

Capitola City Council

Agenda Report



Meeting: October 23, 2025

From: Community and Economic Development Department

Subject: Contract for Arbitration Services

Recommended Action: Adopt a resolution authorizing the City Manager to execute a professional services agreement with Signature Resolution to provide arbitration services for mobile home rent increase petitions pursuant to Capitola Municipal Code Chapter 2.18.

Background: Pursuant to Chapter 2.18 of the Capitola Municipal Code [Mobile Home Park Rent Stabilization], on March 17, 2025, the Park Owner of Cabrillo Mobile Home Estates (930 Rosedale Avenue), issued a notice of rent increase to its residents. In accordance with CMC Section 2.18.090, the City subsequently received petitions from affected homeowners requesting review of the proposed rent increase.

The ordinance requires the City assign a qualified arbitrator to conduct a hearing and issue a decision on the matter. Accordingly, on May 8, 2025, pursuant to an RFP, the City Council approved an agreement with California Hearing Officers, LLP to serve as the arbitrator for the rent dispute. Subsequently, the Park Owner objected to the City's appointment of the arbitrator and requested an alternative procedure by which both the Park Owner and Affected Homeowners could mutually agree to an arbitrator.

While the power to appoint the arbitrator rests with the City, the City saw merit in a process where both parties could provide input on the arbitrator selection. The City researched alternative arbitrators who had experience in handling rent stabilization proceedings, and both the Park Owner and the Affected Homeowners selected Hon. Amy Hogue of Signature Resolution. City staff is now requesting approval of a contract with Signature Resolution to engage the mutually selected arbitrator and schedule the rent review proceedings.

Discussion: Hon. Amy Hogue with Signature Resolution, LLC has the experience to perform arbitration services in accordance with Chapter 2.18 of the CMC. Hon. Amy Hogue is a former complex court judge in Los Angeles County Superior Court, and is knowledgeable regarding the City's Ordinance, and the role of the Arbitrator.

Under the agreement, the Arbitrator will complete the following scope of work:

- Conduct hearings and issue binding decisions on rent dispute petitions pursuant to CMC §2.18.090;
- Evaluate proposed rent increases for compliance with standards outlined in CMC §2.18.110, including just and reasonable return, net operating income, and mitigating factors;
- Provide written statements of decision within 30 days of hearings; and
- Coordinate with City staff on hearing schedules, document review, and compliance with established procedures.

California Hearing Officers LLP was cooperative with the City in terminating the May 8, 2025 contract, and no fees were expended under that prior contract.

Fiscal Impact: Costs associated with arbitration services will be funded by the Housing Trust Fund (\$50,000) and General Fund (\$10,000). Based on staff research of similar cases, the cost for arbitration for similar cases is on average \$120,000. The contract will be billed in accordance with the fee schedule attached to the contract. The contract agreement is proposed for up to \$60,000.

Attachments:

1. Resolution
2. Contract

Report Prepared By: Katie Herlihy, Community and Economic Development Director

Reviewed By: Julia Gautho, City Clerk; Jim Malberg, Administrative Services Director; Samantha Zutler, City Attorney

Approved By: Jamie Goldstein, City Manager