CITY OF CAPITOLA
ADMINISTRATIVE POLICY
BODY ART STUDIO LOTTERY

Effective Date: _____
Adopted By: _____

1. Purpose

This policy establishes the process for selecting body art studios when more applications are received than the number of studios allowed by the Capitola Municipal Code. This policy is intended to implement Capitola Municipal Code Section 17.96.080, Body Art Studios, and does not replace or modify the requirements of the Municipal Code.

2. Number of Body Art Studios

A maximum of three body art studios may operate in the City at any given time:

- One in the Mixed Use Village (MU-V) zoning district; and
- Two in the Regional Commercial (C-R) and Community Commercial (C-C) zoning districts combined.

3. Application to Participate in the Lottery

During the initial application period established by Municipal Code Section 17.96.080, an applicant wishing to participate in the lottery must submit:

1. A completed City lottery application on the form approved by the Community Development Director;
2. A $3,000 deposit; and
3. The applicant's preference for:
    - MU-V, or
    - C-R/C-C.

An applicant may identify only one zoning district preference. If not selected for the preferred location, the applicant will be added to the pool for the third lottery.

The deposit is required to participate in the lottery. If selected, the deposit will be applied toward the future conditional use permit. If not selected, the deposit, will be refunded to the applicant, less $250 for cost associated with administering the lottery. If a lottery is not held due to lack of applications, the $250 will not be charged.

4. Lottery Process

If more complete applications are received than the number of available body art studio locations, the City will conduct a random lottery.

The lottery will be conducted in the following order:

First Lottery – MU-V

1. All applicants requesting an MU-V location will be entered into the first lottery.
2. The first selected applicant will receive the opportunity to proceed with a body art studio in the MU-V zoning district.
3. If there are no MU-V applicants, the MU-V location will be open to all applicants in the Fourth lottery.

Second Lottery – C-R/C-C

1. All applicants requesting a C-R/C-C location will be entered into the second lottery.

2. The first two selected applicants will receive the opportunity to proceed with body art studios in the C-R/C-C zoning districts.

Third Lottery – Remaining C-R/C-C Opportunity

1. All remaining applicant not previously selected will be included in a third lottery for any remaining C-R/C-C opportunity.
2. The second two selected applicants will receive the opportunity to proceed with body art studios in the C-R/C-C zoning districts.

Fourth Lottery – Remaining MU-V Opportunity

1. If there were no applicants having a preference for the MU-V District, the MU-V lottery will open to all remaining applicants not previously selected.

5. Selection Does Not Guarantee a Location

Being selected in the lottery does not approve a particular location or guarantee approval of a conditional use permit.
A selected applicant must identify a proposed location that meets all applicable City requirements, including the zoning requirements for body art studios.
The applicant remains responsible for obtaining all required City and County approvals.

6. One Year Requirement

A selected applicant will have one year from the date of lottery selection to complete the following:

1. Obtain a signed lease or other proof of site control for a location within the zoning district for which the applicant was selected.
2. Conditional Use Permit. A selected applicant must obtain a conditional use permit as required by Capitola Municipal Code Section 17.96.080. Lottery selection does not constitute approval of a conditional use permit. The conditional use permit process will address the proposed location and the applicable requirements of the Municipal Code.

The one-year period is intended to give the selected applicant time to secure a location and obtain a conditional use permit.

7. Construction and Permitting Period

After satisfying the one-year requirements, the selected applicant will have an additional 12 months to complete all required permits, registration, construction, and licensing required to open and operate the body art studio for business.

8. Failure to Meet Deadlines

If a selected applicant:

- Does not provide the required Conditional Use Permit and lease/site control within the initial one-year period; or
- Does not complete all required permits, registration, construction, and licensing required to open and operate the body art studio for business within the additional one-year period;

the applicant's opportunity to operate a body art studio under the lottery selection will expire.

The available body art studio opportunity will then be made available to another applicant pursuant to the Municipal Code and this administrative policy.

9. Withdrawal

An applicant may withdraw from the lottery or from the process at any time by notifying the City in writing. A withdrawn applicant will no longer be eligible for the body art studio opportunity for a period of one year.

10. City Discretion

The City Manager or designee may establish reasonable administrative procedures necessary to conduct the lottery and implement this policy, provided those procedures are consistent with Capitola Municipal Code Section 17.96.080. If there is a conflict between this policy and the Capitola Municipal Code, the Municipal Code shall control.

11. Policy Expiration

This policy shall expire after the application period for the initial lottery has closed. Once expired, body art studio permits shall be issued on a first come first served basis and this policy will automatically be rescinded.