



Community & Economic Development Department

Memo

To: City Council
 From: Katie Herlihy, Community and Economic Development Director
 Date: February 23, 2026

Subject: Item 4A – Capitola Mall an Objective Standards Zoning Code Amendments – Correction to Staff Report Table 4 and Additional Information regarding a Public Safety Floor Area Exemption

Following publication of the agenda packet, staff found an error in Table 4 of the report. This memo is intended to correct *Table 4: Fiscal Impact Analysis* within the staff report and provide additional information regarding a Public Safety floor area exemption.

Table 4 Correction

The Projected Net Impact of Tier 3B was incorrectly listed as \$431,270. The correct amount is \$760,215 as highlighted in the following updated table:

Table 4: Fiscal Impact Analysis on MGP Mall Redevelopment

	Redevelopment Scenarios			
	Tier 1	Tier 2	Tier 3A	Tier 3B
Development Assumptions	48 du/ac	48 du/ac	53 du/ac	53 du/ac
New Units	1,256	1,256	1,326	1,326
Specialty Retail	0	30,000 sf	40,000 sf	40,000 sf
General Retail	0	0	0	160,000 sf
New Hotel	0	85 rooms	125 rooms	0
Meeting Space	0	3,000 sf	4,000 sf	0
Fiscal Impact				
Annual Cost - Adjusted Kosmont	\$1,225,509	\$1,225,509	\$1,293,810	\$1,293,365
Annual Revenue Increase	\$448,840	\$1,496,277	\$1,981,392	\$2,053,580
Projected Net Impact	\$(776,669)	\$270,768	\$687,583	\$760,215

Public Safety Floor Area Exemption

Staff recently met with the Central Fire District of Santa Cruz County to discuss the need for a better station location. The approximately 46-acre Capitola Mall property presents a potentially ideal opportunity to improve response times, decrease risks associated with flooding, and strategically serve a future mixed-use development at the Capitola Mall site. Staff discussed the possibility of incorporating an incentive within the proposed Zoning Code updates to accommodate a station on a portion of the site by exempting the floor area of a public safety facility from applicable floor area calculations. This approach would ensure that the developer does not forfeit otherwise developable building area while providing a substantial community benefit in the form of enhanced public safety services. At the Special City Council Meeting held on February 23, 2026, staff will present a slide recommending an amendment to the draft code to include public safety facilities as an exception to floor area requirements.