

A Profile of The City of Capitola

Capitola is an intimate beach village tucked in a river valley in Santa Cruz County on the Monterey Bay. Located an hour away from San Jose and an hour and a half from San Francisco, Capitola enjoys a lively population full of tradition and an interesting history. Capitola Village is located along a wide beach with a breathtaking view of Monterey Bay and is home to numerous craft galleries, boutiques and restaurants. It is here where the Begonia Festival takes place each Labor Day weekend, featuring flower-draped floats and the must-see sand castle contest. Each fall the village also hosts the Annual Capitola Art & Wine Festival, which brings in over 170 artists, 10 wineries and numerous food vendors. Other visitor attractions include the Capitola Historical Museum, Capitola Wharf, and the Capitola Mall.

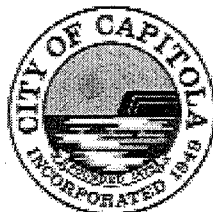
Voted one of the best beach locations on the California Coast by Sunset Magazine, Capitola has fishing and boating services in addition to its beachfront restaurants, shops and entertainment.

Capitola's history began with Frederick Hihn, a native of Germany who came to California during the Gold Rush, obtained the land that is now Capitola Village in 1865 from the heirs of rancho grantee Martina Castro. A few years later, Hihn leased the parcel near the wharf at Soquel Landing to S. A. Hall, a former contractor who planned to settle down as a farmer. In 1874, his daughter, Lulu Hall Wolbach, suggested that he set up a tent camp along the beach for the summer. It may have been Lulu, a former Soquel teacher, who named the resort "Capitola" after the heroine in a series of popular novels. Camp Capitola welcomed its first guests on July 4, 1874.

The Hall family set up the tents along a dirt path every summer for five years, until increases in rent forced them to give up the lease. A series of other tenants continued the camp and began to make improvements. By the time the Santa Cruz-Watsonville Railroad was broad gauged in 1883, Capitola had become the destination of thousands of summer visitors who wanted to escape the sweltering heat of the state's interior. Hihn himself took over direction of the resort's progress in 1884, when he created a subdivision map and began to sell lots for summer homes. Visitors stayed at the big hotel or in cabins and tents along the beach, and enjoyed themselves on land and sea.

Following Hihn's death in 1913, Capitola was inherited by his daughter, Katherine Henderson, who sold it shortly after World War I to Henry Allen Rispin of San Francisco. Rispin's dream was to renovate and modernize Capitola so that it would be appealing to vacationers from the San Francisco Bay Area. He spent a fortune on his schemes for "Capitola-by-the-Sea," until he went bankrupt just before the start of the Great Depression in 1929.

Lulu and S. A. Hall, Frederick Hihn, and Henry Rispin were the early builders and protectors of a small seaside camp that may today be California's oldest continuing resort.



Summary Statistics

Date of Incorporation – 1949

Form of Government – Council – Manager

Area – Square Miles – Approximately 2 square miles

Demographics

| Calendar Year | Population | Per Capita Personal Income (\$000) | Median Age | Unemployment Rate |
|---------------|------------|------------------------------------|------------|-------------------|
| 1998 | 11,050 | \$ 30,600 | 35 | 5.7% |
| 1999 | 11,136 | \$ 33,000 | 35 | 5.4% |
| 2000 | 11,181 | \$ 39,200 | 35 | 4.7% |
| 2001 | 10,033 | \$ 38,600 | 35 | 4.2% |
| 2002 | 10,500 | \$ 37,900 | 35 | 4.6% |
| 2003 | 10,100 | \$ 37,500 | 38 | 3.8% |
| 2004 | 10,050 | \$ 39,800 | 38 | 3.4% |
| 2005 (4) | 9,924 | \$ 42,600 | 37 | 3.1% |
| 2006 (4) | 9,945 | \$ 42,600 | 37 | 2.7% |
| 2007 (4) | 9,960 | \$ 42,600 | 37 | 2.7% |

| Employer | 2006 | | |
|--|---------|---------------------|-----------------------------|
| | Ranking | Number of Employees | Percent of Total Employment |
| Macy's | 1 | 250 | 3.73% |
| Mervyn's LLC | 2 | 230 | 3.43% |
| Santa Cruz County Office of Education | 3 | 220 | 3.28% |
| Gottschalks Inc. | 4 | 188 | 2.81% |
| Sears | 5 | 150 | 2.24% |
| Culinary Enterprises, Inc.-Shadowbrook | 6 | 135 | 2.01% |
| Orchard Supply Hardware, div. of Sears | 7 | 125 | 1.87% |
| Spa Fitness Centers, Inc. | 8 | 125 | 1.87% |
| Longs Drug Stores (2 locations) | 9 | 100 | 1.49% |
| Trader Joe's Co. | 10 | 100 | 1.49% |
| | | 1,623 | 24.22% |
| Memo: Total Employment | | 6,701 | 24.22% |

* Santa Cruz County per capita personal income

Principal Employers

Assessed Value of Taxable Property

| Fiscal Year Ended June 30 | City of Capitola (\$000) | | | | |
|---------------------------|--------------------------|---------------|-----------------|--------------------------------------|------------------------|
| | Secured | Unsecured | Less Exemptions | Plus Reimbursed Homeowners Exemption | Taxable Assessed Value |
| 1997 | \$ 778,208 | Incl. In Sec. | \$ 14,965 | \$ 10,621 | \$ 773,864 |
| 1998 | \$ 850,104 | Incl. In Sec. | \$ 24,742 | \$ 10,803 | \$ 836,165 |
| 1999 | \$ 850,024 | \$ 56,732 | \$ 17,882 | \$ 10,946 | \$ 899,820 |
| 2000 | \$ 916,373 | \$ 59,420 | \$ 17,089 | \$ 11,132 | \$ 969,836 |
| 2001 | \$ 979,304 | \$ 59,888 | \$ 17,142 | \$ 11,110 | \$ 1,033,160 |
| 2002 | \$ 1,062,124 | \$ 62,487 | \$ 20,825 | \$ 12,144 | \$ 1,115,930 |
| 2003 | \$ 1,136,170 | \$ 63,858 | \$ 32,853 | \$ 12,279 | \$ 1,179,454 |
| 2004 | \$ 1,222,957 | \$ 63,534 | \$ 24,504 | \$ 11,691 | \$ 1,273,678 |
| 2005 | \$ 1,409,131 | \$ 62,603 | \$ 32,012 | \$ 10,878 | \$ 1,450,600 |
| 2006 | \$ 1,531,428 | \$ 68,903 | \$ 29,922 | \$ 10,725 | \$ 1,581,134 |