AGENDA

Meeting of the
Scotts Valley City Council
In-Person and Remote Access
Date: March 5, 2025
Time: 6:00 PM

CONTACT INFORMATION	MEETING LOCATION	POSTING
City of Scotts Valley 1 Civic Center Drive Scotts Valley, CA 95066 (831) 440-5600	City Council Chambers 1 Civic Center Drive Scotts Valley, CA 95066 OR Zoom Video Conference https://us02web.zoom.us/j/83295730901	Agenda posted on 2-28-2025 at City Hall, SV Senior Center, SV Public Works Building, and on the Internet at: www.scottsvalley.gov

ELECTED OFFICIALS	CITY STAFF MEMBERS
Derek Timm, Mayor Allan Timms, Vice Mayor Steve Clark, Council Member Krista Jett, Council Member Donna Lind, Council Member	Kirsten Powell, City Attorney Stephanie Hill, Administrative Services Director Cathie Simonovich, City Clerk

MEETING NOTICE AND AGENDA PACKET MATERIALS

Notice regarding City Council Meetings:
The City Council meets regularly on the 1st and 3rd Wednesday of each month at 6:00 PM in the City Hall Council Chambers located at 1 Civic Center Drive, Scotts Valley, CA 95066, and via Zoom Webinar remote access.

Agenda and Agenda Packet Materials:
The City Council agenda and the complete agenda packet are available for review by 5:00 PM the Friday before the Wednesday meeting on the Internet at the City's website: www.scottsvalley.gov and in the lobby of City Hall at 1 Civic Center Drive, Scotts Valley, CA. Pursuant to Government Code §54957.5, materials related to an agenda item, submitted after distribution of the agenda packet, are available for public inspection in the lobby of City Hall during normal business hours, Monday-Friday, 8am-12 pm and 1-5 pm. In accordance with AB 1344, such documents will be posted on the City's website at www.scottsvalley.gov.

Public Participation:
The meeting will be available on Zoom and livestreamed to the City of Scotts Valley's YouTube channel: https://www.youtube.com/@cityofscottsvalley
For those wishing to participate via Zoom you can join the following ways:
Zoom Webinar meeting link: https://us02web.zoom.us/j/83295730901
Or dial one of these numbers: (669) 900-9128 or (669) 444-9171
Webinar ID: 832 9573 0901

Whether attendance is in-person or remote, you will be given opportunities to provide public comment at the appropriate times throughout the meeting. The time limit is up to 3 minutes for an individual, or 5 minutes for someone who is representing a group of three or more, at the discretion of the Mayor. Please note that this is not a question-and-answer time, but simply a time to provide comments to the Council. At the appropriate times during the meeting for public comment, on items not on the agenda, and on specific agenda items, the Mayor will announce that public comment will be accepted.

How to comment via in-person attendance:
Please proceed to the public comment podium when the Mayor opens the item for public comment.

How to comment via Zoom Webinar:
Use the webinar attendee option to “raise hand” when the Mayor opens the item for public comment. The Clerk will unmute you when it is your turn. If you have joined via Zoom phone call, dial *9 or your phone to “raise your hand”, and the Clerk will unmute you when it is your turn.

CALL TO ORDER 6:00 PM

PLEDGE OF ALLEGIANCE and MOMENT OF SILENCE

ROLL CALL

SPECIAL SET MATTER

1. Mayor's proclamation celebrating Alfred Hitchcock Week: March 10th through March 16th

COMMITTEE REPORTS

Council members are appointed to committees which are either City committees or committees dealing with other jurisdictions. This portion of the agenda allows the committee member to present oral or written reports to the Council regarding their committee assignments. It also allows the Council to make comments and give the committee member direction, as required.

CITY MANAGER REPORT

PUBLIC COMMENT TIME

This is the opportunity for individuals attending in person to make oral comments to the Council on any items within the purview of the Council, which are NOT part of the Agenda. No action on the item may be taken, but the Council may request the matter be placed on a future agenda. Written public comment may be emailed to the City Clerk by 5:00 PM on the day of the meeting at csimonovich@scottsvalley.gov.

ALTERATIONS TO CONSENT AGENDA

Council can remove or add items to the Consent Agenda.

CONSENT AGENDA

The Consent Agenda is comprised of items which are intended to be non-controversial and are approved without discussion. Persons wishing to speak on any item may request the item be moved to the Regular Agenda by raising their hand to be recognized by the Mayor. An item will only be moved from the Consent Agenda to the Regular Agenda if a City Council Member requests it to be moved and a majority of the Council agrees.

1. Approve City Council minutes of 02-19-2025
2. Approve check register dated 02-15-2025 through 02-28-2025

ALTERATIONS TO REGULAR AGENDA

Council can remove or add items to the Regular Agenda.

REGULAR AGENDA

Persons wishing to speak on any item may do so by raising their hand to be recognized by the Mayor.

1. Guiding Budget Principles for Fiscal Year 2025-26
2. Future Council Agenda Items

ADJOURNMENT

ADA NOTICE

The City of Scotts Valley does not discriminate against persons with disabilities. The City Council Chambers is an accessible facility. If you wish to attend a City Council meeting and require assistance such as sign language, a translator, or other special assistance or devices in order to attend and participate at the meeting, please call the City Clerk's office at (831) 440-5600 five to seven days in advance of the meeting to make arrangements for assistance. If you require the agenda of a City Council meeting be available in an alternative format consistent with a specific disability, please call the City Clerk’s Office. The California State Relay Service (TTY/VCO/HCO to Voice: English 1-800-735-2929, Spanish 1-800-855-3000; or, Voice to

TTY/VCO/HCO: English 1-800-735-2922, Spanish 1-800-855-3000), provides Telecommunications Devices for the Deaf and Disabled and will provide a link between the TDD caller and users of telephone equipment.

PROCEDURAL INFORMATION FOR THE PUBLIC

THE FOLLOWING IS THE PROCEDURE COUNCIL SHOULD TAKE IN APPROVAL OF A RESOLUTION:

1. Move the Resolution number for approval.
2. Second the motion.
3. Vote by body, a roll call vote is not required.

THE FOLLOWING IS THE PROCEDURE COUNCIL SHOULD TAKE IN INTRODUCTION/ADOPTION OF AN ORDINANCE:

1. Move the Ordinance number for introduction (or adoption).
2. Move the Ordinance be introduced by title only and waive the reading of the text.
3. Read the Ordinance title.
4. Second the motion.
5. Vote by body, a roll call vote is not required.

THE FOLLOWING IS THE PROCEDURE COUNCIL SHOULD TAKE IN PUBLIC COMMENT/PUBLIC HEARINGS:

Unless otherwise determined by the presiding officer of the meeting:

1. Three minutes allowed per individual to speak.
2. Five minutes allowed per individual representing a group of three or more.

❖ ❖ ❖ ❖ ❖ ❖ ❖ ❖

The City of Scotts Valley does not discriminate against persons with disabilities. The City Council Chambers is an accessible facility. If you wish to attend a City Council meeting and require assistance such as sign language, a translator, or other special assistance or devices in order to attend and participate at the meeting, please call the City Clerk's office at (831) 440-5602 five to seven days in advance of the meeting to make arrangements for assistance. If you require the agenda of a City Council meeting be available in an alternative format consistent with a specific disability, please call the City Clerk's Office. The California State Relay Service (TTY/VCO/HCO to Voice: English 1-800-735-2929, Spanish 1-800-855-3000; Voice to TTY/VCO/HCO: English 1-800-735-2922, Spanish 1-800-855-3000; or, from or to Speech-to-Speech, English & Spanish 1-800-854-7787), provides Telecommunications Devices for the Deaf and Disabled and will provide a link between the TDD caller and users of telephone equipment.

City of Scotts Valley

Mayor's Proclamation

Celebrating Alfred Hitchcock Week - March 10th through 14th, 2025

WHEREAS, March 12th is celebrated as National Hitchcock Day each year; and

WHEREAS, the Scotts Valley Community Theater Guild, supported by the Exchange Club of Scotts Valley and Scotts Valley Historical Society, is producing a Hitchcock Festival March 14th through March 16th at the Scotts Valley Cultural & Performing Arts Center; and

WHEREAS, Alfred Hitchcock and his wife Alma Reville were a force of nature in the Motion Picture industry in England. And it wasn't long before Hollywood beckoned them to come Stateside; and

WHEREAS, in 1940 Alfred and Alma purchased the 200-acre estate in Scotts Valley known as "Heart o' the Mountain", their home away from the bustle of Hollywood for 30 years; and

WHEREAS, Alfred and Alma invited many celebrities to come stay at their retreat. Stars of stage and screen like Ingrid Bergman, Cary Grant, James Stewart, Kim Novak and Grace Kelly visited them. Robert Cummings loved to fly into Skypark Airport for a weekend getaway. Princess Grace and the Prince of Monaco visited many times and were their life-long friends; and

WHEREAS, Local restaurant owners welcomed the Hitchcocks in their restaurants. The Old Danish Inn in Scotts Valley was visited many times by Alfred and Alma. Gilda's on the wharf, the Palomar Inn Downtown, and Adolph's were Alfred's favorites. He also loved to visit United Cigar in Santa Cruz, where he would get Hollywood newspapers and his favorite cigars; and

WHEREAS, Alfred made many movies from his Northern California compound. He left a legacy of wonderful movies and TV shows for us to still enjoy today.

NOW, THEREFORE, I, Derek Timm, as Mayor of the City of Scotts Valley, on behalf of the entire City Council, do hereby recognize Alfred Hitchcock, well-known citizen of the world and Scotts Valley resident, for his great contributions to the film world and love of Scotts Valley; and hereby declare the week of March 10th through March 16th, 2025 as "Alfred Hitchcock Week."

CITY OF SCOTTS VALLEY CALIFORNIA 1966

Derek Timm, Mayor

Signed and sealed this 5th day of March 2025

MINUTES

Meeting of the
Scotts Valley City Council
Date: February 19, 2025
Time: 6:00 PM

CONTACT INFORMATION	MEETING LOCATION	POSTING
City of Scotts Valley 1 Civic Center Drive Scotts Valley, CA 95066 (831) 440-5600	City Council Chambers 1 Civic Center Drive Scotts Valley, CA 95066 OR Zoom Video Conference https://us02web.zoom.us/j/83295730901	The agenda was posted on 2-14-2025 at City Hall, SV Senior Center, SV Public Works Building, and on the Internet at www.scottsvalley.gov.

CALL TO ORDER 6:00 PM

The City Council meeting was called to order at 6:00 PM.

PLEDGE OF ALLEGIANCE and MOMENT OF SILENCE

ROLL CALL

ELECTED OFFICIALS PRESENT: Derek Timm, Mayor Steve Clark, Council Member Krista Jett, Council Member Donna Lind, Council Member **ELECTED OFFICIALS ABSENT:** Allan Timms, Vice Mayor	**CITY STAFF MEMBERS PRESENT**: Mali LaGoe, City Manager Kirsten Powell, City Attorney Steve Walpole, Police Chief Stephanie Hill, Administrative Services Director Rodolfo Onchi, Public Works Director Taylor Bateman, Community Development Director Sarah Wikle, Senior Planner Cathie Simonovich, City Clerk

COMMITTEE REPORTS

CM Clark noted that the alternate representative, Gine Johnson, attended the Regional Transportation Commission meeting on February 6. At the meeting they voted on the non-discrimination plan and approved the final climate adaptation vulnerability assessment

(CAVA) study.

CM Clark, along with VM Timms and City Manager LaGoe, attended the Economic Development Committee meeting where discussions included opportunities surrounding Superbowl LX which will be in Santa Clara, the business outreach program, and the banner program.

CM Clark attended the Workforce Santa Cruz County meeting to explore how to assist Scotts Valley's businesses with filling employment vacancies.

CM Clark, along with City Manager LaGoe, attended the Chamber of Commerce Economic Development Committee meeting where they discussed a proposed new layout of the Art, Wine, and Beer Festival. Additional updates from the Chamber include: the Hitchcock Festival will be March 14-16, and a proclamation request may be forthcoming; the Chamber of Commerce Gala will be on May 9 and the theme is Passport Around the World.

CM Clark attended the Seniors Council Area Agency on Aging meeting and noted that the agency is currently accepting applications for area service providers. He also noted that the Live Oak School District will not be renewing the agency's lease, which will negatively impact their level of service to the community.

CM Jett announced that the Youth Action Network Leaders Unite 4 Youth workshop will be March 29 from 11:00 AM to 3:00 PM and is geared towards people aged 14 through 18.

CM Lind attended a Santa Cruz Metropolitan Transit District (METRO) finance board meeting where they authorized the Chief Executive Officer (CEO) to enter into a short-term line of credit.

CM Lind attended the Criminal Justice Council Board of Directors meeting and they approved the final report (year 4) regarding behavioral health services in the county.

CM Lind attended the Chamber of Commerce Ambassadors meeting where they continued to plan the Hitchcock Festival and the Chamber Gala.

Mayor Timm, along with City Manager LaGoe, participated in the onboarding process with Central Coast Community Energy (3CE).

Mayor Timm, along with VM Timms, City Manager LaGoe, and Director Hill, attended the Budget Subcommittee meeting where they reviewed the budget guiding principles and discussed the future meeting schedule.

Mayor Timm attended the Association of Monterey Bay Area Governments (AMBAG) meeting where he was appointed to serve as president. They reviewed the 2025 Coordinated Public Transit-Human Services Transportation Plan development process and the 2050 Metropolitan Transportation Plan/Sustainable Communities Strategy.

CITY MANAGER REPORT

Storm Response: City Manager LaGoe thanked all staff who helped with storm preparations (vacuuming storm drains, trimming trees, etc.) as it truly made a difference during the recent atmospheric river event. Unfortunately, some concerning issues arose at the Wastewater Treatment Plant due to stormwater infiltration into the plant, and we also experienced leaks in some of the City buildings.

Summer Event Planning: This subject was discussed during the City Council Workshop earlier this month and our Recreation Division Manager has reached out to the event organizers for the signature events to determine how we can expand the event use into the new Town Center area to reduce the wear and tear on the fields. We truly appreciate everyone's creativity and flexibility as we move forward with this exciting plan. This subject is also on the agenda for the Parks and Recreation Commission meeting on Thursday, February 20.

Central Coast Community Energy (3CE) Operations Board: City Manager LaGoe was sworn in as a director on the 3CE Operations Board, which is a rotating seat with Capitola every two years. Mayor Timm has taken a seat on the Policy Board. At the first meeting of the Operations Board, they discussed power procurement contracts, renewable energy goals, and the fire at Moss Landing, which prompted a discussion of the safety issues and challenges of battery storage facilities.

4444 Scotts Valley Drive Project: Last week City staff sent an approval letter to the housing project at 4444 Scotts Valley Drive. This project consists of 24 affordable units and one manager’s unit. The City Council previously submitted a letter of funding support for this project, and this site is included in Scotts Valley’s Housing Element.

Community Grant Program: The application deadline for the community grant program is extended to February 27 and includes the autism certification grants for businesses. Both the City and the Chamber of Commerce have performed outreach to local businesses regarding the grant opportunity for autism certification.

Reminder: Follow the City on social media and sign up to receive the City's bi-weekly newsletter!

PUBLIC COMMENT TIME

CM Lind announced that the Fallen Officers Ball will be held this Saturday, February 22, at the Coconut Grove in Santa Cruz.

ALTERATIONS TO CONSENT AGENDA

Evan Siroky provided public comment on Consent Agenda Item 3 - 2025 Legislative Platform - and he noted his opposition to the local control item.

M/S: Lind/Clark
To approve the Consent Agenda with the inclusion of the public comment.
Carried 4/0/1 (AYES: Timm, Clark, Jett, Lind; NOES: None; ABSENT: Timms)

CONSENT AGENDA

1. Approve City Council minutes of 02-05-2025 and Special Study Session minutes of 02-06-2025 & 02-07-2025
2. Approve check register dated 02-01-2025 through 02-14-2025
3. 2025 Legislative Platform
4. Biannual Strategic Goals for FY25/26 through FY26/27
5. Establish a Temporary Project Specific City Facilities Subcommittee
6. Appointment to the Measure Q Citizens Oversight Advisory Board (COAB)

PUBLIC HEARINGS

1. Consideration of the Planning Commission's recommendation of approval of a Minor Land Division Application to subdivide an existing ±24,068 square foot parcel into two parcels in the R-1-10 Zoning District.

Senior Planner Sarah Wikle presented this item and responded to questions from the Council.

Mayor Timm opened the public hearing at 6:36 PM. No members of the public came forward to comment and Mayor Timm closed the public hearing at 6:36 PM.

M/S: Lind/Clark
To approve Minor Land Division No. MLD23-002 and EA23-006 by adoption of Resolution No. 2060.
Carried 4/0/1 (AYES: Timm, Clark, Jett, Lind; NOES: None; ABSENT: Timms)

ALTERATIONS TO REGULAR AGENDA

There were no alterations to the Regular Agenda, however, City Manager LaGoe announced an alteration to the Closed Session. The Closed Session is no longer needed and is therefore cancelled.

REGULAR AGENDA

1. Future Council Agenda Items

None.

CONVENE TO CLOSED SESSION

Closed session cancelled.

CLOSED SESSION SUBJECT(S)

~~1. Conference with Legal Counsel - Existing Litigation~~
~~Legal Authority: Government Code Section 54956.9~~
~~Number of Cases: 1 Case~~
~~Name of Case: Service Employees International Union Local 521 v. City of Scotts Valley, Public Employee Relations Board Case No. SF-CE-2172-M~~
~~Staff Present: City Attorney, Administrative Services Director, Labor Counsel~~

RECONVENE TO OPEN SESSION

Closed session cancelled.

REPORT ON ACTION TAKEN DURING CLOSED SESSION

Closed session cancelled.

ADJOURNMENT

The meeting adjourned at 6:38 PM.

Approved: ______________________________
Derek Timm, Mayor

Attest: ______________________________
Cathie Simonovich, City Clerk

A/P Check Register
Checks from 02/15/2025 to 02/28/2025

Cash Account: 999-10100-000-000-000000

Check Number	Check Date	Vendor Name	Net Check Amount	Check Status	Check Type
133441	02/21/25	ACCENT CLEAN & SWEEP INC	5,478.00	O	Regular
133442	02/21/25	ACE PORTABLE SERVICES	750.24	O	Payment Manager
133443	02/21/25	ALVAREZ IND INC CLEAN BLDG	1,950.00	O	Regular
133444	02/21/25	AMANDA ARMSTRONG	133.49	O	Regular
133445	02/21/25	AT&T	87.48	O	Regular
133446	02/21/25	AT&T MOBILITY	1,555.86	O	Regular
133447	02/21/25	BRINK'S AWARDS & SIGNS	54.87	O	Regular
133448	02/21/25	BRISHAN INC.	1,975.10	O	Regular
133449	02/21/25	BUSINESS WITH PLEASURE	175.60	O	Regular
133450	02/21/25	CENTRAL COAST SYSTEMS	465.00	O	Regular
133451	02/21/25	CHAD PRICE	2,400.00	O	Regular
133452	02/21/25	COMCAST	754.96	O	Payment Manager
133453	02/21/25	CRYSTAL SPRINGS WATER CO	19.00	O	Regular
133454	02/21/25	CUMMING MANGEMENT GROUP, INC	787.50	O	Regular
133455	02/21/25	DAWN BANKS	82.40	O	Regular
133456	02/21/25	ENVIRONMENTAL INNOVATIONS	7,730.00	O	Regular
133457	02/21/25	GOOD CITY COMPANY	4,439.00	O	Regular
133458	02/21/25	GRANITE CONSTRUCTION CO	601.82	O	Regular
133459	02/21/25	IBCCES	4,339.00	O	Regular
133460	02/21/25	INTERSTATE SALES	2,427.41	O	Regular
133461	02/21/25	KENNEDY-JENKS CONSULTANTS	65,721.59	O	Regular
133462	02/21/25	L & M FIRE PROTECTION	1,440.00	O	Regular
133463	02/21/25	LOGAN & POWELL, LLP	29.00	O	Regular
133464	02/21/25	M-GROUP	6,975.00	O	Regular
133465	02/21/25	MARY LOUISE DEFALCO	92.00	O	Regular
133466	02/21/25	MCCAMPBELL ANALYTICAL, INC.	508.00	O	Regular
133467	02/21/25	MONTEREY REGIONAL	13,983.60	O	Payment Manager
133468	02/21/25	NBS GOVERNMENT FINANCE GROUP	6,616.64	O	Regular
133469	02/21/25	NCH CORPORATION	1,426.75	O	Regular
133470	02/21/25	NORTH CENTRAL LABORATORIES	982.45	O	Payment Manager
133471	02/21/25	PALACE BUSINESS SOLUTIONS	111.87	O	Regular
133472	02/21/25	PHENOVA	1,782.58	O	Regular
133473	02/21/25	PHILLIP D NEUMAN	1,444.83	O	Regular
133474	02/21/25	S.V. WATER DISTRICT - BULK	170.80	O	Regular
133475	02/21/25	SANTA CRUZ COUNTY CONFERENCE	22,360.44	O	Regular
133476	02/21/25	SANTA CRUZ SENTINEL	212.80	O	Payment Manager
133477	02/21/25	STERICYCLE INC	248.21	O	Regular
133478	02/21/25	STEVE CLARK	947.58	O	Regular
133479	02/21/25	SUMMIT UNIFORMS	52.50	O	Regular
133480	02/21/25	SYCAL ENGINEERING INC	201.00	O	Regular
133481	02/21/25	TELECOMMUNICATIONS	19,998.72	O	Regular
133482	02/21/25	THOMSON REUTERS-WEST	396.48	O	Payment Manager
133483	02/21/25	U.S. BANK CORPORATE	10,495.88	O	Regular
133484	02/21/25	VERIZON WIRELESS	178.76	O	Regular

Check Number	Check Date	Vendor Name	Net Check Amount	Check Status	Check Type
133485	02/21/25	WATSONVILLE DIESEL	1,296.95	O	Payment Manager
133486	02/21/25	WIZIX TECHNOLOGY GROUP, INC	818.55	O	Payment Manager
133487	02/28/25	ACC BUSINESS	1,830.64	O	Payment Manager
133488	02/28/25	AFLAC-FLEX ONE	586.71	O	Regular
133489	02/28/25	ALFA LAVAL INC.	9,336.94	O	Regular
133490	02/28/25	ALHAMBRA	293.18	O	Regular
133491	02/28/25	ALVAREZ IND INC CLEAN BLDG	256.00	O	Regular
133492	02/28/25	AMAZON CAPITAL SERVICES	182.29	O	Regular
133493	02/28/25	AUTO CARE LIFESAVER TOWING	594.00	O	Regular
133494	02/28/25	BELLOWS PLUMBING HEATING & AIR	389.00	O	Regular
133495	02/28/25	CALIFORNIA DEPARTMENT OF	14,446.00	O	Regular
133496	02/28/25	COMPUTERSMITHS LLC	1,870.00	O	Regular
133497	02/28/25	CSG CONSULTANTS, INC	70,018.20	O	Regular
133498	02/28/25	DU-ALL SAFETY, LLC	3,450.00	O	Payment Manager
133499	02/28/25	FEDERAL EXPRESS	204.39	O	Regular
133500	02/28/25	FERNANDO MENDOZA	576.78	O	Regular
133501	02/28/25	GRAINGER	263.70	O	Regular
133502	02/28/25	HERWIT ENGINEERING	20,976.50	O	Regular
133503	02/28/25	KARRIYMA PEKARY	250.00	O	Regular
133504	02/28/25	L & M FIRE PROTECTION	1,550.00	O	Regular
133505	02/28/25	LIEBERT CASSIDY WHITMORE	2,827.00	O	Regular
133506	02/28/25	MBASIA	10,003.80	O	Regular
133507	02/28/25	MISSION COMMUNICATIONS, LLC	2,879.60	O	Payment Manager
133508	02/28/25	MISSION UNIFORM SERVICE	576.40	O	Payment Manager
133509	02/28/25	MUTUAL OF OMAHA	1,339.23	O	Regular
133510	02/28/25	OLIN CORPORATION AS SOLE	4,984.14	O	Regular
133511	02/28/25	PETERSON POWER SYSTEMS, INC.	6,898.48	O	Regular
133512	02/28/25	PHILLIP D NEUMAN	4,416.76	O	Regular
133513	02/28/25	PRINICPAL LIFE INSURANCE CO	8,233.51	O	Regular
133514	02/28/25	S.V. WATER DISTRICT	7,340.84	O	Regular
133515	02/28/25	SANTA CRUZ COUNTY CONFERENCE	5,621.42	O	Regular
133516	02/28/25	SARAH ORRE	690.00	O	Regular
133517	02/28/25	SCARBOROUGH LUMBER	1,132.95	O	Regular
133518	02/28/25	SCOTTS VALLEY SPRINKLER	195.30	O	Regular
133519	02/28/25	STANDARD INSURANCE COMPANY	1,038.84	O	Regular
133520	02/28/25	STATE WATER RESOURCES CONTROL	169.00	O	Regular
133521	02/28/25	SWEDBERG ELECTRIC INC.	1,400.00	O	Regular
133522	02/28/25	SYCAL ENGINEERING INC	23,038.12	O	Regular
133523	02/28/25	TORO PETROLEUM CORP	6,284.38	O	Regular
133524	02/28/25	WAGE WORKS	125.00	O	Regular
133525	02/28/25	WALD RUHNKE & DOST ARCHITECTS	9,900.00	O	Regular
133526	02/28/25	WEX BANK	8,379.90	O	Regular

74	Checks total:	401,316.04
0	ACH total:	
0	EFTPS total:	
0	Wire transfer total:	
12	Payment Manager total:	27,932.67
86	GRAND TOTALS	429,248.71

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: 3/5/2025

TO: Honorable Mayor and City Council

FROM: Stephanie Hill, Administrative Services Director

APPROVED: Mali LaGoe, City Manager

SUBJECT: **Guiding Budget Principles for Fiscal Year 2025-26**

SUMMARY OF ISSUE

Each year, the City Council provides crucial guidance to the City Manager in preparing the annual budget for the upcoming fiscal year. This practice, widely adopted by local governments, serves as a vital framework for guiding staff in the development of a comprehensive budget. It not only directs the allocation of resources but also provides a clear basis for assessing and evaluating the various budget proposals that will be included in the proposed budget.

As part of this process, the Budget Subcommittee, in collaboration with staff, has reviewed and refined the Fiscal Year 2025-26 Guiding Budget Principles. These principles will play a key role in shaping the preparation of the annual budget, ensuring that it aligns with the City's long-term goals and priorities. Additionally, they will provide the foundation for evaluating the proposed budget when it is presented to the City Council for review and discussion during the public hearing in June. This updated approach ensures that the budget process remains transparent, strategic, and reflective of the community's needs and priorities. See Exhibit A.

The following milestones are presented as placeholders in preparing and adopting the City’s FY 2025-26 Annual Budget:

Date/Month	Meeting Forum	Activity
February	City Council Workshop	Establishing Strategic Goals
February	Budget Subcommittee	Review Guiding Principles, goals, calendar
Feb. - April	Internal Staff	Preparation of draft budgets
April - May	Budget Subcommittee	3 - 4 meetings to review draft budgets
May 15th	Planning Commission	Present capital budget for consistency with the General Plan
May 21st	Regular Council Meeting	Preliminary FY2025-26 Budget presentation

June 4th	Regular Council Meeting	FY 2025-26 Budget Adoption

FISCAL IMPACT

There is no fiscal impact as a result of adopting Guiding Budget Principles and providing direction to the City Manager for the preparation of the FY 2025-26 Annual Budget.

STAFF RECOMMENDATION

It is recommended that the City Council approve Resolution No. 630.45 Adopting Guiding Budget Principles for use in preparing the FY 2025-26 Annual Budget.

TABLE OF CONTENTS

RESOLUTION NO. 630.45

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SCOTTS VALLEY ADOPTING GUIDING BUDGET PRINCIPLES AND BUDGET CALENDAR FOR FISCAL YEAR 2025-26

WHEREAS, the City of Scotts Valley is developing the annual budget for Fiscal Year (FY) 2025-26, with Guiding Budget Principles being integral resources fundamental to the annual budget development process; and

WHEREAS, adoption of the annual budget is an integral part of the City's strategic planning and management functions, as it assigns scarce resources to the programs and services provided to the community and ultimately reflects the mission and values of the organization as well as ensuring the long-term fiscal sustainability of City operations; and

WHEREAS, to anchor good financial planning, focus budget preparation, support fiscal sustainability and linkage to organizational goals, a set of guiding budget principles were prepared, drawn from state and national best practices; and

WHEREAS, the Guiding Budget Principles provide principles for numerous policy areas including the following: budgeting, fund balance/reserves, fiscal sustainability planning, ongoing resources and operations, use of one-time resources, capital project budgeting, debt management, and other financial matters; and

WHEREAS, such principles are consistent with the City's strategic plans and priorities and will support the long-term health of the organization.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED as follows:

The City Council of the City of Scotts Valley hereby adopts the attached FY 2025-26 Guiding Budget Principles to be used in preparation of the City's annual budget.

The above and foregoing resolution was duly and regularly adopted by the City Council of the City of Scotts Valley at a meeting held on the 5th day of March 2025 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Approved: ______________________________
Derek Timm, Mayor

Attest:______________________________
Cathie Simonovich, City Clerk

Exhibit A

City of Scotts Valley

Guiding Budget Principles
for FY 2025/26 Annual Budget

City Council establishes a set of budget principles to guide current and future policy makers and staff to ensure the long-term financial sustainability of the City. The budget principles that are listed below were approved by the City to guide the planning for the FY25/26 Annual Budget.

Budgeting Policies

1. Budget development will be guided by a long-term financial plan proposed by the City Manager and adopted by the City Council and should include considerations such as the cost of deferred maintenance and unfunded liabilities.

2. The budget must be balanced. Specifically, revenue must be equal to or greater than expenses. The total expenses of a department in the new fiscal year will be their expenses from the current fiscal year as modified by MOU changes and minor increases in services and supplies to the extent resources allow. All departments are expected to review their sources of revenue for correctness and validity. All departments are expected to evaluate the impact of uncertainties on revenues and adjust expenditures accordingly.

3. There will be no unfunded positions included in the budget or staffing resolution. Vacancy Review will be utilized to create budget flexibility in case of loss of revenue, and to ensure the need exists for filling positions. All positions will be reviewed. Any new positions will consider: new revenue for the position to cover the cost of the position and indirect and overhead costs; the need for the position to meet Council Goals; and a reasonable expectation that there will be an ongoing funding stream for any new position.

4. The budget will only use reserve funds for emergencies and one-time expenditures or for purposes that the reserve is designated to fund. Every effort will be used to preserve reserve funds at designated levels.

5. The City Manager is authorized to approve administrative adjustments to the adopted budget or reallocate appropriations among departments or divisions within a fund, as long as those changes do not significantly impact policy or affect budgeted year-end fund balances. Any revisions that increase total appropriations in any given fund must be approved by the City Council.

Reserve Policies

6. General Fund reserves should be maintained at a minimum of 17% (or two months) of annual operating expenditures, excluding one-time expenditures, with

a target reserve goal of 25% (three months) of annual operating expenditures. If the reserve is expected to be below 17%, a remedy plan should be discussed in the fiscal sustainability planning process.

7. Funding assignments in the General Fund will be used to plan for current and future needs including pension contributions, facility planning, IT infrastructure, economic development activities, economic uncertainty, and general purpose. These assignments reflect the Council's Goals and intent to plan for future investments but are not restricting their assigned use and can be modified as needed to meet the City's needs.

8. The General Capital Improvement Fund should maintain a targeted minimum reserve equal to $500,000 for emergency capital infrastructure replacement needs not funded by other sources.

9. Wastewater Operations Enterprise Fund should maintain a minimum of 50% (or six months) of annual operating expenditures to meet cash flow needs, plus a $1 million emergency reserve for emergency capital infrastructure replacement, both of which would be incorporated in the Wastewater rate model to plan for future wastewater service rates.

Ongoing Resources and Operations

10. Ongoing expenditures should be supported by ongoing revenues.

11. The City will seek to avoid dependence on temporary or unstable revenues to fund mainstream municipal services where possible.

12. Charges for services should maximize recovery of the full cost of related services, including direct operating costs, and other indirect costs such as capital and overhead costs.

13. Recreation like activities will follow the City's cost recovery goals based on the beneficiary of service scope. Recreation services need to meet reasonable cost recovery to limit the subsidy provided by the General Fund.

Use of One-Time (Windfall) Resources

14. One-time revenues will not be used for ongoing expenditures on a continuous basis.

15. Unpredictable revenues, such as those derived from the sale of surplus land assets or inventory, will be treated as one-time revenue and will not be used to support ongoing expenses.

16. One-time resources may only be used to support one-time expenses such as capital investments or to replenish reserves.

Exhibit A

Capital Projects

17. When capital projects are considered, all associated costs - including annual operating expenses, debt services, and any additional future costs - will be identified to properly assess future financial impacts.

18. Investment in technology will continue.

Fiscal Sustainability Planning

19. The long-range financial forecast will incorporate reasonable future needs and assumptions based on past trends and likely scenarios. If the forecast reveals a structural gap between projected revenues and expenditures, the City will adjust the forecast to include expenditure reduction scenarios to address the gap. These options will be clearly presented during the budget process to help determine whether the existing fiscal sustainability plan should be updated or a new one developed, ensuring that the General Fund reserves remain within the policies established by the City Council.

20. Any structural gap in a long-term financial forecast will be addressed during the budget process with clear, actionable decision points to ensure it is mitigated within 10 years.

21. Service level reductions will be implemented if other strategies are not possible or cannot be achieved in a timely fashion.

22. There will be a high level of fiscal discipline by the Department Heads, Budget Subcommittee, City Manager and City Council. Every effort will be made to maximize City assets, achieve a high level of funding for employee retirement promises, evaluate cost per service item and develop and maintain contracts with vendors within Scotts Valley.

Debt Management

23. Debt will not be used to support ongoing operations.

24. Capital leases may be used as a mid-term borrowing arrangement for fleet, equipment, and technology to the extent that the imputed interest rate in any such capital lease is competitive with existing long-term borrowing rates, considers potential maintenance cost savings for assets under the capital lease, and that such costs are incorporated into the long-range financial forecast.

25. Long-term borrowing (three years or more) for capital facilities will be considered as an appropriate method of financial facilities that benefits more than one generation of users and to the extent that existing reserves or other one-time resources are not available.

Other Matters

26. The Wastewater Enterprise fund shall reflect the true cost of operation, including direct and indirect costs of services provided by the General Fund, and be self-reliant upon fees and/or use rates paid by ratepayers.

27. Private development of residential, commercial and/or industrial properties shall pay its fair share of capital improvements that are necessary to serve the development.

28. If the City contributes funds to Non-Profit or Community Partners for other than the purchase of services, it will give priority to one-time initiatives (as opposed to operational subsidies), and to those who demonstrate collaboration with other Community Partners. Funding will be adjusted based upon discretionary revenues available as with other City departments. Loans and advances will not be considered unless extraordinary events occur and must be secured.