: The City Council is being asked to hold a public hearing and to adopt a resolution which would approve the issuance of RZBF tax-exempt revenue bonds up to \$3 million by the CSCDA for the purpose of assisting in the financing of the Cruzio renovation of the former Sentinel building. The project is officially called the Cruzio Building Renovation and Data Center Project. The project applicant is the Dolgenos-Neklason Trust owners of Cruzio Internet. The project has received all City approvals. The actual project cost is estimated currently at \$2,758,000, but the issuance amount is up to \$3 million to cover any potential project cost increases.

The purpose of the attached resolution is to allow the financing to meet a requirement of the Internal Revenue Code of 1986. The adoption of this resolution is the first step in the process of Cruzio securing RZBF financing. Prior to issuance of the bonds, Cruzio will need to receive a "private activity bond" allocation from the California Debt Allocation Committee and CSCDA will be required to adopt a resolution which would approve the execution and delivery of certain bond documents that would reflect the terms of the bonds. This is a competitive process and there is no guarantee that Cruzio will be awarded RZFB financing by CDLAC, however Cruzio’s project is very competitive given CDLAC rating criteria.

Section 147 (f) of the Internal Revenue Code of 1986 requires that the "applicable elected representatives" of the jurisdiction in which a project to be financed and constructed with "private activity bonds" adopt a resolution approving the issuance of such "private activity bonds" after holding a public hearing which has been noticed in a newspaper of general circulation in such jurisdiction. The City Council is being asked to hold such a public hearing which has been noticed as required by the Code.

The attached resolution provides approval of the bond issuance by the "applicable elected representatives" for Cruzio. The approved resolution is required to be included in the CDLAC application for "private activity bond" allocation for Cruzio’s project. If the City Council adopts this resolution, CSCDA will include this resolution in its application.

As reflected in the published notice, this hearing is simply an opportunity for all interested persons to speak or to submit written comments concerning the proposal to issue the debt and the nature or location of the project. There is no obligation on the part of City Council to respond to any specific comments made or submitted.

FISCAL IMPACT: The City would not be party to the financing documents. There is no direct or indirect financial impact to the City of Santa Cruz as a result of this proposed financing. The CSCDA will issue tax-exempt revenue bonds on behalf of Cruzio. The tax-exempt revenue bonds are payable solely out of the revenues derived by Cruzio. No financial obligations are placed on the City for project financing costs or debt repayment.

Prepared by:
Joe Hall
Project Manager

Submitted by:
Bonnie Lipscomb
Director of Economic Development

Approved by:
Richard C. Wilson
City Manager

ATTACHMENTS:

Resolution
Request Letter and Cruzio application from CSCDA, dated May 28, 2010



Building Communities. Investing in Local Government Since 1988

May 28, 2010

VIA EMAIL

Joe Hall
City of Santa Cruz
337 Locust Street
Santa Cruz, CA 94533

Re: Public Hearing request for Cruzio

Dear Joe:

Neklason-Dolgenos Trust (dba Cruzio) (the "Applicant") has submitted to the California Statewide Communities Development Authority (the "Authority") an application (the "Application") for the financing of the Cruzio building renovation and data center located at 207 Church Street in Santa Cruz, CA (the "Project") through the issuance of tax-exempt obligations in an aggregate principal amount not to exceed \$3.0 million. The purpose of this letter is to request the assistance of the City of Santa Cruz in conducting a public hearing with respect to the proposed financing on Tuesday, June 22, 2010.

As you are aware, the Authority is a joint exercise of powers authority consisting of over 500 California cities, counties and special districts, including the City of Santa Cruz. The Authority, pursuant to its Amended and Restated Joint Exercise of Powers Agreement, is authorized to assist in the financing of facilities for exempt facilities. In order to initiate such a financing, the member participant of the Authority in which the proposed facilities will be located must (i) conduct a public hearing and (ii) approve the Authority's issuance of indebtedness. Therefore, although the Authority will be the issuer of the tax-exempt revenue obligations for the Applicant, the financing cannot proceed without The City of Santa Cruz's approval of the financing.

I have attached for your review a copy of the Application filed with the Authority. You will be receiving shortly a letter from Justin Cooper of Orrick, Herrington & Sutcliffe, serving as bond counsel, describing the public hearing process and the requirements under

Founding Co-Sponsors:



2033 North Main Street, Suite 700 • Walnut Creek, California 94596

800.635.3993 • 925.933.9229 • Fax 925.933.8457 • info@cacommunities.org • www.cacommunities.org

May 28, 2010

state and federal laws, including the Tax Equity and Fiscal Responsibility Act (TEFRA). This letter will include for your review the form of Notice of Public Hearing and the form City Council Resolution evidencing that the City has approved of the financing.

Thank you for your attention to the matter. Please let me know if you require any additional information concerning the scheduling of such public hearing or if I can be of any other assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Michael Chin', written in a cursive style.

Michael Chin
Program Manager

CC : Justin Cooper; Orrick, Herrington & Sutcliffe; jcooper@orrick.com

Enclosures



Building Communities, Investing in Local Government Since 1988

Recovery Zone Facility Bond Application

APPLICANT INFORMATION

Application Number: **2010040**
 Business Name: **Cruzio Internet/Dolgenos-Neklason Trust**
 Primary Contact: **Margaret Dolgenos**
 Title: **President**
 Street Address: **903 Pacific Avenue Suite: 101**
 City: **Santa Cruz State: CA Zip Code: 95060**
 Telephone Number: **(831) 459-6301 Ext. 239**
 Fax Number: **(831) 425-7059**
 E-mail: **opeggy@cruzio.com**
 Nature of Business:

OWNERSHIP STRUCTURE

Type of Entity: For-profit Corporation Non-profit Corporation Municipality
 Partnership SubChapter S Corporation C Corporation
 Limited Liability Company
 Other (specify): _____

For Non-profits only: Will you be applying for State Volume Cap? **No**

Date of Incorporation: **1989**

State:

PROJECT INFORMATION

Project Name: **Cruzio Building Renovation and Data Center**
 Project/Facility Name: **Sentinel Building**
 Street Address: **207 Church Street**
 City: **Santa Cruz State: CA Zip Code: 95060**
 County: **Santa Cruz**

Is Project located in unincorporated part of the County? **No**

Has the city or county in which the project is located been contacted? If so, please provide name, title, telephone number and e-mail address of the person contacted:

Contact Name: **Joe Hall**
 Title: **Project Manager, City of Santa Cruz Redevelopment**
 Phone Number: **(831) 420-5153**
 Fax Number: **(831) 420-5150**
 E-mail: **jhall@cityofsantacruz.com**

FINANCING INFORMATION

COSTS TO BE FINANCED

Land:
Building: **\$2,758,000**
Equipment:
TOTAL: \$2,758,000

Proposed Closing Date: **08/15/2020**

Maturity: **30** Years Interest Rate Mode: Fixed Variable

Type of Offering: Public Offering Private Placement

Denominations: **TBD**

Type of Financing: Acquisition of Existing Facility New Construction
 Refunding

Credit Enhancement: None Letter of Credit
 FNMA(Fannie Mae) Freddie Mac
 Bond Insurance Other (specify): _____

Name of Credit Enhancement Provider or Private Placement Purchaser: **Comerica Bank**

Expected Rating: Unrated S & P _____
 Moody's _____ Fitch _____

PRINCIPAL FINANCE TEAM INFORMATION

UNDERWRITER/BOND PURCHASER

BOND COUNSEL

Firm: **TBD**

Firm: **TBD**

Contact:

Contact:

Address:

Address:

Telephone:

Telephone:

Fax:

Fax:

E-mail:

E-mail:

FINANCIAL ADVISOR

REBATE ANALYST

Firm: **N/A**

Firm: **TBD**

Contact:

Contact:

Address:

Address:

Telephone:

Telephone:

Fax:

Fax:

E-mail:

E-mail:

ADDITIONAL INFORMATION REQUIRED

Please provide the following information as additional attachments:

<u>Attachment</u>	<u>Description of Information</u>
-------------------	-----------------------------------

	No Additional Requirement
--	---------------------------

MAILING ADDRESS

California Communities®
2033 N. Main St., Suite 700
Walnut Creek, CA 94596



Recovery Zone Facility Bond Application

Attachment D

Application: **2010040 - Cruzio Building Renovation and Data Center**
 Borrower: **Cruzio Internet/Dolgenos-Neklason Trust**
 Facility #1: **Sentinel Building**

PUBLIC BENEFITS

- Is the facility reducing emissions? Yes No N/A
 If yes, What is the carbon offset in million metric tons? 0
- Is the facility diverting waste from landfills? Yes No N/A
 If Yes, What is the reduction in metric tons? 0
- Is the facility generating alternative energy? Yes No N/A
 If Yes, What is the carbon offset in million metric tons? 0

ENVIRONMENT

Energy

- Does the facility exceed Title 24 Standards? Yes No N/A
 If Yes, by what percent? 10%
- Does the facility have solar(PV) panels? Yes No N/A
 If Yes, what is the size in kWh? 1
- Does the facility purchase carbon credits? Yes No N/A
 If Yes, what is the annual consumption? _____

Water

- Does the facility provide any of the following:
- Efficient Toilets? Yes No N/A
 - Water-saving showerheads? Yes No N/A
 - Drought tolerant landscaping? Yes No N/A
- Other, specify: LEED Gold certified renovation. Note: I am unable to fill in Workforce Creation fields below.

Transportation

- Does the entity provide carpooling or mass-transit subsidies? Yes No N/A
 Does the entity maintain a fuel efficient fleet? Yes No N/A

Waste

- Does the project provide recycling facilities? Yes No N/A

WORKFORCE

Employment Creation

Job Type/Description	During Construction	Post Construction
<u>None</u>	<u>0</u>	<u>0</u>

GOVERNMENTAL INFORMATION

Congressional District # <u>17</u>	State Senate District # <u>11</u>	State Assembly District # <u>27</u>
---------------------------------------	--------------------------------------	--

RESOLUTION NO. NS-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA CRUZ
APPROVING THE ISSUANCE BY THE CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY OF RECOVERY ZONE FACILITY REVENUE BONDS
FOR THE CRUZIO BUILDING RENOVATION AND DATA CENTER

WHEREAS, the California Statewide Communities Development Authority (the “Authority”) is authorized pursuant to the provisions of California Government Code Section 6500 et seq. and the terms of an Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988 (the “Agreement”), among certain local agencies throughout the State of California, including the City of Santa Cruz (the “City”), to issue revenue bonds for the purpose of promoting economic development in the State of California; and

WHEREAS, Dolgenos-Neklason Trust or related entities, has requested that the Authority adopt a plan of financing providing for the issuance of recovery zone facility revenue bonds (the “Bonds”) in one or more series issued from time to time, including bonds issued to refund such revenue bonds in one or more series from time to time, and at no time to exceed \$3,000,000 in outstanding aggregate principal amount, to finance the Cruzio building renovation and data center located at the following address in the City and generally known as Cruzio Building Renovation and Data Center (the “Project”): 207 Church Street, Santa Cruz, California 95060; and

WHEREAS, the Bonds or a portion thereof will be “private activity bonds” for purposes of the Internal Revenue Code of 1986 (the “Code”); and

WHEREAS, pursuant to Section 147(f) of the Code, prior to their issuance, private activity bonds are required to be approved by the “applicable elected representative” of the governmental units on whose behalf such bonds are expected to be issued and by a governmental unit having jurisdiction over the entire area in which any facility financed by such bonds is to be located, after a public hearing held following reasonable public notice; and

WHEREAS, the members of this City Council (this “City Council”) are the applicable elected representatives of the City; and

WHEREAS, there has been published, at least 14 days prior to the date hereof, in a newspaper of general circulation within the City, a notice that a public hearing regarding the Bonds would be held on a date specified in such notice; and

WHEREAS, such public hearing was conducted on such date, at which time an opportunity was provided to interested parties to present arguments both for and against the issuance of the Bonds; and

WHEREAS, the Authority is also requesting that the City Council approve the issuance of any refunding bonds hereafter issued by the Authority at no time to exceed \$3,000,000 for the purpose of refinancing the Bonds which financed the Project (the “Refunding Bonds”), but only in such cases where federal tax laws would not require additional public hearings, consideration or approval by the City Council; and

RESOLUTION NO. NS-

WHEREAS, it is intended that this resolution shall constitute the approval of the issuance of the Bonds required by Section 147(f) of the Code and Section 9 of the Agreement;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SANTA CRUZ AS FOLLOWS:

Section 1. The above recitals are true and correct.

Section 2. The City Council hereby approves the issuance of the Bonds and the Refunding Bonds by the Authority. It is the purpose and intent of the City Council that this resolution constitutes approval of the Bonds for the purposes of (a) Section 147(f) of the Code and (b) Section 9 of the Agreement.

Section 3. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents that they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and the financing approved hereby.

Section 4. The City Clerk shall forward a certified copy of this Resolution and a copy of the affidavit of publication of the hearing notice to:

Justin Cooper, Esq.
Orrick, Herrington & Sutcliffe LLP
405 Howard Street
San Francisco, California 94105

Section 5. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this 22nd day of June, 2010, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

APPROVED: _____
Mayor

ATTEST: _____
City Clerk



CITY COUNCIL AGENDA REPORT

DATE: June 14, 2010

AGENDA OF: June 22, 2010

DEPARTMENT: Finance

SUBJECT: Annual Financial Report For Clean River, Beaches And Ocean Tax Ordinance. (FN)

RECOMMENDATION: Motion to a authorize the Finance Director to file the Annual Financial Report for Clean River, Beaches and Ocean Tax.

BACKGROUND: In November 2008, City of Santa Cruz voters approved Ballot Measure E which established a Clean River, Beaches and Ocean Special Parcel Tax to be collected from owners of taxable parcels within city limits. The funds collected from property owners are required to be placed into a separate restricted Clean River, Beaches and Ocean Fund, and must be used exclusively for reducing and preventing water pollution and managing storm water runoff being created within City of Santa Cruz boundaries.

Under Santa Cruz Municipal Code section 3.14.080(a), the City’s Finance Director is required, by July 1 of each year, beginning for FY 2010, to cause to be prepared and filed with the City Council a report showing the amount of the tax collected and expended and the status of any projects funded with the tax proceeds. Staff is providing the latest financial information for FY 2010 available at this point.

DISCUSSION: Through May 31, 2010, the City received \$587,698, net of Santa Cruz County collection fees equal to 1% of taxes collected, from Santa Cruz County. The City expects to receive an additional \$30,931, net of collection fees, for the current fiscal year ending June 30, 2010. In total, taxes collected by the County for FY 2010 are projected to equal \$624,878 before \$6,249 in County collection fees are deducted and \$618,629 after County fees are deducted.

The City received the following actual revenues within the Clean River, Beaches and Ocean Fund through May 31, 2010:

TAX REVENUE	\$	587,698
INVESTMENT EARNINGS		760
TOTAL REVENUE	\$	588,458

The City spent the following amounts for allowable Clean River, Beaches and Ocean Tax purposes through May 31, 2010:

SALARIES & BENEFITS	\$	90,625
PROFESSIONAL & TECHNICAL SERVICES		16,161
WATER, SEWER, & REFUSE UTILITIES		2,146
TRAVEL, TRAINING, & MEETINGS		156
ADVERTISING		2,035
PRINTING		1,270
SUPPLIES		104
FLOOD CONTROL & DRAINAGE FACILITIES		10,092
SWEEPER		42,878
TOTAL EXPENDITURES	\$	165,467

In addition, as of May 31, 2010, the City encumbered an additional \$61,450 for commitments, including \$1,300 for advertising costs and \$60,150 for professional and technical services. Salaries and benefits costs provided for the cleaning of 270 storm drains and the cleaning of City drainage ditches. The sweeper that was purchased allows the wharf and other nearby beach facilities to be cleaned so that debris does not enter the Marine Sanctuary.

The following summarizes the current status of projects funded with tax proceeds:

Vendor	Program	FY 2009-2010	Notes	Status
Coastal Watershed Council	First Flush	\$3,723		project done, need final report
Coastal Watershed Council	Snapshot Day	\$2,750		project done, need final report
Ecology Acton	Green Gardner Program	\$2,700	For gardening & landscaping businesses	in process
Ecology Action	Green Business Program	\$6,500	Advertising & marketing	Complete
Ecology Acton	Our Water Our World	\$3,540	Pesticide education for residents	in process
O'Neill's Sea Odyssey	Stormwater Runs to It	\$3,000	Upper elementary school classes	Completed
O'Neill's Sea Odyssey	Ocean Protectors-w/Save Our Shores	\$16,000	Upper elementary school classes	project done, need final report
Resource Conservation District	Low Impact Dvlpmnt education for residents	\$5,980	Using "Slow it. Spread it. Sink it!"	in process
Save Our Shores	July 4 th & July 5th Pollution Prevention	\$4,430	Includes beach cleanups	in process
Save Our Shores	River/creek Cleanups	\$4,980	3 River sites & Bforte Creek-4 events	in process
Save Our Shores	Storm Drain Inlet Program	\$4,000	Marker application & High School Ed	in process
Save The Whales	Lower Elementary School Program	\$10,477	35 lower elementary school classes-Otter program for 1st, Marine Mammal program for 2-3 grades	project done, need final report
ZunZun	School Assemblies	\$4,000	Elementary schools-4 assemblies	project done, need final report

FISCAL IMPACT: As of May 31, 2010, the Clean River, Beaches and Ocean Fund had received \$588,458 in revenues, had expended \$165,467, and had encumbered an additional \$61,450 in resources. These transactions had no effect on the City's General Fund.

Prepared by:

Submitted by:

Approved by:

Jack Dilles
Director of Finance

Jack Dilles
Director of Finance

Richard C. Wilson
City Manager

Attachments: None.



CITY COUNCIL AGENDA REPORT

DATE: 6/16/2010

AGENDA OF: 6/22/2010

DEPARTMENT: City Manager

SUBJECT: United Way 2-1-1 Health and Human Service Information and Referral System Funding - FY 2011 Budget. (CM)

RECOMMENDATION: Motion directing the inclusion of funding in the FY 2011 Budget for the countywide 2-1-1 Health and Human Service Information and Referral System.

BACKGROUND: United Way of Santa Cruz County, in conjunction with community stakeholders that include local governments and social services providers, is launching a health and human service information and referral system. Slated to start July 1, 2010, this system, called "2-1-1" for its telephone number, will be a countywide, consolidated information resource. Santa Cruz County is one of the few coastal California counties currently without a 2-1-1 service.

The 2-1-1 helps to accurately and efficiently connect individuals and families with the variety of services offered throughout Santa Cruz County.

DISCUSSION: The need for a Santa Cruz County 2-1-1 system is supported by the region's sharp increase in calls for food, emergency shelter, health and employment assistance resulting from the economic downturn. The Bay Area 2-1-1 reported an increase in call volume of 67 percent in 2008 over 2007. Locally, we know that our social services providers have responded to an unprecedented number of service requests. 2-1-1 will facilitate the connection between those in need and available services.

2-1-1 provides the following benefits:

- Callers receive easy and free access to a comprehensive up-to-date database of vital community information;
- 2-1-1 promotes a more coordinated, efficient and effective response in times of disaster, as the system is required to be staffed 24 hours per day, seven days per week and with the ability to respond in 150 languages; and
- Cost savings are expected from displacement of non-emergency 9-1-1 calls, improved efficiencies due to decreases in misdirected calls and enhanced consumer awareness of income-generating benefits such as the Earned Income Tax Credit.

The projected annual budget for Santa Cruz County's 2-1-1 is \$142,472 which will be supported by public and private sources. United Way has requested funding in the amount of \$8,000 from the City of Santa Cruz.

To date, the Cities of Capitola and Watsonville have pledged \$2,000 and \$6,000, respectively. The County of Santa Cruz is committing \$29,000 from its Human Services, Public Works, and Human Resources Departments and Sheriff's Office. First Five has pledged \$20,000 both this and the next fiscal year. The County Office of Education will fund \$4,000 and the Fire Chiefs Association will fund \$5,000. The remainder of the budget comes from corporations and individual donors.

FISCAL IMPACT: If approved, a line item in the amount approved by the City Council and assigned from General Fund dollars will be added to the proposed FY 2011 Budget.

Submitted by:
Martin Bernal
Assistant City Manager

Approved by:
Richard C. Wilson
City Manager

ATTACHMENTS: 2-1-1 System Background Information and Funding Request

9 February 2010

Dick Wilson
City Manager, City of Santa Cruz
809 Center Street, Room 10
Santa Cruz, CA 95060

Summary

United Way of Santa Cruz County seeks the support of the City of Santa Cruz for the establishment of the 2-1-1 health and human service information and referral system. We respectfully request a grant of \$8,000 for FY 2010-2011 to implement the launch of 2-1-1 in Santa Cruz County.

Santa Cruz County is one of few coastal California counties without 2-1-1 service. Our goal is to submit the required application to the California Public Utilities Commission (CPUC) in March 2010, develop full system integration with other counties already using 2-1-1 and officially launch 2-1-1 service in Santa Cruz County by July 1, 2010.

An investment in 2-1-1 by the City of Santa Cruz will make a significant contribution toward the successful launch and sustainability of 2-1-1 in Santa Cruz County.

About 2-1-1

Every day people in California and across the United States seek help to find food, housing, job training, health care, free tax preparation, child care, elder care and other vital human services. Faced with a myriad of public agencies, non-profit organizations and help lines, people often don't know where to turn. Many end up going without necessary and readily available services simply because they do not know where to start.

As an easy-to-remember telephone number, 2-1-1, provides callers with information about — and referrals to — a variety of resources that can address their needs. It also serves as a critical part of a community's emergency response in times of disaster. To receive the 2-1-1 designation from the CPUC, trained call center specialists must answer calls 24 hours-a-day, seven days a week, with the ability to respond in 150 different languages through bilingual staff and tele-interpreting services.

The importance of 2-1-1 as a community lifeline has been demonstrated by the surge in calls throughout California for food, emergency shelter and employment assistance in response to the economic downturn. In 2008, 2-1-1 Bay Area, operated by the United Way of The (San Francisco) Bay Area, responded to more than 127,000 calls. 2-1-1 Bay Area has been selected by the 2-1-1 Steering Committee of Santa Cruz County to be the call center for Santa Cruz County. Call volume throughout California has continued to increase rapidly as more counties have officially come on line and as the recession has deepened. 2-1-1 Bay Area handled 67% more calls in 2008 than in 2007.

The ease of use of 2-1-1 in combination with growing demand sparked by the recession leads us to believe that more people than ever need help and will call 2-1-1 to get it.

2-1-1 offers a number of substantial benefits:

- **Callers receive easy and free access to a comprehensive, up-to-date database of vital community information.** Studies of traditional information and referral services have documented that people seeking help call seven to eight numbers before finding the right resource or they give up before getting the help they need. 2-1-1 eliminates guessing and misdirected calls and results in more appropriate referrals. Moreover, the personal interaction with call center specialists trained in needs assessment provides a more powerful and effective response than a website, a menu-driven automated phone system or a brochure. Many callers have multiple needs for assistance; call center specialists are trained to inquire about and respond to multiple needs in what is typically a 3 to 5 minute call. The human connection and compassionate support help callers move from despair or panic to having a plan and feeling able to act. Additionally, 2-1-1 provides resources for volunteers, linking people who can help with people who need help.
- **2-1-1 promotes a more coordinated, efficient and effective response in times of disaster or emergency.** In September 2008, 2-1-1 Bay Area handled more than 2,300 overflow calls from 2-1-1 centers in Louisiana and Texas whose capacity was exceeded from helping victims of Hurricanes Gustav and Ike. This provided 2-1-1 Bay Area with a successful test of the ability of the nationwide system to respond in a disaster. Both the human resources and telecommunications

infrastructure performed superbly. 2-1-1 Bay Area and others around the country will be available and capable of taking calls from Santa Cruz County should an earthquake or other disaster strike. After the September 11, 2001 terrorist attacks, New York had more than 400 separate phone numbers set up for residents seeking mental health counseling, volunteering and other services, leading to confusion and frustration. In contrast, neighboring Connecticut's 2-1-1 system handled 95% of all calls for post-attack services.

- **Communities realize cost savings.** 2-1-1 call centers realize a benefit-to-cost ratio of +\$1.34, meaning that every dollar spent on 2-1-1 results in a positive benefit to society of \$1.34. A 2004 study by the University of Texas found savings that included a reduction of non-emergency calls to 9-1-1, enhanced efficiencies due to decreases in misdirected calls and enhanced consumer awareness of income-generating benefits such as the Earned Income Tax Credit (EITC). We estimate that by using a regional approach and contracting with 2-1-1 Bay Area we will bring down costs by more than 50% compared to establishing and maintaining separate administrative systems in Santa Cruz County.

Bringing 2-1-1 to Santa Cruz County

Our goal is to officially launch 2-1-1 in Santa Cruz County on July 1, 2010. Based on experience in other counties, we expect information and referral call volume to grow sharply within one year. As an example, Solano County call volume was 2,865 in 2007. After the official county launch in February 2008, 2-1-1 call volume rose steadily; by the end of the year it had increased 342% to 12,678.

United Way of Santa Cruz County has been working with a wide range of public and private partners to bring 2-1-1 to Santa Cruz County. In order to launch by July 1, 2010, United Way of Santa Cruz County will need to file a successful application with the CPUC and raise sufficient funds for the Santa Cruz County operation. We are beginning the application process toward the goal of submitting it to the CPUC in March 2010.

Organizational Capacity and Experience

United Way of Santa Cruz County is a longstanding, local nonprofit organization dedicated to creating the opportunities for a good life for all residents of our county.

We focus on meeting specific community goals, including helping working families achieve self-sufficiency, helping children and youth succeed in school and in life and helping community members become healthy and resilient in the face of crisis. United Way of Santa Cruz County works collaboratively with a broad range of people and organizations to create lasting solutions for pressing community issues. United Way of Santa Cruz County supports 34 local programs that create opportunities for children, families and neighborhoods to thrive. We also lead several community collaborations including the Community Assessment Project, Together For Youth, Go For Health! and Jóvenes SANOS.

The 2-1-1 Santa Cruz County Steering Committee issued a Request for Proposals to all California 2-1-1 operators in the Spring of 2009. The Selection Committee recommended 2-1-1 Bay Area to provide 2-1-1 service for Santa Cruz County based on the quality and cost of their proposal. 2-1-1 Bay Area is operated by United Way of the Bay Area and serves San Francisco, Marin, Napa and Solano Counties. United Way of the Bay Area also raises funds for 2-1-1 in Alameda and Contra Costa Counties and collaborates closely to ensure seamless services for the San Francisco Bay Area residents regardless of which county they live in or call from. They are currently in the planning stages to provide 2-1-1 service in San Mateo County in 2010.

Plan and Timeline

December, 2009; January & February, 2010: United Way staff will continue to meet with key Santa Cruz County leaders and stakeholders, including local elected officials, key public sector administrators and business, civic, and nonprofit leaders to design and shape Santa Cruz County 2-1-1. Over the next three months we will:

- Continue our dialogue with leaders and stakeholders to seek their support for the launch of 2-1-1, including securing sustainable financial support for the system. Continue to share information that explains the benefits of 2-1-1 and to respond to questions on cost and future funding;

- Identify ways 2-1-1 can best meet the specific needs of Santa Cruz County residents;
- Plan with public and private partners the use of the service in the County, including establishing the most appropriate call protocols based upon the needs and systems of Santa Cruz County agencies; complement and support the work of city and county government and non-profit service providers by building on existing databases, service lines and outreach programs;
- Plan and do outreach so that all health and human service providers are aware of 2-1-1, its potential capabilities and its role;
- Build support and endorsement for the 2-1-1 Santa Cruz County CPUC application.

April, 2010 and ongoing: ensure complete and accurate Santa Cruz County resource information is included in 2-1-1 database. Continue to monitor and update resource information.

March, 2010: Organizations seeking to provide 2-1-1 service must complete an application process and adhere to standards and guidelines created by the California Public Utilities Commission. United Way of Santa Cruz County will submit an application to the CPUC that includes the following information:

- Organizational Information- including structure, background and experience.
- Service Conditions- detailing how the 2-1-1 Bay Area call center will provide live call specialists 24 hours a day, seven days a week and the steps taken to ensure accessibility to all, regardless of language or disability.
- Alliance for Information and Referral Services (AIRS) Standards- information on establishing and maintaining a database of service providers, maintaining service in the event of a disaster, collecting data and producing reports and establishing cooperative working relationships with others operating in the same service area.
- Strong Community Support- letters of support from 20 different types of organizations serving community needs.

April through June, 2010: train 2-1-1 Bay Area call center staff on resources and referrals for Santa Cruz County; conduct community outreach.

May, 2010 through July, 2010 and ongoing: develop and implement a marketing campaign with bilingual, Spanish and English, print, web, television and radio outreach.

April, 2010 and ongoing: outreach and trainings for community-based organizations and human service agencies.

July, 2010 and ongoing: call data collection and analysis.

June, 2010: soft launch.

July 1, 2010: official launch.

July 2010 and ongoing: Integrate 2-1-1 Santa Cruz County with County disaster and emergency planning systems.

Budget

We have attached the projected annual budget for 2-1-1 in Santa Cruz County.

Of the projected \$142,472 annual cost, we estimate that both private and public sources will be needed to provide the full, sustainable operating budget. City of Santa Cruz funds would be significantly leveraged with support from other private foundations, corporate partners, individual donors and federal government funds.

Sincerely,

Mary Lou Goeke
Executive Director

Enclosure



CITY COUNCIL AGENDA REPORT

DATE: June 16, 2010

AGENDA OF: June 22, 2010
DEPARTMENT: City Attorney
SUBJECT: CODE ENFORCEMENT ORDINANCE - SANTA CRUZ MUNICIPAL
CODE

RECOMMENDATION: Introduction of an ordinance for publication authorizing the City Attorney to file criminal misdemeanor complaints for Municipal Code violations where the offender, on three occasions during any given six month period, has failed to appear in court in connection with citations issued for a criminal violation of the Municipal Code or to post bail in connection with those citations.

BACKGROUND: In 2009, the City Council adopted an ordinance adding Section 4.04.015 to the Santa Cruz Municipal Code making it a misdemeanor to fail to appear in court for Santa Cruz Municipal Code violations three times during any six month period. The ordinance was adopted in response to the fact that the Santa Cruz County Superior Court no longer issues bench warrants for the arrest of individuals who fail to appear for infraction citations but will still do so for failures to appear in connection with misdemeanor citations.

DISCUSSION: This ordinance, if adopted by the City Council, would provide the City with an alternative, potentially more efficient way of addressing this “failure to appear” problem by granting the City Attorney discretion to file any Santa Cruz Municipal Code citation as a misdemeanor instead of an infraction where the offender, within a given six month period, has failed to appear in connection with three or more earlier Santa Cruz Municipal Code citations. The authorization to file misdemeanors would extend from one year of the date of the last such failure to appear. The proposed new ordinance language appears at subsection (4) and reads:

“Where, on three occasions during any given six-month period, a person fails to appear in court in connection with a citation issued for a criminal violation of any provision of this code or to post bail in connection with that citation, the City Attorney may thereafter in the exercise of his or her discretion, for a period of one year following the last such failure to appear or post bail, prosecute any subsequent violations of this code by that person as misdemeanors.”

John G. Barisone, City Attorney

ORDINANCE NO. 2010-_____

AN ORDINANCE OF THE CITY OF SANTA CRUZ
AMENDING SECTION 4.04.010 OF THE SANTA CRUZ MUNICIPAL CODE
CONCERNING CRIMINAL VIOLATIONS OF THE SANTA CRUZ MUNICIPAL CODE

BE IT ORDAINED by the City Council of the City of Santa Cruz as follows:

Section 1. Chapter 4.04.010 of the Santa Cruz Municipal Code is hereby amended to read as follows:

4.04.010 JUDICIAL REMEDIES

- (1) It shall be unlawful for any person to violate any provision or to fail to comply with any of the requirements of the Santa Cruz Municipal Code.
- (2) Except as elsewhere stated in this code, a violation of any of the provisions or failing to comply with any of the mandatory requirements of this code shall constitute an infraction.
- (3) Notwithstanding any other provision of this code, any violation of this code which constitutes a misdemeanor under this code may, in the discretion of the city attorney, be charged and prosecuted as an infraction.
- (4) Where, on three occasions during any given six-month period, a person fails to appear in court in connection with a citation issued for a criminal violation of any provision of this code or to post bail in connection with that citation, the City Attorney may thereafter in the exercise of his or her discretion, for a period of one year following the last such failure to appear or post bail, prosecute any subsequent violations of this code by that person as misdemeanors.
- (5) Any person convicted of a misdemeanor under the provisions of this code, unless provision is otherwise herein made, shall be punishable by a fine of not more than one thousand dollars or by imprisonment in the county jail for a period of not more than six months or by both fine and imprisonment.
- (6) Any person convicted of an infraction under the provisions of this code, unless provision is otherwise herein made, shall be punishable by fine only as follows: upon a first conviction, by a fine of not exceeding one hundred dollars; for a second conviction within a period of one year, by a fine of not exceeding two hundred dollars; for each additional violation of the same ordinance within a period of one year, by a fine of not exceeding five hundred dollars.
- (7) Each such person shall be charged with a separate offense for each and every day during any portion of which any violation of any provision of this code is committed, continued or permitted by such person and shall, upon conviction, be punished accordingly.

Section 2. This ordinance shall be in full force and take effect thirty (30) days after its final adoption.

ORDINANCE NO. 2010-

PASSED FOR PUBLICATION this 22nd day of June, 2010, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

APPROVED: _____
Mayor

ATTEST: _____
City Clerk

PASSED FOR FINAL ADOPTION this _____ day of _____, 2010, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

APPROVED: _____
Mayor

ATTEST: _____
City Clerk

This is to certify that the above and foregoing document is the original of Ordinance No. 2010- and that it has been published or posted in accordance with the Charter of the City of Santa Cruz

City Clerk



City Council Meeting Calendar June 14, 2010

Date	Time	Location	Topic
July 13, 2010	1:30 p.m.	Courtyard Conf. Room	Regular Council/Agency Closed Session
	3:00 p.m. and 7:00 p.m.	Council Chambers	Regular Council/Redevelopment Agency Open Sessions
July 20, 2010	7:00 p.m.	Council Chambers	Special City Council Meeting – Rental Inspection Ordinance
July 27, 2010	1:30 p.m.	Courtyard Conf. Room	Regular Council/Agency Closed Session
	3:00 p.m. and 7:00 p.m.	Council Chambers	Regular Council/Redevelopment Agency Open Sessions
August Break – No Council Meetings			
September 14, 2010	1:30 p.m.	Courtyard Conf. Room	Regular Council/Agency Closed Session
	3:00 p.m. and 7:00 p.m.	Council Chambers	Regular Council/Redevelopment Agency Open Sessions
September 28, 2010	1:30 p.m.	Courtyard Conf. Room	Regular Council/Agency Closed Session
	3:00 p.m. and 7:00 p.m.	Council Chambers	Regular Council/Redevelopment Agency Open Sessions
October 12, 2010	1:30 p.m.	Courtyard Conf. Room	Regular Council/Agency Closed Session
	3:00 p.m. and 7:00 p.m.	Council Chambers	Regular Council/Redevelopment Agency Open Sessions
October 26, 2010	1:30 p.m.	Courtyard Conf. Room	Regular Council/Agency Closed Session
	3:00 p.m. and 7:00 p.m.	Council Chambers	Regular Council/Redevelopment Agency Open Sessions
November 9, 2010	1:30 p.m.	Courtyard Conf. Room	Regular Council/Agency Closed Session
	3:00 p.m. and 7:00 p.m.	Council Chambers	Regular Council/Redevelopment Agency Open Sessions
November 23, 2010	1:30 p.m.	Courtyard Conf. Room	Regular Council/Agency Closed Session
	3:00 p.m. and 7:00 p.m.	Council Chambers	Regular Council/Redevelopment Agency Open Sessions
December 14, 2010	1:30 p.m.	Courtyard Conf. Room	Regular Council/Agency Closed Session
	3:00 p.m. and 7:00 p.m.	Council Chambers	Regular Council/Redevelopment Agency Open Sessions
Holiday Break – No Second Meeting in December			
January 11, 2011	1:30 p.m.	Courtyard Conf. Room	Regular Council/Agency Closed Session
	3:00 p.m. and 7:00 p.m.	Council Chambers	Regular Council/Redevelopment Agency Open Sessions

Council Membership in City Groups and Outside Agencies

Councilmembers will have the opportunity to present oral updates to Council and the public. Councilmembers may provide direction, request additional information or that a topic raised be agendized for future Council action. The Presiding Officer may request oral updates from Council ad hoc Committees.

The Presiding Officer will ask representatives of each entity if there is any oral update.

Name of Agency/Organization	Currently Serving
Association of Monterey Bay Area Governments (AMBAG)	L. Robinson, T. Madrigal (alternate)
City of Santa Cruz/Soquel Creek Water District (SqCWD) Desalination Project	D. Lane, M. Rotkin, R. Coonerty (Alt.)
City Schools Committee (Ad Hoc)	C. Mathews, T. Madrigal, R. Coonerty
Community Action Board	T. Madrigal, David Sweet (alternate)
Conference and Visitors' Council	C. Mathews, L. Robinson
Cultural Council Board City Representative	K. Beiers
Downtown Management Corporation	C. Mathews, L. Robinson
Economic Development Council (Mayor/Vice Mayor)	R. Coonerty, D. Lane, C. Mathews
Library Joint Powers Authority Board	K. Beiers, M. Rotkin, C. Mathews (alt.)
Library Financing Authority	M. Rotkin
Local Agency Formation Commission (LAFCO)	D. Lane
Monterey Bay Unified Air Pollution Control District	2010 City of Watsonville
Public Safety Committee	D. Lane, M. Rotkin, L. Robinson
Sanctuary Inter-Agency Task Force	K. Beiers, C. Mathews
Santa Cruz County Children's Network	D. Shoemaker, C. Scurich (alt.)
Santa Cruz Community Farmers Market, Inc.	L. Robinson
SC County Integrated Waste Management Local Task Force	M. Rotkin, Alan Schlenger (alternate) Bob Nelson, Mary Arman (alternate)
Santa Cruz Metropolitan Transit District Board	M. Rotkin, L. Robinson
SC County Regional Transportation Commission (SCCRTC)	D. Lane, L. Robinson (alternate)
Social Services Program Committee	R. Coonerty, C. Mathews, L. Robinson

Public comment on the reports given will be heard at a time to be determined by the Presiding Officer.