

City Manager's Weekly Update

May 20, 2016

FINANCE

State confirms the City's full compliance with use of \$15.3 Million in **Gas Tax** allocations.

The City's Finance and Public Works Engineering operations successfully passed an aggressive 2 week **audit by the State of California** focused primarily on the use of \$15.3 million in Gas Tax funds dating back to July 2003. At the conclusion of the audit, there were no reportable findings or recommended changes regarding the use of the Gas Tax funds.

The scope of the audit, though, was much larger than just Gas Tax funding. According to the auditor, ever since the City of Bell's corruption, the State Controller's office has expanded the scope of their former Gas Tax specific audits to include city-wide testing of internal control systems and processes beyond those required to test Gas Tax funds.

Therefore, this audit encompassed a broad testing of other State funding and general systems of control across all City operations (General Fund, Enterprise funds and other funds) in the areas of fraud prevention, accounting treatment, cash handling, payroll and employee timesheets, purchase orders, accounts payable invoices and check processing, physical construction of projects, security of the City's work sites and inventory of all the City's assets (small equipment to roads and facilities). The audit included random interviews of City employees, site visits, equipment inspections' and inspection of physical support documents for accounting transactions.

In all, the audit had only 1 reportable finding regarding the use of Transportation Congestion Relief Funds 10 years ago. The finding related to the recording of \$467k in road maintenance funds that were shown in an alternate road maintenance account. Upon showing the State a subsequent reclassification of these transactions from one road maintenance account to another, the State considered this finding resolved "during" the course of the audit. It is more common for findings to be resolve only after the State Controller's Office has issued their report; not like this case where it was resolved onsite during the live audit.

To put this audit in context, most audits are scheduled well in advance and Cities are given notice and flexibility with choosing the audit dates, especially when it is longer than 1 week. In addition, review periods generally don't exceed 5 to 7 years. However, this State audit was extraordinary in that it was scheduled without consideration for staffing or workloads (for example, it was done during the final two weeks of finalizing and producing the FY 2017 Proposed Budget). But even more impactful was that it covered an audit period dating back to 2003 when most of our physical records are far beyond their retention schedule.

Given all this, I'm even more proud with how clean the City passed this audit. I want to specifically thank and acknowledge the City's Senior Accountant Beth Cabell who was the City's lead on this extraordinary audit; her staff (Tracy Cole, Nick Gong, Ashley Borba and Michael

Manno) who had to comb through decades of records deep in our corporation yard's dusty storage area as part of the preparation for and requests during the audit; and Assistant Finance Director Cheryl Fyfe's oversight. A telling moment was during the Exit conference was the auditor's praise for the transparency and support he was extended, for the quality of our records and ultimately his trust and faith in the City's systems. Specifically, he indicated Beth was one of his best audit representatives he had worked with and would love to see her working for the State. I want to also pass along my deep appreciation to Assistant Public Works Director Chris Schneiter who provided tours and site visits to the auditor and equally was acknowledged for his support and transparency of the City's engineering and construction processes and Public Works Director Mark Dettle who impressed the auditor immediately with his deep knowledge of Gas Tax and related State funding.

PLANNING AND COMMUNITY DEVELOPMENT

1314 Ocean Street

Last September, Planning Staff administratively approved an application for an 8,400 square foot commercial development with a 52 space parking lot on four parcels located at the northeast corner Ocean Street and Glenwood Avenue. The site, which currently contains a residential structure, as well as a music store (The Starving Musician), has had a number of code enforcement complaints over the past several years. It also contains a number of mature redwood trees, which the developers are preserving. The new project sites development toward the front of the lots in two buildings with parking at the rear. The northernmost building, adjacent to the new hotel, is intended to be occupied by a restaurant with the southernmost building closest to the corner to include three retail or office tenants. This week, we received an application for a building permit. The developer expects to begin demolition in early June and construction of the new buildings beginning at the end of June. This will be a positive change for the area.

230 Grandview Avenue

This week, the Zoning Administrator approved Coastal and Design Permits to demolish an existing single-family residence and construct 12 three-bedroom apartments in three buildings on a parcel flanked by the Grandview Terrace and Southview Terrace developments. There was a fair amount of opposition to this fully conforming project from residents in the immediate area. To address some of the concerns, the Zoning Administrator added conditions addressing lighting, nuisance impacts during construction, and parking. The property owners and project applicants spoke with the neighbors afterward and agreed to meet to discuss their concerns. Clara Cartwright is the planner working on the application.

Beach Hill Parking

This week, the Zoning Administrator also approved a Coastal Permit to allow parking meters on First, Second and Main Streets to be temporarily bagged from 9:00 am to 9:00 pm between Memorial Day and Labor Day for a period of two years. This permit entitlement process was an outgrowth of efforts by the City to address neighborhood impacts from the Kaiser Permanente Arena. While the approval allows up to 25 meters to be bagged, the specific details of the pilot program, including the total number of meters, are expected to be considered by the City Council on June 14th. The staff is recommending 12. There was a fair amount of public

testimony ranging from the residents who supported all 25 meters to be bagged to the owner of the Beach Street Inn and Suites who expressed concern with any meters being restricted; expressing they should be for use by visitors or residents equally. The Coastal Permit is appealable to the California Coastal Commission. City staff consulted with staff early on in this process. Guidance was given as to which relevant Local Coastal Program policies needed to be addressed, which our staff believe has occurred as reflected in the staff report analysis. Mike Ferry from our department is working with Marlin Granlund from Public Works on this effort.

New Restaurant Downtown

Last week, the Planning Department received an application to remodel the interior and exterior of 1541-B Pacific Avenue (the former *Benton* restaurant space) and to establish a restaurant with alcohol service. The applicants indicate that the restaurant, *Barceloneta*, will serve "farmers market driven California-Spanish food" such as tapas, paella, and churros. The restaurant owners, Brett and Elan Emerson, live in Santa Cruz and are established restaurateurs who also own the Spanish and Catalan restaurant, *Contigo*, in San Francisco. Proposed exterior improvements include a slight expansion of the storefront, aluminum siding, operable, aluminum windows, stucco wainscot, paint, new signage, and potted plants and a bench at the sidewalk and alley. There is no outdoor seating proposed. The applicant is seeking to obtain a Type 47 liquor license, which would create a Low Risk Alcohol Outlet; therefore, the project requires approval of an Administrative Use Permit from the Zoning Administrator in addition to a Design Permit for exterior improvements and a Sign Permit. This looks to be a great addition to this area of the downtown. Samantha Haschert is the planner working on the application.

214 Plymouth

The Zoning Administrator also recently approved an application to subdivide this parcel located at the northeast corner of Plymouth Street and Grant Street into three lots and to construct three new duplexes on the site where two duplexes and two single family dwellings currently exist and will be retained. The existing units that front on Grant Street are proposed to remain and will be repaired and restored as a part of the project. The site design is based on minimal disturbance to existing heritage trees and proposes a common driveway and parking lot that would be accessible from Plymouth Street. The new buildings feature a well-articulated design on this highly visible corner. Not only will this project provide much needed units to our housing stock, but it will also clean-up a property that has been the source of numerous code enforcement actions over the past several years. Samantha Haschert also worked on this project.

Medical Marijuana Dispensary

The *Kind Peoples Collective* has taken over the approved Use Permit to operate a medical marijuana dispensary on Dubois Street. Police, Planning, Finance and the City Attorney have reviewed and approved the Operations Manual for consistency with City and State regulations. The operation manual includes: opening and closing procedures, employee policies, membership rules, member qualification guidelines, vendor guidelines, good neighbor policy, security protocol, annual reporting requirements, articles of incorporation, bylaws, letters of endorsement, and their State Sellers Permit and State incorporation statement. Their tenant improvements are beginning with issuance of a building permit, which has to be complete prior to opening the dispensary to the public. Police and Planning staff will conduct a site visit/walk-

through prior to the opening as well. Recall that by City regulations only two medical marijuana dispensaries are allowed in the City. This is one of the two Use Permit locations.

Neighborhood Clean-ups a Big 'Win' for the Community

The Code Compliance Division successfully completed its Spring Clean-ups in Lower Ocean and Beach Flats. This year saw an expanded partnership with Grey Bears as they stayed the entire event to talk about the services they provide, such as recycling and Grey Bears Food Bags for senior citizens. The clean-ups provide staff and residents the opportunity to connect, maintain properties, invest in improving neighborhoods and discuss problem properties. Staff walks the areas with residents and responds to particular concerns such party houses, unsafe living conditions, public access issues with sidewalks and vacant properties. This year UCSC Sociology students were also on hand for both events as they gear up to conduct a survey in the community on the effects of the lack of affordable housing on workers and families. These events truly are about creating community with participation from Public Works- Sanitation, Parks & Rec, Planning/Code Compliance, Community Bridges, Neighbors of Lower Ocean, Beach Flats Community Center, Grey Bears, UCSC Volunteers, and residents of the City.

Corridor Planning and Rezoning Process

On May 2, 2016, the Corridor Advisory Committee concluded their 7th meeting for the Corridor Planning and Rezoning Process. The advisory committee was originally scheduled to meet 4 times, but the additional meetings were helpful to explore more details on parking benefit districts, test the draft set of zoning concepts and allow for additional public input. The next phase of this process will be presentations and discussions with the Planning Commission on May 19th and June 2nd. An update is also scheduled for City Council on an evening agenda in August. A Draft Zoning Code will be reviewed by the Planning Commission in the fall with a recommendation for the City Council by end of year 2016.

Downtown Recovery Plan

At the May 10, 2016 evening meeting, the City Council received an update on proposed Downtown Recovery Plan development standard changes affecting portions of Pacific Avenue and Front Street. This followed a similar update to the Planning Commission on April 28th. One of the key Council goals is to continue to have an informed and engaged community. Prior to these two meetings, the Planning Department sent more than 700 individual postcards to owners and occupants in the downtown area, sent direct emails to a downtown distribution list of previously active business owners and downtown leaders, and ran display ad in the Good Times. While the meetings were modestly attended, this direct outreach yielded two phone calls and two emails with questions to staff regarding the proposed standards. This modest interest in this area may reflect confirmation of previous METRO Pacific Station public outreach efforts a few years ago, which reflected a certain comfort level with increasing heights in the downtown. The Planning Commission has been working to craft the new vision for this area, finding these height increases and development standards as reasonably appropriate for the downtown location for the City, providing opportunities for additional housing with minimal impacts to existing residential neighborhoods. The details and text changes for these new and revised standards will be completed by staff and the Planning Commission, with a recommendation to City Council expected in early fall.

PUBLIC WORKS

Streets/Traffic

Crews repaired bike lanes on West Cliff and East Cliff drives. Drain rock was installed on Pelton to improve drainage.



Engineering

2016 [Surface Seal and Overlay Project](#) began with concrete work this week. The overlay project is expected to have a notice to proceed before the end of May. These projects will be constructed over the summer.

Waste Reduction

[Santa Cruz Garage Sale Weekend](#) is June 4 and 5. We encourage residents to sign up now to host a sale and become part of our online Treasure Map.



Green Business

Three new certifications were completed this week: Sanctuary Exploration Center, Toadal Fitness (Downtown), and PAMF Westside Clinic. Two businesses were recertified: AA Safe & Security, Geo H Wilson.

Community Relations

It's [National Public Works Week](#)! Our ad appeared in Good Times and the Sentinel and an article paying tribute to our engineers posted on new "City Beat" column in [Santa Cruz Waves](#).



Waste Reduction and Community Relations were pleased with the first draft of the public service video “Think before You Throw” we shot at the Warriors arena with team mascot Mav’Riks. We expect to launch the video in early June – stay tuned!



Community Relations and Waste Reduction staff members delivered a presentation at Santa Cruz Neighbors monthly meeting regarding [National Public Works Week](#), [June 1 City Hall to YOU](#), overview of news/tools available on our City website and a How to Recycle Right! presentation.



We launched our new Santa Cruz Waves “City Beat” column with a story “[Public Works Engineers Out and About Town](#).” Each week we will post original content representing various City department happenings. Our second post was titled “[Thanks to Those Who Keep Us Safe](#).” We worked on details with Cinema Advertising to air City public service announcements before movies at Cinema 9 and River Front 2 over a six month period at a discounted rate. Negotiations are expected to conclude next week and videos to begin screening in June with Wastewater Treatment and Economic Development PSAs. July should feature our new “Think Before You Throw” PSA.

Resource Recovery Collections

Due to the recent increase of people sleeping in garbage dumpsters we are redistributing warning flyers to the homeless service center and other shelters and food pantry in hopes that they can help us get the word out that sleeping in dumpsters is extremely dangerous. Below is a picture of the container at the new Five Guys Burgers.



Resource Recovery Facility and Processing

With a nice season of rain this year the landfill staff has been busy with high weed mowing and weed eating. Jimmie Smith has been contracted to trim back some areas of brush that staff have not been able to mow with weed eaters.

Tick season is in full swing at the RRF and Wilder. Staff recommends checking for ticks if you are in grassy areas off of the pavement at the facility.

High winds are predicted for the North Coast today and we will definitely have a crew dedicated to windblown litter tomorrow.

Green Business

On 5/11 the City of Monterey, City of Santa Cruz, County of Santa Cruz, City of Watsonville, and Ecology Action met for the Monterey Bay Green Business Program Task Force to discuss regional promotion, provide updates on program progress, budget, and future asset creation (banners, printed table cloth, etc.).

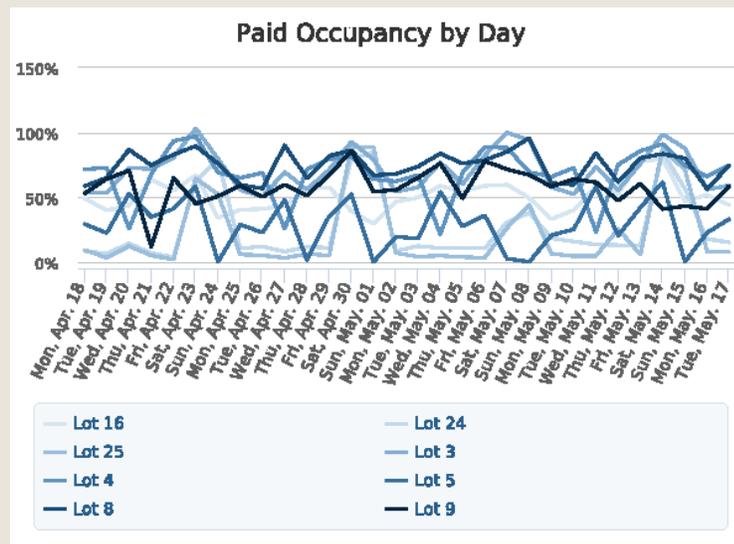
Green Business staff attended a Lighting Fundamentals Training. This training at the Pacific Energy Center in SF provided an excellent overview of lamps, luminaires, and lighting controls for our team. It also covered basic lighting calculations and terminology.

Parking Services

Occupancies at the Locust Garage ranged between 85% and 93% between noon and 4pm this last week with weekend occupancies between 53% and 70%. Permit holders account for 60% of parked vehicles weekdays between noon and 4pm and 15% of parked vehicles on weekends. We have 229 persons on the waitlist wanting 356 permits. The waitlist is 10 months long.

Occupancies at the Soquel/Front Garage ranged between 85% and 89% between noon and 4pm this last week with weekend occupancies between 60% and 75%. Permit holders account for 50% to 60% of parked vehicles weekdays between noon and 4pm and 20% to 30% of parked vehicles on weekends. We have 202 persons on the waitlist wanting 391 permits. The waitlist is 15 months long.

Occupancies at the River Front Garage ranged between 80% and 90% between noon and 4pm this last week with weekend occupancies between 35% and 55%. Permit holders account for 55% to 68% of parked vehicles weekdays between noon and 4pm and 10% to 17% of parked vehicles on weekends. We have 138 persons on the waitlist wanting 483 permits. The waitlist is 7 months long.



Average Paid Occupancies in Pay-by-Space Lots for the week of May 11 – May 17, 2016

Lot 3	72%
Lot 4	70%
Lot 5	40% also monthly permit lot
Lot 8	74%
Lot 9	50%
Lot 16	59%
Lot 24	30%
Lot 25	30%

RECREATION DIVISION

Louden Nelson Community Center



“Presence” Dance Recital

Georgiana Bruce Kirby school presents their Spring Dance Recital, “Presence” in the Loudon Nelson Community Center Auditorium. More information at <https://kirby.org/dance-2016>

San Lorenzo River Symposium

The City of Santa Cruz Water Department in partnership with local agencies and organizations is hosting the San Lorenzo River Symposium in the Loudon Nelson Community Center Auditorium Saturday, May 21st 10:00 am – 1:00 pm. The event is an opportunity for the public to learn about the science and management of the San Lorenzo River watershed.



More info at <http://coastal-watershed.org/event/san-lorenzo-river-symposium/>



Santa Cruz Capoeira presents “Batizado”

Raizes Do Brazil will hold their annual ‘Batizado’ in the Loudon Nelson Community Center multi-purpose room, Saturday, May 21 - 12:00 – 7:00 pm. Capoeira students will be presented with their graduation belts plus performances, Samba dancers and more! Information at

http://www.santacruzcapoeira.com/site/Batizado_2016.html

CIVIC

Derby Girls Return for Great Roller Derby Action

The Santa Cruz Derby Girls return to the Civic Auditorium on Saturday, May 21, open at 6:00pm! Our All-Star team, the [Boardwalk Bombshells](#), will face off against the [Richmond Wrecking Belles](#), hailing from SCDG's longtime rival league [Bay Area Derby](#). Don't miss your chance to see the fiercest skaters around show off the speed, strength, and skill of flat track roller derby! Bout starts at 6:30pm -tickets on sale now at santacruztickets.com.



PARKS DIVISION

Bio Swale Project at the Cowell Beach Parking Lot

On Sunday, May 15, eight volunteers from our local Habitat Youth Project Education (HYPE) – under the guidance of our Parks Division Median Supervisor Leslie Keedy – planted the parking lot area at Cowell Beach with an estimated 75 drought tolerant plants of several varieties, including native grasses, native yarrow hybrids, coastal sage wart, coastal strawberry and native seaside daisy. A total of 32 hours of labor was donated that day, thanks to our collaboration with a community partner and the relationships developed by a Parks staff member. New maritime-themed rope fence border was also installed to lessen foot traffic in the bio swale planting area. The improvement was built as a condition of public works roundabout construction and paved surface area, and the planting area is also used to capture on-site storm water. The project is a compliment to the Public Works round-about project at the end of Center Street, with Beach/West Cliff intersecting. Good job to all and hearty thanks to the volunteers!

