

Capitola in limbo as disaster relief stalls



KEVIN JOHNSON/SENTINEL

Pacific Cove resident Pamela Bone works in her garden that was devastated by the March floods in Capitola. The city is going to close the park and relocate residents rather than repair damage caused by the March floods. 'It's going to be hard finding another place to live that has the quality of Pacific Cove,' Bone says.

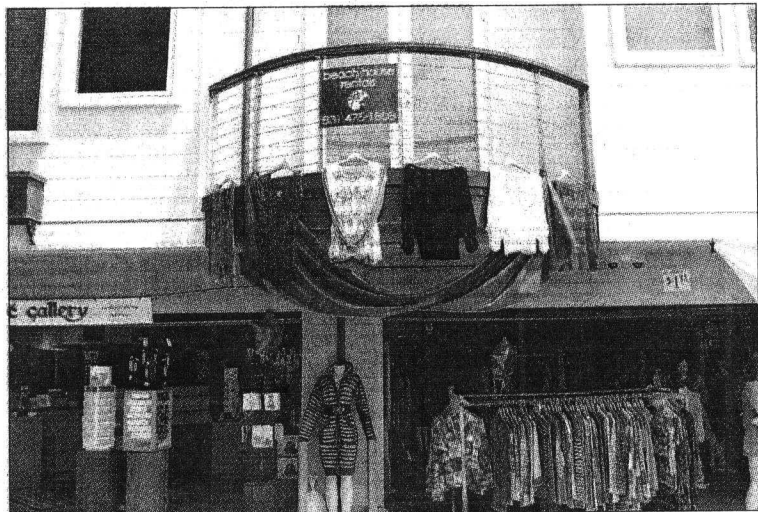
City emergency reserves depleted, budget strained

By TOVIN LAPAN

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CAPITOLA — When the state declared a disaster after the March tsunami battered the Santa Cruz Small Craft Harbor and other parts of the coast, it invoked the California Disaster Assistance Act, which triggers state aid once the federal government provides disaster relief funding.

After storms in late March led to two flash floods in Capitola, as well as landslides and other damage across the state, the state once again declared a disaster. But, in a move that could affect Capitola's budget for years to come, the state chose not to invoke the Disaster Assistance Act in the second dec-



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Shoppers browse inside of The Craft Gallery in Capitola Village on Saturday. The store was forced to conduct business in a tent after the floods in March.

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laration.

Capitola has already spent close to \$1 million on flood repairs to city property, and expects to spend another \$500,000 to finish the task. The city's emergency reserves are completely depleted, and officials had to dip into the contingency reserve as well. ♦

As the city prepares its 2011-2012 budget, effective July 1, the uncertainty of whether state and federal aid will ever arrive has left the city staff and council in limbo.

Capitola's total budgeted expenditures for 2011-2012 are \$12.5 million.

"Obviously this is a big deal for Capitola," Public Works Director Steve Jesberg said. "We've used all our emergency reserves with the flood, and this could result in cuts to services or not having adequate reserves. This is the first time I've ever seen this before, where the state doesn't indicate it will provide funding."

Once a disaster is declared, the federal government typically covers 75 percent of the damages. In previous cases the state would then pick up 75 percent of the remaining costs, leaving the local agency to pay for a small portion of the total damage.

The federal threshold to declare a disaster is \$44 million in damage. The state has said that destruction caused by the violent storms of late March will cost \$44.5 million. FEMA has yet to decide if California will receive aid.

City officials and council members are worried that they could receive nothing if the federal government does not come through.

"I'm concerned we are going to get caught in the middle of a state and federal government argument," Councilman Mike Termini said. "And the only people who are going to suffer are the people of Capitola."

Capitola declared a state of



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Since moving from its temporary location, The Craft Gallery in Capitola Village is now filled with clothes, sunglasses and souvenirs.

emergency immediately after the two floods swept through the city-owned Pacific Cove Mobile Home Park and Capitola Village. Capitola's damage assessment was then packaged with the county's and forwarded to the state. The county estimated total damage from the storms at \$17 million.

Assemblyman Bill Monning, D-Carmel, plans to speak with CalEMA acting secretary Mark Dayton on Tuesday to further discuss the needs of his district after the storms, and get an update on the state's decision-making process.

"The state is in dire economic straits," Monning said. "But if local communities don't get support in their disaster claims, it could put them on even more fragile footing in an already tough time. These dollar amounts for damages represent a huge percent of the operating budget for communities, whether it's Capitola or Santa Cruz County."

Capitola, which gets more than 40 percent of its revenue from sales tax, took in an estimated \$12.3 million in total revenue in 2010-2011, down

\$1.2 million from the high point in 2007-2008. The city, in its preliminary budget session on May 25, announced that projected expenditures for 2011-2012 outpace revenues by \$350,000.

Right now various solutions are on the table, including cuts to city programs and further delaying the hire of a finance director, a position the city has been without since 2008. Yet the city is still hoping assistance will arrive, and some of the tougher decisions will not have to be made.

"If we aren't reimbursed, there will have to be hard decisions down the road," City Manager Jamie Goldstein said. "It's unreasonable to come up with \$1.5 million in one year to backfill the reserves. Logically it will take place over a period of time, but it will come at the expense of other programs."

Meanwhile, other aid has been provided, but mostly for businesses and residents affected by the floods. The Capitola Disaster Relief Fund collected \$40,000, which has been distributed to businesses and private property owners through the Capitola-Soquel

Chamber of Commerce, Chamber CEO Toni Castro said.

Also, the Small Business Association offered low-interest federal loans to businesses, renters, homeowners and others affected by the floods.

Castro said all but four of the shops in the village have reopened since the flood.

The 26 full-time residents of Pacific Cove Mobile Home Park are also watching the situation closely. In April the City Council voted to move forward with plans to close the park and relocate the residents, deciding that the cost of bringing the park up to current code was not worth the risk of maintaining a mobile home park in a flood plain.

The city has commissioned a report to assess the costs and logistics of closing the park and relocating the residents that should be ready for public review by September.

"We are in limbo, waiting for more information," Pacific Cove resident Ann Schroedel said. "I'm wondering where the money is going to come from for relocation, especially if the city doesn't get any disaster funding."