A G E N D A

Meeting of the
Scotts Valley City Council

Date: January 17, 2018
Time: 6:00 p.m.

CITY OF SCOTTS VALLEY 1 Civic Center Drive Scotts Valley, CA 95066 (831) 440-5602	**MEETING LOCATION** City Council Chambers 1 Civic Center Drive Scotts Valley, CA 95066	**POSTING**: The agenda was posted 1-12-18 at City Hall, SV Senior Center, SV Library and on the Internet at www.scottsvalley.org.

Elected Officials Jim Reed, Mayor Jack Dilles, Vice Mayor Stephany E. Aguilar, Council Member Randy Johnson, Council Member Donna Lind, Council Member	**City Staff Members** Jenny Haruyama, City Manager Kirsten Powell, City Attorney Taylor Bateman, Acting Community Development Dir Steve Hammack, Interim Public Works Director Steve Walpole, Chief of Police Tracy Ferrara, City Clerk

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.

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.org 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.org.

Televised Meetings:
City Council meetings are cablecast "Live" on Community Television of Santa Cruz County on Comcast Channel 25.

CALL TO ORDER 6:00 p.m.

PLEDGE OF ALLEGIANCE and MOMENT OF SILENCE

ROLL CALL

SPECIAL SET MATTER Introduction of Miss Teen Scotts Valley, Mercedes Molloy

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 to make and/or submit written or 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.

ALTERATIONS TO CONSENT AGENDA
(Council can remove or add items to the Consent Agenda.)

CONSENT AGENDA
(The Consent Agenda is comprised of items which appear to be non-controversial. Persons wishing to speak on any items may do so raising their hand to be recognized by the Mayor.)

A. Approve City Council meeting minutes 12-20-17

B. Approve check register – 12-15-17, 12-22-17, 1-8-18

C. Authorize City Manager to execute an amendment to loan agreement between the former Redevelopment Agency of the City of Scotts Valley and Habitat for Humanity Monterey Bay

D. Approve the second reading of Ordinance No. 56.2, amending Title 12, Chapter 12.08 (Encroachments) of the Scotts Valley Municipal Code by repealing Section 12.08.100

E. Adopt revised 2017/2018 salary schedule for temporary recreation employees to meet 2018 State minimum wage requirements

F. Authorize the City Manager to execute an Agreement for Professional Services with Kimley-Horn and Associates for planning related services for the Gateway South commercial and residential project

G. Accept the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2017 and allocate the FY 2016/17 General Fund excess revenue of $1,235,388 to the Unassigned Reserve in Fund Balance

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. Oral Presentation: Katherine O'Dea, Executive Director, Save Our Shores (City Manager Haruyama)

2. Oral Presentation: Barry Scott, Friends of the Rail and Trail (FORT) (City Manager Haruyama)

3. Consider approval of Agreement for Professional Services with NCE, and a $130,000 budget appropriation, for the Storm Drainage Master Plan Update (Civil Engineer Kahn)

4. Consideration of 2018 Interjurisdictional Committee, Standing Local Committee and Project Specific Subcommittee appointments (Mayor Reed)

5. Consider appointment of one Council Member and two Council Member alternates to be considered to serve on the Santa Cruz County Consolidated Redevelopment Oversight Board (City Manager Haruyama)

6. Future Council agenda items
   (This portion of the Regular Agenda allows the Council to determine items to be placed on a future agenda and to choose a date, if so desired.)

CONVENE TO CLOSED SESSION

CLOSED SESSION
SUBJECT:

(1) Conference with labor negotiator re employee negotiations with SEIU, Mid Management Group, Management Group, Scotts Valley Police Bargaining Unit, Scotts Valley Police Supervisors Association.
Legal Authority: Government Code Section 54957.6
Name of Case: N/A
Staff Present: City Manager, City Attorney, Labor Negotiator Dania Torres-Wong

(2) Conference with legal counsel regarding potential litigation – 1 case (Claim: Bergmark for Gomez)
Legal Authority: Government Code Section 54956.9
Name of Case: N/A
Staff Present: City Manager, City Attorney

RECONVENE TO OPEN SESSION

REPORT ON ACTION TAKE DURING CLOSED SESSION

ADJOURNMENT

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; 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.

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CONSENT AGENDA ITEM A
DATE: 1-17-2018

M I N U T E S

Meeting of the
Scotts Valley City Council

Date: December 20, 2017

POSTING:
The agenda was posted on 12-15-2017 at City Hall, the SV Senior Center, and the SV Library, and on the Internet at www.scottsvalley.org, by the City Clerk.

CALL TO ORDER 6:00 p.m.

PLEDGE OF ALLEGIANCE and **MOMENT OF SILENCE**

SPECIAL SET MATTERS

a) **Nomination/Motion of Mayor/Chair for 2018**

M: Lind/Aguilar
To appoint Vice Mayor Reed as Mayor/Chair for 2018.
Carried 5/0 (AYES: Aguilar, Dilles, Johnson, Lind, Reed)

b) **Nomination/Motion of Vice Mayor/Vice Chair for 2018**

CM Aguilar nominated CM Dilles to serve as Vice Mayor/Vice Chair for 2018.

CM Lind nominated CM Aguilar to serve as Vice Mayor/Vice Chair for 2018.

M: Aguilar/Reed
To appoint Council Member Dilles as Vice Mayor/Vice Chair for 2018.
Carried 4/1 (AYES: Aguilar, Dilles, Johnson, Reed; NOES: Lind)

c) **The City Council took a recess until 6:40 pm.**

ROLL CALL

Present:	Mayor Reed	City Attorney Powell
	Vice Mayor Dilles	Police Chief Walpole
	Council Member Aguilar	Public Works Director Hamby
	Council Member Johnson	Acting Community Development Dir Bateman
	Council Member Lind	Police Lieutenant Dean
		Civil Engineer Kahn
		City Clerk Ferrara
Absent:		City Manager Haruyama

SPECIAL SET MATTER PC Walpole introduced Steve Hammack who will serve as the Interim Public Works Director

COMMITTEE REPORTS

CM Lind reported that she attended the Santa Cruz County Regional Transportation Commission (SCCRTC) as the Santa Cruz Metropolitan Transit District (SCMTD) representative where they voted to support the state transportation assistance allocations, and to support the adoption of the 2018 RTC improvement plan.

CM Lind reported that the Santa Margarita Groundwater Sustainability Agency (GSA) held a public awareness meeting to inform the public on the reasons that the State of California is requiring every jurisdiction to implement a GSA.

CM Lind reported that the Santa Cruz Metropolitan Transit District Board received notice that their CEO, Alex Clifford, was named the 2017 Transit Professional of the Year, by the California Transit Association at their Fall conference in Riverside.

Mayor Reed reported that the Town Center Subcommittee met and received presentations from two developers who are interested in developing the Town Center.

CITY MANAGER REPORT

Last week the Police Department conducted active shooter response training for the staff of two local churches: St. Phillips and St. Augustin. The training consisted of threat assessment techniques, what to do in the event of an active shooter, and how to assist law enforcement personnel when we respond. Our officers also did a site security review and consulted on various security measures. This training was an opportunity to connect with our local church communities and start a productive dialog on how to prepare for a situation we hope will never come.

On December 19, 2017, Meredith Roberts and Patrick Ahrens graduated from the Police Academy, and today they were both sworn-in as our two newest Police Officers for the Scotts Valley Police Department. They both did excellent in the Police Academy and earned three of the four highest awards that were presented at the Academy graduation. Both officers grew up on our community and are alumni of Scotts Valley High School. Their hiring was a huge milestone for the Police Department because the can now officially say that the Scotts Valley Police Department is fully staffed for the first time in two years.

On the other side of the spectrum, tomorrow is Public Works Director Scott Hamby's retirement dinner at 4:00 pm to celebrate 32 successful years of service to the City of Scotts Valley. Scott served in a number of rolls in the City over the years and was always willing to take on new challenges when vacancies occurred during some of the lean economic years. Scott will be missed by everyone who works for our City and we wish him well in the next phase of his life.

As a reminder, City Hall will be closed beginning Monday, December 25, 2017 and will reopen on Wednesday, January 3, 2018. While City Hall is closed, Chief Walpole will serve as the Acting City Manager and will be available for all of your law enforcement and non-law enforcement needs.

PUBLIC COMMENT

CM Lind announced that the 13th Annual Fallen Officer Foundation Ball to be held at the Cocoanut Grove at the Santa Cruz Beach Boardwalk on Saturday, February 10, 2018, 5:30 pm to 11:00 pm. She also stated that additional information is available at www.fallenofficerfoundation.com.

ALTERATIONS TO CONSENT AGENDA

M/S: Aguilar/Lind
To approve the Consent Agenda.
Carried 5/0 (AYES: Aguilar, Dilles, Johnson, Lind, Reed)

Consent Agenda:

A. Approve City Council meeting minutes 12-6-17
B. Approve check register – 12-1-17, 12-8-17
C. Consider second reading and adoption of firearms ordinances as follows:
   (1) Approve second reading and adoption of Ordinance No. 16-139, amending Section 17.04090, "F" Terms, Chapter 17.04, Definitions; Section 17.20.030, Conditional Uses, Chapter 17.20, C-S Service Commercial Zoning District Regulations; and Section 17.22,030, Conditional Uses, Chapter 17.22, C-SC Shopping Center Commercial Zoning District Regulations, Title 17, Zoning, of the Scotts Valley Municipal Code, as amended with the removal of language related to firearms repair service, and related uses; and,
   (2) Approve second reading and adoption of Ordinance No. 190.1, amending Chapter 5.38 to Title 5 of the Scotts Valley Municipal Code requiring safety inspections of firearms dealers by the Chief of Police.
D. Approve Resolution No. 1937 authorizing the City Manager and Public Works Director/City Engineer to execute Right-of-Way Certifications for transportation projects involving state and/or federal funding

ALTERATIONS TO REGULAR AGENDA

PC Walpole stated that an alternate resolution for Item 2 had been submitted by Greenway, and was provided to the City Council for consideration.

M/S: Lind/Dilles
To approve the Regular Agenda.
Carried 5/0 (AYES: Aguilar, Dilles, Johnson, Lind, Reed)

REGULAR AGENDA

1. Oral Presentation: Annual report for the Santa Cruz City/County Library System from Library Director Susan Nemitz

PC Walpole introduced Susan Nemitz, Library Director for the Santa Cruz City/County Library System.

Susan Nemitz, Library Director for the Santa Cruz City/County Library System, gave an oral presentation of the Santa Cruz City/County Library System 2017 Annual Report, talked about how the library fits into the community, discussed facilities projects, and responded to questions from Council.

2. Consider Resolution No. 1938, supporting environmental health, including increased pedestrian and bicycle mobility as described in the Santa Cruz County Greenway Vision

PC Walpole presented the written staff report and responded to questions from Council. He stated that the City Council had an alternate resolution in front of them that Bud Colligan, Greenway, had requested be approved instead of the resolution that was included in the City Council packet.

Bud Colligan, Greenway, gave a Powerpoint presentation on the Santa Cruz County Greenway Vision, spoke in support of the City Council adopting the alternate resolution that he submitted, and responded to questions from Council.

CM Aguilar stated that she could not support this resolution as she would like to see the Santa Cruz County Regional Transportation Commission analysis before making a decision.

CM Lind stated that she would like to see the Santa Cruz County Regional Transportation Commission analysis before making a decision.

Alex Clifford, General Manager of the Santa Cruz Metropolitan Transit District, recommended waiting until the Santa Cruz County Regional Transportation Commission analysis has been completed prior to taking a position so that all of the analysis, details, and information are available prior to making a decision.

Gail McNulty, Executive Director of Santa Cruz County Greenway, urged the City Council to approve the alternate resolution submitted by Greenway.

CM Lind requested an amendment to change the resolution, removing the references to Greenway.

CM Johnson stated that he was not willing to accept the amendment.

M/S: Johnson/Dilles
To approve the alternate Resolution No. 1938 supporting environmental health, including increased pedestrian and bicycle mobility as described in the Santa Cruz County Greenway Vision and accepting the revisions included in the add on item.
Carried 3/2 (AYES: Dilles, Johnson, Reed; NOES: Aguilar, Lind)

3. Consider first reading and introduction of Ordinance No. 56.2, amending Title 12, Chapter 12.08 (Encroachments) of the Scotts Valley Municipal Code by repealing Section 12.08.100

PWD Hamby presented the written staff report and responded to questions from Council.

M/S: Dilles/Aguilar
To approve the first reading and introduction of Ordinance No. 56.2, amending Title 12, Chapter 12.08 (Encroachments) of the Scotts Valley Municipal Code by repealing Section 12.08.100, and waive the reading thereof.
Carried 5/0 (AYES: Aguilar, Dilles, Johnson, Lind, Reed

4. Future Council agenda items

None.

ADJOURNMENT The meeting adjourned at 8:28 p.m.

Approved: _____
Jim Reed, Mayor

Attest:_____
Tracy A. Ferrara, City Clerk

SCOTTS VALLEY ACCOUNTS PAYABLE CITY OF SCOTTS VALLEY
12/15/2017 17:58:11 Check Register GL050S-V08.08 COVERPAGE
GL540R

Report Selection:

RUN GROUP... 121517 COMMENT... A/P AS OF DEC 15 2017

DATA-JE-ID	DATA COMMENT
W-12152017-743	A/P AS OF DEC 15 2017

Run Instructions:

Jobq	Banner	Copies	Form	Printer	Hold	Space	LPI	Lines	CPI	CP	SP	RT
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BANK	VENDOR	CHECK#	DATE	AMOUNT
BA GENERAL	CHECKING ACCOUNT			
001405	AFLAC-FLEX ONE	112087	12/15/17	3,238.30
001818	ALLIANT INSURANCE SERVIC	112088	12/15/17	369.00
000563	APPI	112089	12/15/17	696.10
001948	ART STORE	112090	12/15/17	47.20
000998	ASSOCIATED SERVICES CO.	112091	12/15/17	98.61
001670	AT &T	112092	12/15/17	3,392.80
000097	AT&T	112093	12/15/17	166.79
000565	BANK OF NEW YORK MELLON/	112094	12/15/17	1,590.00
000614	BATTERIES PLUS	112095	12/15/17	98.09
001066	BEHAVIORAL HEALTH CARE I	112096	12/15/17	122.00
000107	BIRT/DUSTIN	112097	12/15/17	73.00
003385	BLUE LINE LEARNING GROUP	112098	12/15/17	768.00
001566	BUSINESS WITH PLEASURE	112099	12/15/17	248.59
001017	C.W.E.A.	112100	12/15/17	180.00
003521	CARD SERVICE CENTER	112101	12/15/17	1,825.98
003521	CARD SERVICE CENTER	112102	12/15/17	2,639.33
002091	COMCAST	112103	12/15/17	275.33
002091	COMCAST	112104	12/15/17	267.93
003588	CONDUENT BUSINESS SVCS,	112105	12/15/17	1,734.47
003384	COVER PRO	112106	12/15/17	1,125.00
001546	CRAIG/ROBERT J	112107	12/15/17	500.00
003564	CREATIVE SECURITY COMPAN	112108	12/15/17	2,118.46
001935	CRITICAL REACH	112109	12/15/17	285.00
003043	CSG CONSULTANTS, INC	112110	12/15/17	60,754.97
001084	DAPPER TIRE CO	112111	12/15/17	756.70
000975	DEAN/MICHAEL R.	112112	12/15/17	488.00
000207	DEPARTMENT OF JUSTICE	112113	12/15/17	32.00
003160	DIXON & SON TIRE	112114	12/15/17	115.50
002060	DUKE'S ROOT CONTROL INC	112115	12/15/17	5,586.45
001362	DUNCAN AUTO TECH	112116	12/15/17	813.24
003036	EATON CORPORATION	112117	12/15/17	2,206.37
003500	ECOFERT,INC	112118	12/15/17	850.00
000202	FEDERAL EXPRESS	112119	12/15/17	23.05
001392	FONG/MICHAEL DDS	112120	12/15/17	28.10
003502	FREITAS & FREITAS	112121	12/15/17	3,650.00
000615	HOHMANN/PATRICK J.	112122	12/15/17	67.20
001841	IDEXX LABORATORIES, INC.	112123	12/15/17	1,621.35
003277	IMPERIAL SPRINKLER SUPPL	112124	12/15/17	915.60
003292	KIMLEY-HORN & ASSOCIATES	112125	12/15/17	15,877.10
003292	KIMLEY-HORN & ASSOCIATES	112126	12/15/17	5,136.97
001372	KURATOMI DDS/REED K	112127	12/15/17	156.00
001869	LESNIAK/KRISTIN M	112128	12/15/17	100.64
003389	LOCKE/CERINA	112129	12/15/17	64.00
000618	MANDEGO, INC.	112130	12/15/17	241.25
003584	MENDOZA/FERNANDO	112131	12/15/17	130.00
000195	MESITI-MILLER ENGINEERIN	112132	12/15/17	5,298.81
000967	MONTEREY BAY SYSTEMS	112133	12/15/17	974.33
003490	MOTION PICTURE LICENSING	112134	12/15/17	306.00

BANK	VENDOR	CHECK#	DATE	AMOUNT	
BA GENERAL CHECKING ACCOUNT					
003368	MT HERMON VETERINARY CLI	112135	12/15/17	45.00	
000323	NBS GOVERNMENT FINANCE G	112136	12/15/17	1,434.03	
001988	O'REILLY AUTOMOTIVE,INC	112137	12/15/17	480.20	
000101	PACIFIC GAS & ELECTRIC C	112138	12/15/17	56.91	
001883	S.W.R.C.B.	112139	12/15/17	7,531.00	
001883	S.W.R.C.B.	112140	12/15/17	2,088.00	
003346	SAN LORENZO	112141	12/15/17	530.76	
000127	SANTA CRUZ SENTINEL	112142	12/15/17	405.17	
000122	SANTA CRUZ/CITY OF	112143	12/15/17	6,368.36	
000122	SANTA CRUZ/CITY OF	112144	12/15/17	8,379.73	
001558	SCOTT DDS/KEVIN RAY	112145	12/15/17	115.00	
000131	SCOTTS VALLEY MEDICAL	112146	12/15/17	366.00	
000133	SCOTTS VALLEY SPRINKLER	112147	12/15/17	77.12	
003085	SHRED-IT USA	112148	12/15/17	88.05	
001535	SKIP'S TIRE & AUTO CENTE	112149	12/15/17	155.97	
000153	THOMSON REUTERS-WEST	112150	12/15/17	286.30	
003548	TORO PETROLEUM CORP	112151	12/15/17	5,524.07	
001366	U.S. BANCORP OFFICE	112152	12/15/17	342.81	
001106	VERIZON WIRELESS	112153	12/15/17	834.34	
000151	VISION SERVICE PLAN	112154	12/15/17	1,193.16	
003392	WENGER PAVING INC	112155	12/15/17	4,970.00	
000154	WINCHESTER AUTO STORES	112156	12/15/17	817.30	
002021	ZOOM	112157	12/15/17	618.06	
GENERAL CHECKING ACCOUNT				170,760.95	***

BANK	VENDOR	CHECK#	DATE	AMOUNT
REPORT TOTALS:				170,760.95

RECORDS PRINTED - 000151

GL540R

FUND RECAP:

FUND	DESCRIPTION	DISBURSEMENTS
001	GENERAL	93,005.71
003	GAS TAX - SPECIAL STATE TRST	4,970.00
004	RECREATION	3,583.70
008	TRAFFIC IMPACT MITIGATION	3,339.03
010	WASTEWATER OPERATIONS	36,346.40
011	TERTIARY TREATMENT PLANT	2,421.84
023	SVRDA SUCCESSOR AGENCY	1,590.00
025	GENERAL TRUST	15,877.10
028	SENIOR CENTER	502.19
035	GREEN BUILDING FUNDING	256.85
090	SV DRIVE A REDEMPTION	1,434.03
112	DENTAL INS INTERNAL SERV	496.30
123	COMMUNITY FACILITY CENTER	97.90
150	GENERAL CAPITAL IMPROVEMENTS	6,839.90
TOTAL ALL FUNDS		170,760.95

BANK RECAP:

BANK	NAME	DISBURSEMENTS
BA	GENERAL CHECKING ACCOUNT	170,760.95
TOTAL ALL BANKS		170,760.95

Report Selection:

RUN GROUP... 122217 COMMENT... A/P AS OF DEC 22 2017

DATA-JE-ID	DATA COMMENT
W-12222017-752	A/P AS OF DEC 22 2017

Run Instructions:

Jobq	Banner	Copies	Form	Printer	Hold	Space	LPI	Lines	CPI	CP	SP	RT
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BANK	VENDOR	CHECK#	DATE	AMOUNT
BA GENERAL CHECKING ACCOUNT				
000182	A SIGN ASAP	112158	12/22/17	98.10
003597	ADAMS ASHBY GROUP, INC	112159	12/22/17	900.00
000213	AFFILIATED PSYCHOLOGISTS	112160	12/22/17	200.00
002059	ALCOPRO, INC	112161	12/22/17	287.00
000001	AMERICAN PLANNING ASSOCI	112162	12/22/17	378.00
.15238	B&D QUALITY WATER	112163	12/22/17	9.00
001822	BC LABORATORIES INC.	112164	12/22/17	288.00
001066	BEHAVIORAL HEALTH CARE I	112165	12/22/17	122.00
003603	BLAVIN/AMBER	112166	12/22/17	688.62
003010	BREWER DDS/DEAN	112167	12/22/17	247.20
000053	BSN SPORTS	112168	12/22/17	657.71
000053	BSN SPORTS	112169	12/22/17	670.35
000773	CENTRAL COAST LANDSCAPE	112170	12/22/17	383.00
001051	COASTAL EVERGREEN CORP	112171	12/22/17	1,675.00
002091	COMCAST	112172	12/22/17	153.22
000037	CRYSTAL SPRINGS WATER CO	112173	12/22/17	36.60
003043	CSG CONSULTANTS, INC	112174	12/22/17	724.02
003646	ENVIRONMENTAL LEVERAGE,I	112175	12/22/17	139.05
000582	FERRARA/TRACY A.	112176	12/22/17	70.13
003253	FIRST ALARM	112177	12/22/17	117.42
001053	GOVERNMENT FINANCE OFFIC	112178	12/22/17	435.00
000338	GRAHAM CONTRACTORS INC	112179	12/22/17	28,450.00
003651	GUTHRIE DDS/AMY	112180	12/22/17	412.80
002045	INTERNATIONAL CODE COUNC	112181	12/22/17	135.00
003292	KIMLEY-HORN & ASSOCIATES	112182	12/22/17	2,463.13
000066	KING'S PAINT & PAPER	112183	12/22/17	60.42
001673	LINCOLN FINANCIAL GROUP	112184	12/22/17	1,396.96
003403	MAR-KEN INTERNATIONAL PO	112185	12/22/17	260.00
001234	MC GRAW DDS/BERNARD	112186	12/22/17	247.20
003171	MICHALAK/GENE	112187	12/22/17	110.00
003490	MOTION PICTURE LICENSING	112188	12/22/17	331.50
003425	MOUNTAIN MIKE'S PIZZA	112189	12/22/17	161.27
000323	NBS GOVERNMENT FINANCE G	112190	12/22/17	2,614.27
001872	NORTH CENTRAL LABORATORI	112191	12/22/17	543.06
000100	PETTY CASH - R. LIEB	112192	12/22/17	224.48
001133	PRZ CONSULTING	112193	12/22/17	1,500.00
001894	S.V. WATER DISTRICT - BU	112194	12/22/17	20.03
003600	SANTA CRUZ CHILDREN'S	112195	12/22/17	100.00
001855	SANTA CRUZ DODGE	112196	12/22/17	337.28
000127	SANTA CRUZ SENTINEL	112197	12/22/17	135.00
000405	SILVERSTEIN/THOMAS	112198	12/22/17	3,133.80
001361	STEVENS DDS/JOHN A	112199	12/22/17	191.20
001487	STEVENSON'S LANDSCAPING	112200	12/22/17	390.00
001085	SYCAL ENGINEERING INC	112201	12/22/17	877.50
003590	VARGAS ACADEMY OF GYMNAS	112202	12/22/17	1,409.80
003145	WAGE WORKS	112203	12/22/17	165.50
003390	YARY PHOTOGRAPHY	112204	12/22/17	20.00
001625	YOSHIDA DDS/NOREEN	112205	12/22/17	132.50

BANK	VENDOR	CHECK#	DATE	AMOUNT	
BA GENERAL CHECKING ACCOUNT					
001880	ZUMAR INDUSTRIES INC	112206	12/22/17	63.85	
GENERAL CHECKING ACCOUNT				54,165.97	***

BANK	VENDOR	CHECK#	DATE	AMOUNT
REPORT TOTALS:				54,165.97

RECORDS PRINTED - 000092

GL540R

FUND RECAP:

FUND	DESCRIPTION	DISBURSEMENTS
001	GENERAL	8,022.31
003	GAS TAX - SPECIAL STATE TRST	28,450.00
004	RECREATION	7,445.04
010	WASTEWATER OPERATIONS	1,199.72
012	WASTEWATER CAPITAL RESERVE	877.50
025	GENERAL TRUST	2,463.13
028	SENIOR CENTER	588.51
050	PINEWOOD EST LNDSCP MAINT DT	383.00
077	SKYPARK MAINT ASSESS DIST	825.00
090	SV DRIVE A REDEMPTION	2,614.27
112	DENTAL INS INTERNAL SERV	1,230.90
123	COMMUNITY FACILITY CENTER	1.59
150	GENERAL CAPITAL IMPROVEMENTS	65.00
TOTAL ALL FUNDS		54,165.97

BANK RECAP:

BANK	NAME	DISBURSEMENTS
BA	GENERAL CHECKING ACCOUNT	54,165.97
TOTAL ALL BANKS		54,165.97

Report Selection:

RUN GROUP... 12 22 COMMENT... A/P 12/22/2017 #2

DATA-JE-ID	DATA COMMENT
W-12222017-754	A/P 12/22/2017 #2

Run Instructions:

Jobq	Banner	Copies	Form	Printer	Hold	Space	LPI	Lines	CPI	CP	SP	RT
L		01		CASCPRT01	Y	S	6	066	10			

BANK	VENDOR	CHECK#	DATE	AMOUNT	
BA GENERAL CHECKING ACCOUNT					
002031	ASTRO EVENTS OF SAN JOSE	112207	12/22/17	190.00	
003650	COLEMAN/CORINNE	112208	12/22/17	105.00	
000776	DISCOUNT SCHOOL SUPPLY	112209	12/22/17	390.43	
001362	DUNCAN AUTO TECH	112210	12/22/17	172.50	
000057	HACH COMPANY	112211	12/22/17	670.77	
001239	HAYASHI DDS/ARTHUR K	112212	12/22/17	192.50	
003652	METRO TRANSPORTATION COM	112213	12/22/17	1,500.00	
001615	OLIN CORP-CHLOR ALKALI	112214	12/22/17	1,782.02	
001802	ONTRAC	112215	12/22/17	144.25	
003572	REGIONAL GOVERNMENT SERV	112216	12/22/17	3,277.50	
001919	SANTA CRUZ BEACH BOARDWA	112217	12/22/17	321.86	
000133	SCOTTS VALLEY SPRINKLER	112218	12/22/17	1.52	
GENERAL CHECKING ACCOUNT				8,748.35	***

BANK	VENDOR	CHECK#	DATE	AMOUNT
REPORT TOTALS:				8,748.35

RECORDS PRINTED - 000017

GL540R

FUND RECAP:

FUND	DESCRIPTION	DISBURSEMENTS
001	GENERAL	172.50
003	GAS TAX - SPECIAL STATE TRST	1,500.00
004	RECREATION	1,007.29
010	WASTEWATER OPERATIONS	2,598.56
025	GENERAL TRUST	3,277.50
112	DENTAL INS INTERNAL SERV	192.50
TOTAL ALL FUNDS		8,748.35

BANK RECAP:

BANK	NAME	DISBURSEMENTS
BA	GENERAL CHECKING ACCOUNT	8,748.35
TOTAL ALL BANKS		8,748.35

Report Selection:

RUN GROUP... 12 22 COMMENT... A/P 12/22/2017 #2

DATA-JE-ID	DATA COMMENT
W-12222017-754	A/P 12/22/2017 #2

Run Instructions:

Jobq	Banner	Copies	Form	Printer	Hold	Space	LPI	Lines	CPI	CP	SP	RT
L		01		CASCPRT01	Y	S	6	066	10			

BANK	VENDOR	CHECK#	DATE	AMOUNT	
BA GENERAL CHECKING ACCOUNT					
002031	ASTRO EVENTS OF SAN JOSE	112207	12/22/17	190.00	
003650	COLEMAN/CORINNE	112208	12/22/17	105.00	
000776	DISCOUNT SCHOOL SUPPLY	112209	12/22/17	390.43	
001362	DUNCAN AUTO TECH	112210	12/22/17	172.50	
000057	HACH COMPANY	112211	12/22/17	670.77	
001239	HAYASHI DDS/ARTHUR K	112212	12/22/17	192.50	
003652	METRO TRANSPORTATION COM	112213	12/22/17	1,500.00	
001615	OLIN CORP-CHLOR ALKALI	112214	12/22/17	1,782.02	
001802	ONTRAC	112215	12/22/17	144.25	
003572	REGIONAL GOVERNMENT SERV	112216	12/22/17	3,277.50	
001919	SANTA CRUZ BEACH BOARDWA	112217	12/22/17	321.86	
000133	SCOTTS VALLEY SPRINKLER	112218	12/22/17	1.52	
GENERAL CHECKING ACCOUNT				8,748.35	***

BANK	VENDOR	CHECK#	DATE	AMOUNT
REPORT TOTALS:				8,748.35

RECORDS PRINTED - 000017

GL540R

FUND RECAP:

FUND	DESCRIPTION	DISBURSEMENTS
001	GENERAL	172.50
003	GAS TAX - SPECIAL STATE TRST	1,500.00
004	RECREATION	1,007.29
010	WASTEWATER OPERATIONS	2,598.56
025	GENERAL TRUST	3,277.50
112	DENTAL INS INTERNAL SERV	192.50
TOTAL ALL FUNDS		8,748.35

BANK RECAP:

BANK	NAME	DISBURSEMENTS
BA	GENERAL CHECKING ACCOUNT	8,748.35
TOTAL ALL BANKS		8,748.35

Report Selection:

RUN GROUP... 010818 COMMENT... A/P AS OF JANUARY 8 2018

DATA-JE-ID	DATA COMMENT
W-01082018-769	A/P AS OF JANUARY 8 2018

Run Instructions:

Jobq	Banner	Copies	Form	Printer	Hold	Space	LPI	Lines	CPI	CP	SP	RT
L		01		CASCPRT01	Y	S	6	066	10			

BANK	VENDOR	CHECK#	DATE	AMOUNT
BA GENERAL	CHECKING ACCOUNT			
003566	ABA BUILDING SERVICES	112221	01/08/18	525.00
000041	ACC BUSINESS	112222	01/08/18	1,300.88
003457	ADAMS/TROY	112223	01/08/18	404.06
003497	ALVAREZ INDUSTRIES, INC	112224	01/08/18	1,111.00
000009	AMBAG	112225	01/08/18	1,715.50
002004	AMERICAN CHEMICAL SOCIET	112226	01/08/18	186.00
000563	APPI	112227	01/08/18	1,836.71
001009	ARD/KRISTIN	112228	01/08/18	30.00
000097	AT&T	112229	01/08/18	170.11
003557	BARTEL ASSOCIATES, LLC	112230	01/08/18	2,268.60
001373	BAY TREE, LLC	112231	01/08/18	3,620.38
001822	BC LABORATORIES INC.	112232	01/08/18	432.00
001593	BENEDICT DDS/NANETTE	112233	01/08/18	325.60
000107	BIRT/DUSTIN	112234	01/08/18	20.00
000500	BOLANOS/DORENE	112235	01/08/18	20.00
001115	BOYNTON/MIKE	112236	01/08/18	2,450.00
001017	C.W.E.A. - WORKSHOPS	112237	01/08/18	155.00
001659	CALIFORNIA BUILDING	112238	01/08/18	7,061.00
001659	CALIFORNIA BUILDING	112239	01/08/18	893.00
003174	CAPITAL ONE COMMERCIAL	112240	01/08/18	1,602.64
001781	CLINE-FORTUNATO DDS/CORR	112241	01/08/18	1,100.00
000453	COLE-PARMER INSTRUMENT C	112242	01/08/18	105.58
002091	COMCAST	112243	01/08/18	282.40
001537	DYNAMIC PRESS	112244	01/08/18	38.34
000098	ESCALON SERVICES	112245	01/08/18	699.82
000054	EWING IRRIGATION PRODUCT	112246	01/08/18	31.25
000321	FANTINO DDS/CHRISTINA	112247	01/08/18	294.40
001392	FONG/MICHAEL DDS	112248	01/08/18	183.00
001828	GONZALES/GABE	112249	01/08/18	20.00
001053	GOVERNMENT FINANCE OFFIC	112250	01/08/18	190.00
003271	HOME DEPOT CREDIT SERVIC	112251	01/08/18	908.27
001308	JOHNSON DDS/BRETT	112252	01/08/18	231.20
001903	JONES/KIMARIE	112253	01/08/18	20.00
003592	KAHN/JESSICA	112254	01/08/18	30.00
000284	LOGAN & POWELL, LLP	112255	01/08/18	15,120.00
003321	LOPEZ/RENE	112256	01/08/18	20.00
001648	MARCELLO & COMPANY	112257	01/08/18	6,000.00
001591	MARKELL/ROD	112258	01/08/18	1,974.00
000291	MBASIA	112259	01/08/18	325,941.00
003584	MENDOZA/FERNANDO	112260	01/08/18	60.00
000083	MISSION UNIFORM SERVICE	112261	01/08/18	868.67
000323	NBS GOVERNMENT FINANCE G	112262	01/08/18	1,582.00
000101	PACIFIC GAS & ELECTRIC C	112263	01/08/18	103.15
001787	PETRINI'S GARDENING SERV	112264	01/08/18	75.00
000102	PITNEY BOWES	112265	01/08/18	147.44
003323	POMPETTE/NICOLE	112266	01/08/18	20.00
001097	PRODESSE PROPERTY GROUP	112267	01/08/18	3,523.52
000463	RALEY'S	112268	01/08/18	369.00

BANK	VENDOR	CHECK#	DATE	AMOUNT	
BA GENERAL CHECKING ACCOUNT					
000171	RIVERSIDE LIGHTING INC	112269	01/08/18	9.28	
000135	SAN LORENZO VALLEY WATER	112270	01/08/18	28.27	
002053	STEPFORD	112271	01/08/18	5,240.00	
001844	STERLING WATER TECHNOLOG	112272	01/08/18	2,976.00	
000882	SUPERIOR ALARM COMPANY	112273	01/08/18	408.00	
001085	SYCAL ENGINEERING INC	112274	01/08/18	3,277.50	
001046	UNION BANK OF CA-CORPORA	112275	01/08/18	2,300.00	
001831	USA BLUE BOOK	112276	01/08/18	857.99	
001342	WELCH/JAMES	112277	01/08/18	246.97	
003008	WILLIAMS/JESSE	112278	01/08/18	20.00	
GENERAL CHECKING ACCOUNT				401,429.53	***

BANK	VENDOR	CHECK#	DATE	AMOUNT
REPORT TOTALS:				401,429.53

RECORDS PRINTED - 000105

GL540R

FUND RECAP:

FUND	DESCRIPTION	DISBURSEMENTS
001	GENERAL	214,182.61
004	RECREATION	47,308.21
010	WASTEWATER OPERATIONS	89,351.58
011	TERTIARY TREATMENT PLANT	16,828.56
012	WASTEWATER CAPITAL RESERVE	3,277.50
019	AFFORDABLE HOUSING	1,974.00
023	SVRDA SUCCESSOR AGENCY	8,725.90
028	SENIOR CENTER	3,760.20
035	GREEN BUILDING FUNDING	7,954.00
050	PINEWOOD EST LNDSCP MAINT DT	28.27
112	DENTAL INS INTERNAL SERV	2,194.20
123	COMMUNITY FACILITY CENTER	5,844.50
TOTAL ALL FUNDS		401,429.53

BANK RECAP:

BANK	NAME	DISBURSEMENTS
BA	GENERAL CHECKING ACCOUNT	401,429.53
TOTAL ALL BANKS		401,429.53

AGENDA ITEM C
DATE: 1-17-2018

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: January 17, 2018

TO: Honorable Mayor and City Council

FROM: Jenny D. Haruyama, City Manager

SUBJECT: **AUTHORIZE CITY MANAGER TO EXECUTE AN AMENDMENT TO LOAN AGREEMENT BETWEEN THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF SCOTTS VALLEY AND HABITAT FOR HUMANITY MONTEREY BAY**

SUMMARY OF ISSUE

On March 11, 2011, the former Redevelopment Agency of the City of Scotts Valley (now the City of Scotts Valley) and Habitat for Humanity Monterey Bay (previously known as Habitat for Humanity) entered into that certain loan agreement to facilitate the development of three affordable housing units in the City of Scotts Valley on the property commonly known as 162, 164 and 166 Blake Lane.

Under the Agreement, the former Redevelopment Agency loaned Habitat for Humanity Monterey Bay a total of $600,000 to assist with the development of affordable housing units. One half of the loan was forgivable; the remaining $300,000 was to be repaid no later than five years after the issuance of a certificate of occupancy for the last of the three units.

A certificate of occupancy was issued for the third unit on September 26, 2013, making the loan due and repayable no later than September 26, 2018. Habitat for Humanity Monterey Bay recently requested that repayment of the repayable loan be extended by five years. In return, Habitat for Humanity agreed to repay approximately $150,000 of the $300,000 repayable loan, plus interest upon execution of the attached amendment.

FISCAL IMPACT

Execution of this amendment will result in the partial repayment of the repayable loan in the amount of $150,000, plus interest at the LAIF (Local Agency Investment Fund) rate. These funds will be deposited into the City's Affordable Housing Special Revenue Fund. The remaining loan amount of $150,000 plus interest will be extended 5 years and payable September 2023.

STAFF RECOMMENDATION

It is recommended that the Council authorize the City Manager to execute an amendment to a loan agreement between the former Redevelopment Agency of the City of Scotts Valley and Habitat for Humanity Monterey Bay.

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Amendment to the Loan Agreement between the Former Redevelopment Agency of the City of Scotts Valley and Habitat for Humanity Monterey Bay ……. 3

AMENDMENT TO LOAN AGREEMENT BETWEEN THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF SCOTTS VALLEY AND HABITAT FOR HUMANITY MONTEREY BAY

RECITALS

A. On March 11, 2011, the former Redevelopment Agency of the City of Scotts Valley (now the City of Scotts Valley) and Habitat for Humanity Monterey Bay (previously known as Habitat for Humanity) entered into that certain loan agreement ("Agreement") to facilitate the development of three (3) affordable housing units in the City of Scotts Valley on the property commonly known as 162, 164 and 166 Blake Lane (collectively referred to as the "Property");

B. Under the Agreement, the former Redevelopment Agency ("Agency") would loan Habitat for Humanity Monterey Bay ("Developer") a total of $600,000.00 to assist with the development of affordable housing units. $300,000.00 of that amount was to be repaid no later than five (5) years after the issuance of a certificate of occupancy for the last of the three (3) units ("Repayable Loan");

C. The Agency released the funds to Developer on June 21, 2011.

C. A certificate of occupancy was issued for the third unit on September 26, 2013; therefore, the loan must be repaid no later than September 26, 2018;

D. Developer has requested that the repayment of the Repayable Loan be extended by five (5) years;

E. The City, acting in the place of the Agency, is willing to extend the repayment of the Repayable Loan for five (5) years subject to the terms of this Amendment.

AMENDMENTS

1. Section 2.1 (c) is amended to read as follows:

"The Repayble Loan matures and is fully due and payable 10 years from the date the third unit on the Property is issued a certificate of occupancy (September 26, 2023), at which time all remaining principal and interest is fully due and payable. The Developer shall repay $150,000.00 of the loan plus interest no later than 30 days after the execution of this amendment."

2. Developer shall enter into a new Promissory Note for the reduced loan amount upon execution of this Amendment.

3. All other terms of the Agreement shall remain in full force and effect. To the extent there are any conflicts between this Amendment and the Agreement, the terms of the Amendment shall control.

This Amendment shall become effective this 17th day of January, 2018, when fully executed by the parties below.

AGENCY: CITY OF SCOTTS VALLEY	DEVELOPER: HABITAT FOR HUMANITY MONTEREY BAY
_____ Jenny Haruyama, City Manager	_____ Signature _____ Name/Title

AGENDA ITEM D
DATE: 1-17-2018

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: January 17, 2018

TO: Honorable Mayor and City Council

FROM: Steve Hammack, Interim Public Works Director

APPROVED: Jenny D. Haruyama, City Manager

SUBJECT: **SECOND READING AND ADOPTION OF ORDINANCE NO. 56.2, MODIFYING CITY MUNICIPAL CODE BY REMOVING CHAPTER 12.08, SECTION 12.08.100 - DIRECTOR AND PLANNING COMMISSION—POWERS OF ISSUANCE**

SUMMARY OF ISSUE

Pursuant to the City's Municipal Code Chapter 12.08.070 and 12.08.100, the Director of Public Works is granted the power to grant encroachment permits on behalf of the City. An "encroachment" is defined in the Scotts Valley Municipal Code ("SVMC") as "any structure, object or improvement of any kind or character whatsoever, placed, erected or constructed, either in, under or over any public street, including, without limiting the foregoing, any advertising sign or device on or extending over any part of a public street."

Section 12.08.100 also grants the Planning Commission power to issue encroachment permits for all other types of encroachments. This language creates a conflict as the Public Works Department is responsible for issuing encroachment permits for all work in, under or over any part of a public street. In addition, the Planning Commission has never exercised the option of issuing an encroachment permit.

As SVMC Sections 12.08.70 and 12.08.100 are repetitive as to the duties of the Public Works Director and 12.08.100 includes language granting the Planning Commission the power to issue encroachment permits, staff is recommending the repeal of Section 12.08.100 from the SVMC. This is consistent with current practice and appropriate for the Public Works Director to be responsible for issuing all encroachment permits.

On December 20, 2017, the City Council approved the first reading and introduction of Ordinance No. 56.2, amending Title 12, Chapter 12.08 (Encroachments) of the Scotts Valley Municipal Code by repealing Section 12.08.100, Director and Planning Commission – Powers of Issuance, and waived the reading thereof.

FISCAL IMPACT

There is no fiscal impact to revising the Scotts Valley Municipal Code.

STAFF RECOMMENDATION

Staff recommends that the City Council approve the second reading of Ordinance No. 56.2, amending Title 12, Chapter 12.08 (Encroachments) of the Scotts Valley Municipal Code by repealing Section 12.08.100, and waive the reading thereof.

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Ordinance No. 56.2 ……. 2

ORDINANCE NO. 56.2

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY SCOTTS VALLEY AMENDING TITLE 12, CHAPTER 12.08 (ENCROACHMENTS) OF THE SCOTTS VALLEY MUNICIPAL CODE BY REPEALING SECTION 12.08.100

BE IT ORDAINED by the City Council of the City of Scotts Valley as follows:

Section 1. Section 12.08.100 of Chapter 12.08 of the Scotts Valley Municipal Code, entitled "Director and planning commission—Powers of issuance," is hereby repealed in its entirety and is of no further force or effect.

Section 2. SEVERABILITY. If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction such portion shall be deemed a separate, distinct and independent provision of such Ordinance and shall not affect the validity of the remaining portions thereof.

Section 3. REPEALS CONFLICTING ORDINANCES. All other ordinances of the City of Scotts Valley or provisions of the Scotts Valley Municipal Code which are in conflict with this Ordinance are hereby repealed to the extent of such conflict.

Section 4. CEQA COMPLIANCE. The City Council finds and determines that the enactment of this Ordinance is exempt from the California Environmental Quality Act ("CEQA" Cal.Pub.Res.Code Section 21000 et seq.) and the State CEQA Guidelines (Cal.Code of Regs. Title 14, Section 15000 et seq.) in accordance with CEQA Guidelines Section 15061(a)(3) as there is no possibility that the activity in question may have a significant effect on the environment. Therefore, no environmental assessment is required or necessary.

SECTION 5. EFFECTIVE DATE. This Ordinance shall take effect 30 days after the date of its adoption. Prior to the expiration of 15 days from the date of adoption, this Ordinance shall be published in three public places within the City.

This ordinance was introduced on the 20th day of December, 2017, and was passed and adopted by the City Council of the City of Scotts Valley on the 17th day of January, 2018, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED: _____
Jim Reed, Mayor

ATTEST:

_____
Tracy A. Ferrara, City Clerk

APPROVED AS TO FORM:

_____
Kirsten Powell, City Attorney

AGENDA ITEM E
DATE: 1-17-2018

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: January 17, 2018

TO: Honorable Mayor and City Council

FROM: Kristin Ard, Recreation Division Manager

APPROVED: Jenny D. Haruyama, City Manager

SUBJECT: **APPROVE UPDATED FY 2017/18 SALARY SCHEDULE TO MEET 2018 STATE MINIMUM WAGE REQUIREMENTS**

SUMMARY OF ISSUE

On April 4, 2016, the Governor of California approved to amend sections 245.5, 246, and 1182.12 of the Labor Code, specifically relating to labor.The bill requires the minimum wage for all industries, with 26 or more employees, to not be less than the specified amounts listed from January 1, 2017 – January 1, 2022. Below is the Minimum Wage Increase Schedule the City will need to comply with:

- 2017 $10.50
- 2018 $11.00
- 2019 $12.00
- 2020 $13.00
- 2021 $14.00
- 2022 $15.00

There are five temporary positions impacted by the minimum wage increase given that Step 1 of these positions is $10.50 per hour. The affected positions are: Recreation Aide/Teacher's Aide, Recreation Leader/Teacher, Swim Instructor Aide/Lifeguard, Softball Scorekeeper, and Basketball Scorekeeper. The attached FY 2017/18 salary schedule for temporary recreational employees reflects necessary adjustments to meet the new 2018 minimum wage requirement.

Each year, the City will evaluate the impacts of the minimum wage requirements and make recommended adjustments accordingly. Part of that analysis will include potential impaction with other temporary and full time/part time permanent positions.

FISCAL IMPACT

The FY 2017/18 salary schedule has been updated to comply with state minimum wage requirements. While these changes will adjust staffing expenses by approximately $3,413, they were assumed as part of the FY 2017/18 budget development process.

STAFF RECOMMENDATION

It is recommended that City Council adopt the revised salary schedule for temporary recreation employees to meet 2018 State minimum wage requirements.

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Salary Schedule for Recreation Temporary Employees …….. 3

CITY OF SCOTTS VALLEY

RECREATION – TEMPORARY EMPLOYEES

01/01/2018 – 12/31/2018

Position Classification	Step 1	Step 2	Step 3	Step 4	Step 5
Assistant Site Director	14.60	15.33	16.10	16.90	17.75
Recreation Leader/Teacher	12.74	13.38	14.05	14.75	15.49
Recreation Aide/Teacher's Aide	11.00	11.55	12.13	12.74	13.38
Pool Manager	17.80	18.69	19.62	20.61	21.64
Swim Instructor/Head Lifeguard	16.50	17.33	18.19	19.10	20.06
Swim Instructor/Lifeguard	15.50	16.28	17.09	17.94	18.84
Swim Instructor Aide/Lifeguard	11.00	11.55	12.13	12.74	13.38
Softball Scorekeeper	11.00	11.55	12.13	12.74	13.38
Basketball Scorekeeper	11.00	11.55	12.13	12.74	13.38

AGENDA ITEM F
DATE: 01-17-2018

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: January 17, 2018

TO: Honorable Mayor and City Council

FROM: Taylor Bateman, Acting Community Development Director

APPROVED: Jenny Haruyama, City Manager

SUBJECT: **APPROVE AGREEMENT WTIH KIMLEY-HORN AND ASSOCIATES TO PREPARE AN ENVIRONMENTAL IMPACT REPORT (EIR) AND PROVIDE ENTITLEMENT SUPPORT SERVICES FOR A PROPOSED PROJECT CONSISTING OF A 180 ROOM HOTEL, 3,450 SQUARE FOOT RESTAURANT AND 182 UNITS OF SENIOR RESIDENTIAL HOUSING LOCATED AT ON LA MADRONA DRIVE (GATEWAY SOUTH COMMERCIAL AND RESIDENTIAL PROJECT)**

SUMMARY OF ISSUE

The City has received an application for a 180 room hotel, 3,450 square foot restaurant and 182 units of senior residential housing. The approximately 17.62-acre project site is vacant and is located on the west side of State Route (SR) 17, on La Madrona Drive (adjacent to the Scotts Valley Hilton). Anticipated project entitlements include a General Plan Amendment, Specific Plan Amendment, Zone Change, Planned Development Permit, Minor Land Division, Design Review and Use Permit approvals.

Due to the likelihood of potentially significant impacts particularly associated with aesthetics, biological resources, hazards, hydrology & water quality, transportation, and noise, the City, acting as the Lead Agency per the California Environmental Quality Act (CEQA), has determined that an Initial Study is not necessary and that the City proceed directly with the preparation of an EIR. As described in Sections 15063 and 15060 (d) of the CEQA Guidelines, the preparation of an Initial Study is an optional task which is left to the discretion of the Lead Agency. This approach will save time and unnecessary expense associated with the CEQA review process.

On projects of this size, the City typically contracts with a planning consulting firm to prepare the necessary environmental documents required for the project. City staff prepared a Request for Proposals (RFP) for planning consulting firms which was distributed to three firms. The City received two (2) proposals, one from Kimley-Horn & Associates and one from Denise Duffy & Associates. Staff is recommending that the City select Kimley-Horn & Associates for the project due to their experience and knowledge of the City.

For this project, the consulting firm will also provide support to City staff in facilitating the entitlement and permitting process. It is estimated the cost for the services will be between $152,576 and $214,269, depending up upon the level of services provided. All costs associated with the environmental review and entitlement support will be borne by the applicant. It is estimated that the environmental and entitlement process will take approximately one (1) year to complete. Upon Contract award and payment of the costs by the applicant, City staff and the consultant team will initiate work on the environmental review and project entitlement process.

FISCAL IMPACT

There is no cost to the City, all project costs are paid for by the applicant. In addition, the applicant pays a 15% fee for staff time monitoring the contract ($32,140).

STAFF RECOMMENDATION

It is recommended Council approve the attached agreement with Kimley-Horn and Associates for planning related services for the Gateway South Commercial and Residential Project and authorize the City Manager to execute the agreement.

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Agreement for Professional Services …… 3
Proposal – Kimley-Horn & Associates ……..... 9
Proposed Development Plan …….. 71

AGREEMENT FOR PROFESSIONAL SERVICES

This Agreement for Professional Services ("Agreement") is made and entered into as of January 17, 2018, by and between the City of Scotts Valley, a municipal corporation, hereinafter referred to as "CITY", and Kimley-Horn, hereinafter referred to as "CONSULTANT".

RECITALS

A. CITY desires to retain Consultant for certain professional services as set forth in this Agreement.

B. CONSULTANT is specially trained, experienced and competent to perform the special services which will be required by this Agreement.

C. CONSULTANT possesses the skill, ability, background, certification and knowledge to provide the services described in this Agreement on the terms and conditions described herein.

NOW, THEREFORE, in consideration of the recitals and the mutual promises contained herein, CITY and CONSULTANT agree as follows:

AGREEMENT

1. **Employment of CONSULTANT**: CITY agrees to, and hereby does, retain and employ CONSULTANT to perform the professional services as outlined in the Scope of Work attached hereto and incorporated herein as Exhibit "A". CONSULTANT'S work product shall be performed pursuant to generally accepted standards of practice in effect at the time of performance.

2. **Responsible Personnel**: CITY has relied upon the professional training and ability of CONSULTANT to perform the services hereunder as a material inducement to enter into this Agreement. Primary personnel responsible for the completion of the work described in this Agreement shall be: Bill Wiseman, Project Manager, Kimley-Horn, whose address is 824 Bay Avenue, Suite 10, Capitola, CA 95066; telephone: 831-316-1430; Email: bill.wiseman@kimley-horn.com.

3. **Scope of Work:** CONSULTANT shall perform the services as specified in Exhibit A in a professional manner.

4. **Time of Performance:** The services of CONSULTANT are to commence upon execution of this Agreement and shall continue until all authorized work is approved by the CITY. All such work shall be completed no later than January 17, 2019. Time is of the essence in the performance of this Agreement. No waiver by either party hereto of the nonperformance or any breach of any term, provision, or condition of this Agreement, or any default hereunder shall be considered to be or operate as a waiver of any subsequent nonperformance, breach or default.

5. **Compensation:** CONSULTANT shall accept compensation for services performed as set forth in Section 3 in an amount not to exceed $214,269. Periodic payments to CONSULTANT shall be made upon submittal of invoices by CONSULTANT to CITY for review and approval by the City Manager. Invoices will be paid by CITY within a reasonable time after the invoices are received and approved.

6. **Insurance:** CONSULTANT agrees to have and maintain, for the duration of the contract, the following:

i. General Liability insurance policies insuring him/her and his/her firm to an amount not less than One Million Dollars ($1,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage.

ii. Automobile Liability insurance policy ensuring him/her and his/her staff to an amount not less than One Million Dollars ($1,000,000) combined single limit per accident for bodily injury and property damage.

iii. CONSULTANT agrees to have and maintain, for the duration of the contract, professional liability insurance in amounts not less than $ 1, 000,000 which is Page 3 of 6 sufficient to insure CONSULTANT for professional errors or omissions in the performance of the particular scope of work under this agreement.

iv. CONSULTANT shall provide to the CITY all certificates of insurance, with original endorsements effecting coverage. CONSULTANT agrees that all certificates and endorsements are to be received and approved by the CITY before work commences.

v. The CONSULTANT'S insurance coverage shall be primary insurance as respects the CITY, its officers, officials, employees and volunteers. Any insurance or self -insurances maintained by the CITY, its officers, officials, employees or volunteers shall be excess of the CONSULTANT'S insurance and shall not contribute with it.

7. **Indemnity:** CONSULTANT shall hold harmless, indemnify and defend CITY, its elective and appointive boards, commissions, officers, agents, servants, volunteers, and employees from and against any and all claims, costs, damages, liability, losses, or suits (including court costs and attorney fees) for personal injury (including death), property damage and any other damages of any sort whatsoever, arising out of, or alleged to have arisen out of, the willful or negligent acts, errors, or omissions of CONSULTANT or CONSULTANT'S contractors, subcontractors, agents, or employees in the performance of this Agreement. This indemnity shall not apply to any claims brought by CONSULTANT for default of this Agreement, or for claims brought by CITY or any third party where the

underlying injury or damage is finally determined by a court of competent jurisdiction to arise solely from the negligent or willful misconduct of CITY.

8. **Termination:** This Agreement may be terminated by the CITY immediately for cause or by either party without cause upon fifteen days' written notice of termination. Upon termination, CONSULTANT shall be entitled to compensation for services performed up to the effective date of termination.

CONSULTANT shall accept, for itself, as full payment for services rendered and all work to be done and performed hereunder and in complete satisfaction of all claims against CITY by reason of voluntary abandonment or suspension of work or termination of the Agreement, the sum determined on an hourly basis in accordance with the provisions of this Agreement, or any modification of amendment thereto, plus all direct expenses incurred, including those expenses incurred which are directly attributable to the incomplete portion of the work which could not be canceled.

In the event of termination, CONSULTANT shall deliver as a condition to the payment of the compensation provided for above, or otherwise make available to CITY, all research data. reports, estimates, summaries, and other such information and materials as may have been accumulated by CONSULTANT in performing this Agreement, whether completed or in process in accordance with Section 9 of this Agreement.

9. **Documents:** Notes, studies, chain, computations, electronic files, and other data and information obtained by CONSULTANT for this project shall, upon receipt of payment for services rendered, be made available to CITY by CONSULTANT at CITY'S request and shall become the property of CITY. In the event CITY alters the document, CITY agrees CONSULTANT shall have no responsibility whatsoever for any claim arising out of, or alleged to have risen out of, use of the altered document,

All plans, studies, documents, charts, computations, and electronic files prepared by and for CONSULTANT, its officers, employees and agents and subcontractors in the course of implementing this Agreement, except working notes and internal documents, shall become the property of the CITY upon payment to CONSULTANT for such work, and the CITY shall have the sole right to use such materials in its discretion without further compensation to CONSULTANT or to any other party. CONSULTANT shall, at CONSULTANT'S expense, provide such reports, plans, studies, documents and other writings to CITY upon written request.

10. **Independent Contractor:** CONTRACTOR is an independent contractor retained by CITY to perform the work described herein. ALL personnel employed by CONSULTANT are not and shall not be deemed to be employees of CITY. CONSULTANT shall obtain no rights to retirement benefits or other benefits that accrue

to CITY'S employees, and CONSULTANT hereby expressly waives any claim it may have to such rights. CONSULTANT shall comply with all state and federal laws pertaining to employment and compensation of its employees and its agents, including the provision of Workers' Compensation.

11. **Licenses:** CONSULTANT represents and warrants to CITY that it has all licenses, permits, qualifications, insurance and approvals of whatsoever nature which are legally required of CONSULTANT to practice its profession. CONSULTANT represents and warrants to CITY that CONSULTANT shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Agreement, any licenses, permits, insurance and approvals which are legally required of CONSULTANT to practice its profession. Consultant shall maintain a City of Scotts Valley business license.

12. **Assignment:** The parties recognize that a substantial inducement to CITY for entering into this Agreement is the professional reputation, experience and competence of CONSULTANT. Assignments of any or all rights, duties or obligations of the CONSULTANT under this Agreement will be permitted only with the express consent of the CITY. CONSULTANT shall not subcontract any portion of the work to be performed under this Agreement without the written authorization of the CITY. If the CITY consents to such subcontract, CONSULTANT shall be fully responsible to CITY for all acts or omissions of the subcontractor. Nothing in this Agreement shall create any contractual relationship between CITY and subcontractor nor shall it create any obligation on the part of the CITY to pay or to see to the payment of any monies due to any such contractor other than as otherwise required by law.

13. **Binding on Successors:** This Agreement is binding on the heirs, successors and assigns of the parties hereto.

14. **Amendment:** This Agreement may be amended, modified or changed by the parties, provided that said Agreement, modification or change is in writing and approved by the authorized representative of the parties.

15. **Applicable Law and Attorney's Fees:** This Agreement shall be construed and enforced in accordance with the laws of the State of California, and any action brought relating to this Agreement shall be held exclusively in a state court in the County of Santa Cruz. Should any legal action be brought by a party for breach of this Agreement or to enforce any provision of the Agreement, the prevailing party of such action shall be entitled to recover its reasonable litigation expenses, including attorney fees.

16. **Entire Agreement:** This Agreement contains the entire understanding between the parties with respect to the subject matter herein. There are no representations, agreements or understandings. Whether oral or written, between or among the parties relating to the subject matter of this Agreement which are not fully expressed herein. The

drafting and negotiation of this Agreement have been participated in by each of the parties and/or their counsel, and for all purposes this Agreement shall be deemed to have been drafted jointly by all parties.

17. **Waiver:** Waiver of a breach or default under this Agreement shall not constitute a continuing waiver of a subsequent breach of the same or any other provision under this agreement.

18. **Severability:** If any term or portion of this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or otherwise unenforceable, the remaining provisions of this Agreement shall continue in full force and effect.

WITNESS WHEREOF this Agreement is executed by CITY and by CONSULTANT on this 17th day of January, 2018, at Scotts Valley, California.

CONSULTANT:	CITY: CITY OF SCOTTS VALLEY
_____	_____
By: Bill Wiseman, Project Manager	Jenny D. Haruyama, City Manager
APPROVED AS TO FORM:	ATTEST:
_____	_____
Kirsten M. Powell, City Attorney	Tracy A. Ferrara, City Clerk

EXHIBIT “A”

SCOPE OF WORK

Kimley»Horn

RECEIVED
DEC 18 2017
CITY OF SCOTTS VALLEY

December 18, 2017

Mr. Taylor Bateman
Acting Community Development Director
City of Scotts Valley
One Civic Center Drive
Scotts Valley, CA 95066

RE: Gateway South EIR & Entitlement Support Services

Dear Mr. Bateman and Members of the Selection Committee:

Kimley-Horn is pleased to submit this proposal to provide CEQA environmental planning and entitlement support services for the Gateway South Commercial and Residential project (the Gateway South project).

Kimley-Horn provides a highly skilled, experienced, and responsive team of local professionals with a record of successfully prepared defensible environmental documents for public agencies throughout Northern California. Staff from Kimley-Horn have been working for the City of Scotts Valley on several significant planning, design, and engineering projects for more than five years. Our staff brings significant insight and understanding of the environmental and planning issues that will be addressed for this project.

Our **formula for success** results in the presentation of potential impacts and key findings to decision-makers for project determination and certification. To ensure a successful CEQA review process and the preparation of a high quality environmental document, our approach includes:

- Identifying the individual, cumulative, and growth-inducing impacts that may result from implementation of the proposed improvements.
- Facilitating open communication and developing an understanding of project needs with our client to guide the overall approach and successful issue resolution.
- Commitment of senior level management to provide close coordination with our client to ensure technical accuracy and carefully monitor budget and schedule compliance.

- Responsiveness to any significant issues of concern raised by responsible and regulatory agencies and the public
- Kimley-Horn's planning and environmental services are supported by in-house professionals with expertise in civil engineering, land development, hydrology, water quality, water and wastewater, traffic analysis, transportation planning, aviation, landscape architecture, and GIS. Throughout our 49-year history, Kimley-Horn has built a reputation for providing innovative, high-quality consulting services and is recognized nationwide for our stature as a business enterprise, for the outstanding talents of our consulting staff, and for the quality of our work.

For this project, Kimley-Horn has partnered HT Harvey & Associates to address biological resources. We have worked extensively with both firms and will provide in-house coordination of their technical studies into the Draft EIR. Should the need for other subconsultants arise, we will work with the City of Scotts Valley to identify the most suitable consultant to accomplish your objectives.

We greatly look forward to the opportunity to work again with the City of Scotts Valley. Please contact me if you have any questions regarding this proposal.

Sincerely,

KIMLEY-HORN AND ASSOCIATES, INC.

Bill Wiseman
Project Manager

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Project Understanding & Approach

The approximately 17.62-acre project site is located on the west side of Highway 17, on La Madrona Drive, southwest of the Mount Hermon Road / La Madrona Drive exit, in the City of Scotts Valley.

The proposed project consists of a 180-room hotel, 3,450 square foot restaurant and 182 units of senior residential housing. The site is currently zoned Commercial Service (CS) and Open Space (OS). Anticipated project entitlements include a General Plan Amendment, Specific Plan Amendment, Zone Change, Planned Development Permit, Minor Land Division, Design Review and Use Permit approvals.

The project is located in the Gateway South Specific Plan Area for which an EIR was prepared in 1995. Supplemental EIRs were prepared in 2005 and 2009 for prior projects on the site that were not built.

The area surrounding the project site is predominately service commercial, high and low density residential, and open space. The project site is located on the edge of the urban environment in the City of Scotts Valley, on a parcel that gradually slopes upward to a steep hillside to the west. The project site is bounded by residential and open space to the west, a Hilton Hotel to the north, a retail center known as Scotts Valley Corners and Highway 17 to the east, and Silverwood Drive and undeveloped land to the south.

The eastern portion of the project site is an undeveloped meadow of native and non-native grasses that slopes upward to the west. Steeper slopes on the western portion of the site are vegetated with a mature, mixed coniferous forest.

Highway 17 runs in a northeast-southwest direction just east of the boundary of the project site. A small commercial office and retail complex is located across from La Madrona Drive (Scotts Valley Corners), northeast of the project site. Low to high density residential communities abut the project site at the western and northern boundaries. East of Highway 17 there are dispersed single-family residential homes and large tracts of densely forested open space.

The Gateway South Specific Plan was adopted in 1995 and last amended in 2007. The City determined the need for a Specific Plan for the area during the preparation of the 1994 revision of the General Plan. The Specific Plan was created to emphasize the need for commercial and office development, housing opportunities, and the preservation of the hillside, while minimizing access points on Mt. Hermon Road on the undeveloped land.

The Specific Plan translates the broad community policies, goals, and objectives as set forth in the General Plan into specific regulations, programs and legislation for guiding actual development. The Specific Plan states that the maximum total building coverage shall be 151,000 square feet (sf.) in Planning Area B, which includes the project site, and that any proposal to exceed this limitation shall require a Specific Plan amendment. Buildings existing in

Planning Area B, including the Hilton Hotel and the Scotts Valley Corners retail center, which total approximately 40,000 sf. of building coverage. Update to putting existing and approved.

The project site is zoned C-S (Service Commercial) and OS (Open Space). The more gently sloping portion of the site adjacent to La Madrona Drive is zoned C-S, while the forested hillside on the upper elevation of the site is zoned OS.

Allowable uses in the C-S zoning district include retail establishments, banks, business, and personal service establishments, medical, professional, and general business office. Public utilities and service uses are a conditionally permitted use in the C-S zone.

The OS zoning permits fish and wildlife management activities or facilities, flood control channels and drainage facilities, public and private recreation areas, parks, playgrounds, wildlife and timber preserves, and watershed management activities or facilities. Accessory uses and structures are permitted as incidental to the permitted use, and include storage facilities and signs.

The project will require a general plan and zoning amendment. The Gateway South Specific Plan will also need to be amended.

Critical Issues

There are three critical issues associated with entitlement of the proposed project that will need to be addressed in the EIR; namely aesthetics, biological resources, and transportation.

Aesthetics

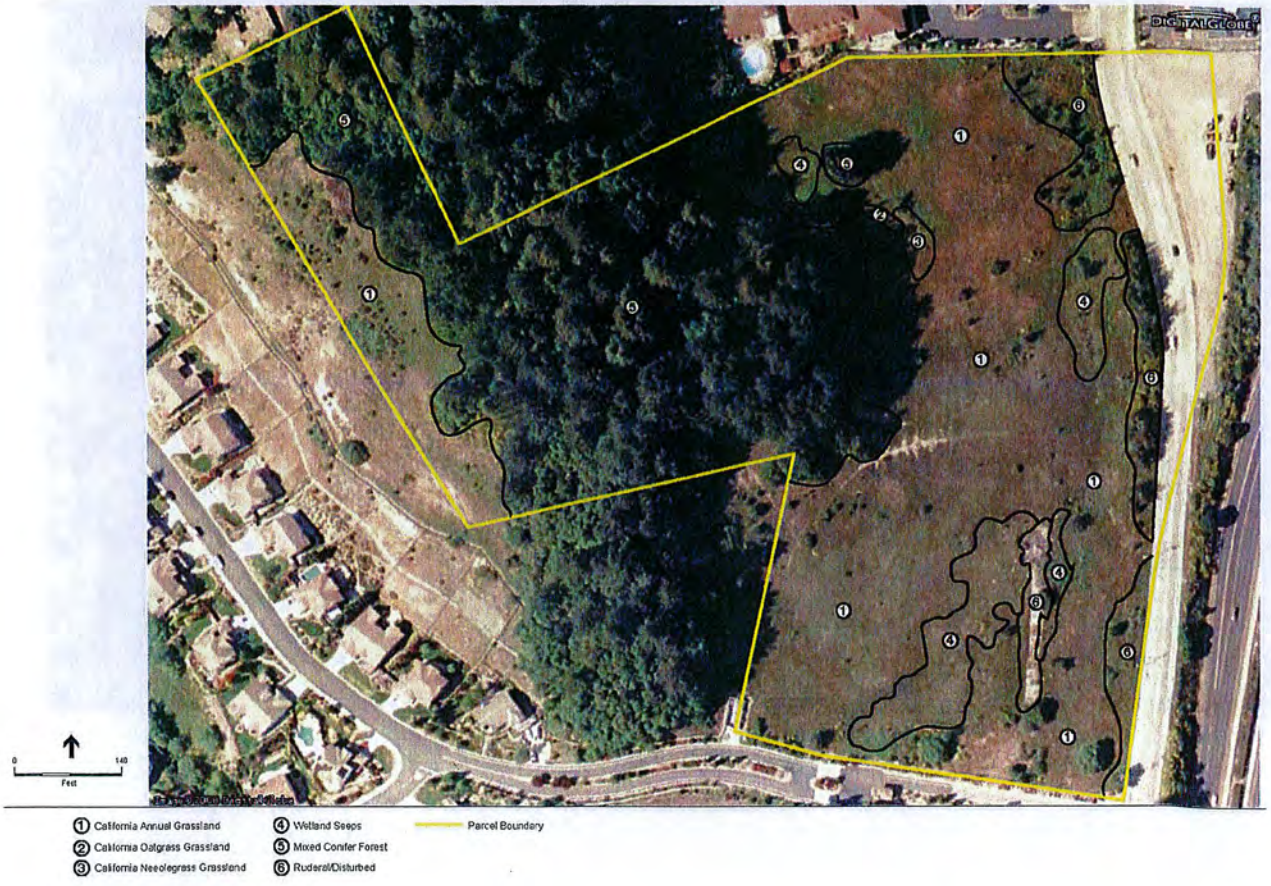
The project site is currently vacant and is set against a backdrop of tall trees on a hillside. The project area functions as a gateway into the City of Scotts Valley. Given that the proposed project includes relatively large, multi-story buildings, it will be important to carefully analyze and be able to visualize the project and its potential effect on aesthetic resources.

Using the two-dimensional plans as provided by the project applicant, Kimley-Horn proposes, as an optional task, to create computer-generated, three-dimensional massing models (without architectural details) of the proposed project, superimposed on a three-dimensional aerial image (using Google Earth). Simulations from up to four public viewpoints along adjacent roadways (e.g. Highway 17, Mount Hermon Road, La Madrona Drive, Silverwood Drive) will be prepared. These simulations will help the public and decision makers better understand the potential aesthetic impacts associated with the project.

Biological Resources

As described in the Gateway South Supplemental Draft EIR (2009), the wetlands delineation found 0.96-acres of freshwater seep wetland habitat located throughout the eastern half of the site (see figure below). As an optional task (should the applicant not have a preferred biologist) H. T. Harvey & Associates will conduct the fieldwork necessary to prepare a Jurisdictional Delineation according to methodologies outlined in the USACE Wetland Delineation Manual, 2010 Mountains Valleys and Coast Supplement, the 2016 Mapping Standards for the San Francisco District, and other relevant USACE guidance. In addition to wetlands, any other potentially jurisdictional features, including "other waters" of the U.S. and state, if any, will be delineated and described per USACE requirements. The limits of all wetlands/waters will be surveyed via sub meter GPS.

The project site appears based on mapped soil substates and existing habitat types to have the potential to support rare plant species, particularly the federally listed Scotts Valley polygonum (Polygonum hickmanii) and Santa Cruz tarplant (Holocarpha macradenia), and the CNPS-ranked Scotts Valley spineflower (Chorizanthe robusta var. hartwegii), San Francisco popcorn flower (Plagiobothrys diffusus), Santa Cruz and Santa Cruz wallflower (Erysimum teretifolium). H. T. Harvey will conduct surveys to identify all plant species on the site to a level sufficient to determine if rare plants exist on the project site.



Transportation

As shown in the table below, the project is estimated to generate 2,438 net new daily trips. Because of the types of uses proposed, these trips would be more evenly distributed throughout the day as compared to traditional residential and commercial retail uses. However, these trips would impact critical intersections in the City and could potentially affect other planned projects, including the Town Center.

		GROSS VOLUMES			INTERNAL CAPTURE			DRIVEWAY TRIPS		
	Land Use	In	Out	Total	Manual Percent	Calc. Percent	IC Trips	In	Out	Total
1	Hotel	752	752	1,504	1.7%	1.7%	26	739	739	1,478
2	Senior Adult Housing - Attached	353	353	706	8.4%	8.4%	60	323	323	646
3	High-Turnover (Sit-Down) Restaurant	194	194	388	19.3%	19.3%	74	157	157	314
Total		**1,299**	**1,299**	**2,598**		**6.2%**	**160**	**1,219**	**1,219**	**2,438**

To adequately address potential transportation impacts, Kimley-Horn will evaluate the following intersections:

1. La Madrona Drive / Silverwood Road (side-street stop control)
2. La Madrona Drive / Altenitas Road (side-street stop control)
3. La Madrona Drive / Mt. Hermon Road – SR 17 Southbound off-ramp (signal)
4. Mt. Hermon Road / El Rancho Drive – SR 17 Northbound ramps (side-street stop control)
5. Mt. Hermon Road / Glen Canyon Road (signal)
6. Mt. Hermon Road / Scotts Valley Drive (signal)
7. Mt. Hermon Road / Kings Village Road (signal)
8. Scotts Valley Drive / Bean Creek Road (signal)
9. SR 17 / Mt. Hermon Road interchange

Scope of Work

This scope of work is for Kimley-Horn and Associates Inc. (KHA) to provide environmental planning and staff support services to the City of Scotts Valley (Client) for the Gateway South Commercial and Residential project (the project).

Kimley-Horn will be the prime consultant and will be responsible for authorship of the EIR, project management, selected technical analysis, and public engagement. Subconsultants to Kimley-Horn will be HT Harvey & Associates.

Kimley-Horn will provide the Client with a project-level EIR that will address all aspects of the proposed project while minimizing or avoiding the need for future environmental review. The EIR analysis will be sufficient in detail to allow for the identification of environmental impacts and mitigations. The thresholds of significance for determining impact significance will be clearly defined early in the process, and will be reviewed with the Client prior to preparing the EIR impact sections.

Project Initiation

Project Kick-Off Meeting

Kimley-Horn's project manager and other key team members will meet with Client staff and the project applicant (as appropriate) to discuss the environmental review process for the proposed project and develop a strategy for environmental compliance that meets the requirements of CEQA. This meeting will focus on a discussion of the technical studies that have been or are anticipated to be prepared for the proposed project (in support of the project application) and elements of previous environmental documents that might be utilized in preparation of CEQA documentation for the project.

Research and Investigation

Kimley-Horn will work with Client staff and the project applicant to collect and review all relevant reports and sources of data. Kimley-Horn will review and confirm that the project information collected is suitable for use in developing the project description, as well as applicable impact assessments for the environmental document.

Project research will include coordination with Client staff to acquire relevant environmental data, previous studies for the area, and other available files, exhibits, maps, and reference documents. The initial investigation will consist of a site visit, review of existing land uses and environmental conditions, and a photographic recording of onsite and surrounding uses.

This scope of work assumes the following existing and new technical studies and plans will be utilized for this project.

Table 1: Existing and Proposed Technical Studies

Environmental Resource	Technical Study Source
Aesthetics	Visual simulations (Kimley-Horn)
Agricultural Resources	Not applicable
Air Quality / GHG/Energy	CalEEMod modelling data (Kimley-Horn)
Biological Resources	Wetlands Delineation (Applicant or HT Harvey) Special Status Plan Survey (Applicant or HT Harvey) Updated Arborist Report (Applicant) Updated Habitat Assessment Confirmation Letter (Applicant)
Cultural Resources	Gateway South SEIR Scotts Valley General Plan
Geology & Soils	Draft Geotechnical Investigation (for the) Proposed Target Store, Kleinfelder, September 16, 2008
Hazards & Hazardous Materials	Phase 1 ESA (Applicant)
Hydrology & Water Quality	Preliminary Stormwater Management Plan (Applicant) Groundwater Recharge Evaluation, LFR Inc., July 31, 2008
Noise	existing ambient noise measurements Gateway South SEIR ()
Transportation & Traffic	Traffic Impact Analysis (Kimley-Horn)
Utilities & Service Systems	Existing city/agency master plans
Public Services	Existing city/agency master plans
Water Supply Analysis	Not applicable

Draft Project Description

Kimley-Horn will prepare a draft of the project description including all referenced figures. As stated in Section 15124 of CEQA, the project description will contain the following information:

- The precise location and boundaries of the project will be shown on a detailed, topographic map. The location of the project will also appear on a regional map.
- A statement of objectives sought by the project. A clearly written statement of objectives will help the Client develop a reasonable range of alternatives to evaluate in the EIR and will aid the decision makers in preparing findings or a statement of overriding considerations, if necessary. The statement of objectives will include the purpose of the project.
- A general description of the project's technical, economic, and environmental characteristics, considering the principal engineering proposals, if any, and supporting public service facilities.

- A thorough discussion of project phasing.
- A statement briefly describing the intended uses of the EIR. This statement will include, to the extent that the information is known to the Client the following:
    a) A list of the agencies that are expected to use the EIR in their decision-making,
    b) A list of permits and other approvals required to implement the project, and
    c) A list of related environmental review and consultation requirements required by federal, state, or local laws, regulations, or policies.

All decisions subject to CEQA will be listed in the order in which they will occur.

The draft project description will be submitted to the Client for review and comment. The draft project description will then be reviewed by the project applicant to ensure its accuracy.

EIR Outline

Prior to preparation of the Administrative Draft EIR, Kimley-Horn takes the unique approach of preparing a detailed EIR outline that is derived from our in-house propriety EIR document template. This outline serves as a roadmap for the project and helps to ensure a clear and effective Client working relationship, according to a mutually agreed process and approach. The EIR outline will identify in draft form the following:

- A detailed table of contents that identifies all the chapters, sections, and organizational structure of the EIR.
- All relevant thresholds of significance including CEQA and those of the Lead Agency and Responsible Agencies (where relevant).
- Discussion of the Effects Not Found to Be Significant and thresholds were there are anticipated to be no impacts or beneficial impacts.
- Preliminary identification of all impact statements and where possible, identification of likely known (standard) mitigation measures.
- Preliminary list of figures and tables.
- Preliminary list of appendices.

Kimley-Horn will review the draft EIR outline with the Client concurrent with review of the draft project description.

Notice of Preparation

Kimley-Horn will prepare the Notice of Preparation (NOP) that summarizes the project and what environmental issues will be addressed fully in the EIR and those that will be determined to be insignificant, as described below.

The NOP package will be prepared pursuant to Section 15082(a) of the CEQA Guidelines. An electronic file will be sent to the Client for review and consideration. Following review and incorporation of comments by the Client, Kimley-Horn will prepare the final NOP.

This scope of work assumes that the Client will be responsible for the preparation of all public notices and distribution of the IS/NOP pursuant to CEQA requirements, including all relevant public agencies.

Included for Detailed EIR Analysis (Potentially Significant)	Excluded from Detailed EIR Analysis (Insignificant)
▪ Aesthetics ▪ Air Quality / GHG Emissions ▪ Biological Resources ▪ Geology & Soils ▪ Hazards & Hazardous Materials ▪ Hydrology & Water Quality ▪ Land Use / Planning ▪ Noise ▪ Public Services ▪ Transportation & Circulation ▪ Utilities/ Service Systems	▪ Agricultural Resources ▪ Cultural Resources ▪ Mineral Resources ▪ Population & Housing ▪ Recreation

Public Scoping Meeting (Optional Task)

Staff from Kimley-Horn will attend and facilitate a public scoping meeting for the proposed project. The scoping meeting will be conducted in collaboration with the Client at a location near the project site. The public scoping meeting will serve to obtain information and input from responsible agencies and the public, as well as to inform the public about the CEQA review and EIR process.

Kimley-Horn will prepare a draft and final presentation (in PowerPoint) and will prepare handout materials including copies of the NOP and comment forms. These materials will be reviewed with the Client prior to finalizing.

Review NOP and Refine Project Scope

Based on comments received by the public from the NOP and the public scoping meeting, Kimley-Horn will review the key environmental issues with the project team, clarify/refine the scope of work for the EIR, and identify any additional analytical tasks not included in this proposal.

Administrative Draft EIR

Kimley-Horn will prepare an Administrative Draft and Screencheck Draft EIR (EIR) for review and comment by the Client in a format that is consistent with §15000 of the State CEQA Guidelines. The approach to each section of the EIR is summarized below.

Executive Summary

Kimley-Horn will provide an Executive Summary for the Draft EIR including summary of the project, an overview of project impacts, mitigation, levels of significance after mitigation, summary of project alternatives, areas of controversy, and issues to be resolved. The Executive Summary will be presented in a tabular format and will be included in the Screencheck Draft EIR, following Client review of the Administrative Draft EIR.

For each significant impact, only the summary title of the mitigation measure will be provided and not the full text of each mitigation measure. This approach will help ensure a manageably-sized Executive Summary and avoid excessive duplication of text.

For legal defensibility reasons, the Executive Summary will also include a section summarizing the NOP comments and where they are addressed in the body of the EIR.

Introduction and Purpose

This section will identify the purpose of the Draft EIR and statutory authority under CEQA, as well as document-scoping procedures, summary of the EIR format, listing of responsible and trustee agencies, and documentation incorporated by reference.

The Introduction will describe the project background and purpose; identify the lead agency, and other trustee agency roles, describe the required approvals (including any permit requirements); describe the intended uses of the EIR (e.g., compliance with CEQA); and outline the EIR scoping process.

Final Project Description

Kimley-Horn will update/finalize the project description based on NOP comments and any minor refinements as provided by the Client and/or the project applicant.

Environmental Analysis

Each environmental section in the Draft EIR will include sections for existing setting, thresholds of significance, an analysis of project-related impacts, and mitigation measures to avoid or reduce significant impacts. Thresholds will be based on the State CEQA Guidelines, as well as those identified thresholds of the Client (as the Lead Agency) and relevant thresholds from Responsible and/or Trustee Agencies (e.g. Caltrans).

Each resource section of the EIR will include a summary of relevant general plan policies that could avoid or reduce significant environmental impacts. Kimley-Horn will ensure that

thresholds of significance are acceptable to Client staff before beginning the environmental analysis.

Aesthetics

The proposed project has the potential to substantially alter the existing visual character of the project site and views of the area from public roadways that surround the project site through build out of the proposed project.

The aesthetics section of the Draft EIR will identify the visual characteristics of the project site and surrounding area. Kimley-Horn will describe the existing aesthetic environment and visual resources, including a discussion of views within the project site and views from surrounding areas, particularly from the adjacent uses, utilizing pictures and information from a site reconnaissance of the project site and surrounding area and information from the proposed project.

Based on photographs of the project site and project plans, this section of the EIR will evaluate the following:

- Description of existing views to and from the project site will be provided with an emphasis on views from public roadways.
- Evaluation of the alteration in views of the project site to and from these public viewing areas.
- Evaluation of the proposed project for the potential to introduce substantial new night-time lighting or create new sources of glare that could affect surrounding land uses.
- Evaluation of General Plan policies related to aesthetics that are relevant to the proposed project.
- Identification of mitigation measures determined to be appropriate and those determined to be feasible for implementation.

Simulations (Optional Task)

Using the two-dimensional plans as provided by the project applicant, Kimley-Horn will create computer-generated, three-dimensional massing models (without architectural details) of the proposed project, superimposed on a three-dimensional aerial image (using Google Earth). Simulations from up to four (4) public viewpoints along adjacent roadways (e.g. Highway 17, Mount Hermon Road, La Madrona Drive, Silverwood Drive) will be prepared. These simulations will help the public and decision makers better understand the potential aesthetic impacts associated with the project.

Air Quality / GHG Emissions / Energy

Existing Conditions/Regulatory Framework

The project is located within the North Central Coast Air Basin (NCCAB), which is under the jurisdiction of the Monterey Bay Air Resources Board (MBARB). Baseline meteorological and air quality data developed through the California Air Resources Board (CARB) will be utilized for the description of existing ambient air quality. Air quality data from the nearest air quality monitoring station will be included to help highlight existing air quality local to the project area. The analysis will also describe and address the requirements set forth by the MBARB CEQA Air Quality Guidelines.

Construction-Related Emissions

Kimley-Horn will quantify construction emissions with the latest version of the California Emissions Estimator Model (CalEEMod) modelling software. A general description of the major phases of construction and their timing will be prepared. The air pollutant emissions generated during construction will be compared to the MBARB regional thresholds of significance. Kimley-Horn will also qualitatively discuss naturally occurring asbestos impacts, if relevant.

Long-Term Emissions

Kimley-Horn will quantify operational (i.e., area and mobile source) emissions and provide a comparison to the MBARB thresholds of significance. The emissions will be quantitatively derived utilizing CalEEMod. Primary sources of emissions will be related to area sources and local/regional vehicle miles traveled. Project consistency with the latest MBARB Air Quality Management Plan will be evaluated.

Greenhouse Gas Emissions and Energy

Because significance threshold has not yet been adopted by MBARB, the effects of the proposed project will be evaluated based not on the quantity of emissions, but rather on whether practicable available control measures can be implemented. This approach is based on the concept that if a project implements reduction strategies identified in AB-32, the Governor's Executive S-3-05, or other strategies to help toward reducing GHGs to the level proposed by the governor, it could reasonably follow that the project would not result in a significant contribution to the cumulative impact of global climate change.

This section will also include a discussion of the potential energy impacts and ways of avoiding or reducing inefficient, wasteful and unnecessary consumption of energy. This will include an analysis of:

- Energy consuming equipment and processes using during construction and operation
- Total construction and operational energy requirements of the project by fuel type and end use
- Energy conservation equipment and design features

- Identification of energy supplies that would serve the project
- Total estimate daily vehicle trips generated and the additional energy consumed per trip by mode and overall use of efficient transportation alternatives
- The effects of the project on local and regional energy supplies and on requirements for additional capacity, including the effects on peak and base period demands
- Compliance with existing energy standards

This section will propose mitigation measures, if necessary, which would reduce potential significant impacts from the proposed project to a less-than-significant level.

Biological Resources

This section will be prepared utilizing the relevant technical studies as identified in Table 1: Existing and Proposed Technical Studies.

This section will summarize the existing special status plant and animal species, wetlands, sensitive habitats, riparian communities, and other biological resources on the project site. Kimley-Horn will discuss potential project impacts on biological resources, including alteration of species behavior, forage base, and habitat availability, quantity, and/or quality. Kimley-Horn also will discuss any habitat conservation or management plans within the project vicinity, as well as any other current resource management strategies. In addition, Kimley-Horn will discuss the regulatory framework associated with management of species including the Federal and California Endangered Species Act (ESA). Kimley-Horn will prepare an impact analysis of the various vegetation types and wildlife species located within the project site. Mitigation measures will be provided where necessary to reduce impacts associated with the proposed development.

Biological Surveys (Optional Task)

Should the City/applicant wish, HT Harvey, as a subconsultant to Kimley-Horn will conduct the necessary biological surveys for the project site. There scope of work is described below.

Wetland Delineation

Field Survey

H. T. Harvey & Associates will conduct the fieldwork necessary to prepare a Jurisdictional Delineation. Data on the soils, vegetation, and hydrology within potential wetlands on the site are necessary to complete a formal delineation. We propose to delineate the boundaries of these features according to methodologies outlined in the USACE Wetland Delineation Manual, 2010 Mountains Valleys and Coast Supplement, the 2016 Mapping Standards for the San Francisco District, and other relevant USACE guidance. To that end, a routine, on-site

delineation of wetlands that occur on the Project site will be conducted. In addition to wetlands, any other potentially jurisdictional features, including "other waters" of the U.S. and state, if any, will be delineated and described per USACE requirements. The limits of all wetlands/waters will be surveyed via sub meter GPS.

Jurisdictional Delineation Report
H. T. Harvey & Associates will prepare a technical report summarizing the methods and results of the field survey of jurisdictional waters of the U.S. and State. The report will be prepared to specifications developed by the San Francisco District of the USACE and will be of sufficient detail for agency review and a jurisdictional determination. It will include a brief description of existing conditions, description of field techniques employed in the delineation, wetland data sheets, and copies of aerial photographs and maps that show the extent of jurisdictional waters on the Project site.

Site Visit with USACE Representatives for Verification. Following the submittal of the wetland delineation report to the USACE, H. T. Harvey & Associates will meet with staff of the USACE on the Project site to verify the delineation of jurisdictional waters. Revisions will be made to the technical report and accompanying maps, if necessary, after the site visit with USACE representatives.

Rare Plant Surveys

The project site appears based on mapped soil substrates and existing habitat types to have the potential to support rare plant species, particularly the federally listed Scotts Valley polygonum (Polygonum hickmanii) and Santa Cruz tarplant (Holocarpha macradenia), and the CNPS-ranked Scotts Valley spineflower (Chorizanthe robusta var. hartwegii), San Francisco popcorn flower (Plagiobothrys diffusus), Santa Cruz and Santa Cruz wallflower (Erysimum teretifolium). Our surveys will be floristic in nature and will detect and identify all plant species on the site to a level sufficient to determine if rare plants exist on the project site.

HTH proposes to perform surveys at three times from early spring through summer to ensure that these plants, or any other rare species, can be detected if they are present. Thus, the surveys will include an early survey in approximately mid-March for early blooming species such as Santa Cruz wallflower and San Francisco popcorn flower, and a second in April or May for later blooming species such as Scotts Valley polygonum and Scotts Valley spineflower. A final survey in approximately June or early July will clear the site for late-blooming species such as Santa Cruz tarplant. The survey periods are intentionally broad and approximate because the phenology of these plants (when they flower and are thus detectable and identifiable) can be dependent on the local climate (i.e., rainfall amounts, rainfall patterns, and temperatures). Surveys will be timed based on observations of nearby reference populations for the five main target species to capture the best dates for detecting the listed species. Survey periods for each target plant species have been combined to the greatest extent possible to avoid unnecessary repeat visits and to minimize the estimated budget associated with this task. Although each

rare plant survey will specifically target one or more species as described here, the plant ecologist will document all CNPS-listed plant species observed during each survey, if any.

During surveys, the HTH plant ecologist, who is familiar with the flora of the Santa Cruz Mountains, will walk the entire proposed project site, identify all potential rare plant species present on the site, and document any rare plant populations observed, including GIS shapefiles collected with a Trimble sub meter GPS handheld unit and/or iPad in the field.

Following completion of the late-summer plant survey, HTH will provide a report summarizing the results of the rare plant survey task, integrating the results of the three plant surveys described above. The report will provide detailed maps documenting all rare plant populations by size and location, if any, as well as documenting the survey methods, effort, and tracking of reference sites. We will then provide recommended mitigation measures for impacts to rare plants to bring these impacts to a less-than-significant level.

Cultural Resources

This section will be prepared utilizing the relevant technical studies as identified in Table 1: Existing and Proposed Technical Studies.

Consistent with Section 21083.2 of CEQA, Kimley-Horn will prepare the EIR section addressing cultural resources and archaeology based on the records search and field survey result, as documented.

The section will include the existing setting information and will analyze the potential project impacts to any resources found onsite, including any potential sites important to Native American history and early European settlements. Potential impacts to cultural resources due to the extension of offsite infrastructure (e.g., bridges, water lines, etc.) will also be evaluated. Appropriate mitigation measures will be developed for any cultural resource sites found to occur within the project area.

The Cultural Resources section will also address the requirements of Assembly Bill 52 regarding Tribal Cultural Resources. This scope of work assumes that the Client will be responsible for all consultation outreach.

Geology & Soils

This section will be prepared utilizing the relevant technical studies as identified in Table 1: Existing and Proposed Technical Studies.

Kimley-Horn will describe the seismicity of the area and the potential for liquefaction, subsidence and similar effects, as applicable. This section will include information associated with the regional and site-specific geology and soils constraints and existing topography. Specifically, this section will:

- Discuss potential project impacts including areas potentially subject to significant grading impacts, seismic hazards, landform modifications, and wind and/or slope water erosion to the extent feasible.
- Discuss the proposed project consistency with the grading standards/policies. In addition, mitigation measures will be discussed to reduce impacts associated with the proposed project.
- Describe the potential geotechnical and geologic hazards that may be present including, but not limited to, liquefaction, settlement, compression, subsidence, erosion, expansive soils, collapsible soils, inundation, naturally occurring asbestos, and existing fills.

Should a potentially significant impacts(s) be identified, Kimley-Horn will recommend mitigation measures to reduce these impacts to the extent feasible.

Hazards & Hazardous Materials

This section will be prepared utilizing the relevant technical studies as identified in Table 1: Existing and Proposed Technical Studies.

This section will identify the historic uses associated with the project site, as well as identify any hazardous materials that may be located in or around the project site. This section also will describe the potential hazardous materials that may be introduced to the project site as a result of the project, and any impacts associated with these materials. Kimley-Horn also will identify if the proposed project would interfere with any emergency response plans or expose people to hazards associated with wildland fires. Mitigation measures will be provided where necessary to reduce impacts associated with the proposed project.

Hydrology & Water Quality

This section will be prepared utilizing the relevant technical studies as identified in Table 1: Existing and Proposed Technical Studies.

Kimley-Horn will describe the hydrological setting, including its location within the regional watershed system. Kimley-Horn will also describe the potential urban water pollutant types and their sources. This will include assessment of flood hazards and determination of 100-year flood zones, if applicable. Information sources will include published flood maps, the U.S. Geological Survey, and the California Department of Water Resources.

The hydrology and water quality impact analysis will address short-term temporary construction-related effects on hydrology and water quality; long-term project-related water quality; permanent changes to stormwater drainage and/or flooding; project-related impacts to groundwater quantity and quality; and cumulative on-site and off-site hydrology and water quality impacts.

Applicable federal, state, and local regulations for stormwater drainage, grading and erosion control, and other water quality protection procedures will be described. Kimley-Horn will discuss potential flooding hazards, general management practices, and mitigation measures to reduce the effects of storm water runoff.

Kimley-Horn will summarize the groundwater conditions in the project area and will discuss the use of groundwater, trends, and general aquifer conditions. This effort will rely on existing sources and will not include water quality testing, or field verification of stream conditions.

Significant impacts could relate to increased rate and volume of runoff from impervious surfaces, erosion and sedimentation, and transport of urban contaminants. Completion of this section will include the following:

- Describe surface drainage patterns of the project area and adjoining areas.
- Summarize the drainage network of the project area, including information on channel conditions, culvert locations and sizing, and capacity of existing drainage facilities to pass flows. This will include identification of flood hazards in the project area.
- Identify applicable City of Scotts Valley and state policies, programs, and standards associated with storm water detention and water resources. Analyze pre- and post-development runoff and detention basin size(s) and location(s).
- It is anticipated that increases in storm water drainage resulting from construction of the proposed project would be mitigated through detention and/or retention of storm water flows onsite. The section will also discuss other Best Management Practices for mitigation of any significant impacts associated with water quality.

Should a potentially significant impacts(s) be identified, Kimley-Horn will recommend mitigation measures to reduce these impacts to the extent feasible

Land Use & Planning

This section of the EIR will evaluate potential impacts related to land use in the project area that could result from implementation of the project.

Existing land uses in the immediate vicinity of the project site will be described based on site visits, aerial photographs, and relevant plans. This section will also analyze the distribution, location, and extent of proposed land uses, and analysis of the proposed project with respect to logical growth patterns, compatibility, and contiguity with development in surrounding areas.

This section will address project consistency with the City of Scotts Valley General Plan, the City's Municipal Code, and applicable ordinances.

Noise

This section will be prepared utilizing the relevant technical studies as identified in Table 1: Existing and Proposed Technical Studies.

The analysis will discuss temporary construction-related impacts as well as impacts during project operations. This section will contain a characterization of current average sound levels at the project site, as well as a review and description of the noise exposure standards related to existing surrounding land uses, including single-family residential development in relation to the standards defined by the General Plan and applicable state standards for noise exposure. Additional information will include a definition of acoustical terminology. The EIR will identify mitigation measures determined to be appropriate and those determined to be feasible for implementation for each individual proposed land use, as applicable.

Construction-Related Noise

Construction would occur during implementation of the proposed project. Noise impacts from construction sources will be analyzed based on the anticipated equipment to be used, length of a specific construction task, equipment power type (gasoline or diesel engine), horsepower, load factor, and percentage of time in use. The construction noise impacts will be evaluated in terms of maximum levels (Lmax) and hourly equivalent continuous noise levels (Leq) and the frequency of occurrence at adjacent sensitive locations. Analysis requirements will be based on the sensitivity of the area, noise ordinance specifications, and the Federal Transit Administration's vibration analysis guidance.

Operational Noise Sources

Potential effects of stationary noise sources will be evaluated based on the city's land use compatibility standards. Compliance with applicable noise standards will be evaluated, with recommended mitigation measures included where appropriate. Additionally, noise impacts to the adjacent existing land uses will be analyzed.

The CEQA analysis will discuss temporary construction-related impacts as well as impacts during project operations. This section will contain a characterization of current average sound levels at the project site, as well as a review and description of the noise exposure standards related to existing surrounding land uses, including single-family residential development in relation to the standards defined by the City of Scotts Valley General Plan and applicable state standards for noise exposure.

The Noise section will propose mitigation measures, if necessary, which would reduce potential significant impacts from the proposed project to a less-than-significant level.

Population & Housing

This section of the EIR will discuss the existing population and housing conditions within the City of Scotts Valley and the proposed project's consistency with the adopted regional or local projections from the Association of Monterey Bay Area Governments (AMBAG).

The impact analysis will address how the proposed project will contribute to population growth in the City, and in comparison to AMBAG projections. The environmental impacts of the increased population and housing (e.g. air quality, noise, utilities, etc.) will be addressed in their respective technical sections in the EIR.

Public Services & Recreation

This section of the EIR will evaluate the impact of the proposed project on schools, law enforcement, fire protection and emergency response service. It will also evaluate potential impacts to recreation facilities.

Project-related demand for facilities and services will be estimated and compared against existing capacity and proposed future capacity associated with intensification within and around the proposed project area. Impacts will be based on whether any new public services or facilities would be needed and if construction of such facilities could generate significant impacts based on established Client or service-provider thresholds.

Transportation and Circulation

As shown in the table below, the project is estimated to generate 2,438 net new daily trips. Because of the types of uses proposed, these trips would be more evenly distributed throughout the day as compared to traditional residential and commercial retail uses. However, these trips would impact critical intersections in the City and could potentially affect other planned projects, including the Town Center.

		GROSS VOLUMES			INTERNAL CAPTURE			DRIVEWAY TRIPS		
	Land Use	In	Out	Total	Manual Percent	Calc. Percent	IC Trips	In	Out	Total
1	Hotel	752	752	1,504	1.7%	1.7%	26	739	739	1,478
2	Senior Adult Housing - Attached	353	353	706	8.4%	8.4%	60	323	323	646
3	High-Turnover (Sit-Down) Restaurant	194	194	388	19.3%	19.3%	74	157	157	314
Total		**1,299**	**1,299**	**2,598**		**6.2%**	**160**	**1,219**	**1,219**	**2,438**

Kimley-Horn will prepare a Traffic Impact Analysis (TIA) which will be used to prepare the transportation impact section of the EIR. The traffic study will include AM and PM peak hour intersection level of service analysis for the following intersections:

Intersection	Traffic Count Data Source
1. La Madrona Drive / Silverwood Road (side-street stop control)	New traffic count
2. La Madrona Drive / Altenitas Road (side-street stop control)	New traffic count
3. La Madrona Drive / Mt. Hermon Road – SR 17 Southbound off-ramp (signal)	Aviza TIA
4. Mt. Hermon Road / El Rancho Drive – SR 17 Northbound ramps (side-street stop control)	New traffic count
5. Mt. Hermon Road / Glen Canyon Road (signal)	New traffic count
6. Mt. Hermon Road / Scotts Valley Drive (signal)	New traffic count
7. Mt. Hermon Road / Kings Village Road (signal)	New traffic count
8. Scotts Valley Drive / Bean Creek Road (signal)	New traffic count
Merge/Diverge Ramp	**Traffic Count Data Source**
A. SR 17 / Mt. Hermon Road interchange	New Traffic Count

These intersections will be analyzed following the 2010 *Highway Capacity Manual* (HCM) methodology using Synchro software.

Kimley-Horn will analyze the following four scenarios:

- Existing
- Existing + Project
- Cumulative
- Cumulative + Project

The analysis will use the Client-supplied a list of approved but not yet constructed projects to include in the Cumulative scenario.

Data Collection

This task will include data collection at the study intersections, as noted above. Kimley-Horn will collect traffic counts, field data, review movements, signal timing, and saturated flows.

Field observations of these intersections will be conducted to determine the intersection lane configurations and signal timing. Signal timing sheets will be acquired from the Client to supplement this field review. Potential access locations for the project site will also be observed and considered. Intersections, roadways, and possible access locations will be photographed. Any approved future projects mentioned in the list provided by the Client that would traffic to the roadway network near the project site will also be considered.

Traffic Analysis – Existing and Existing + Project

Kimley-Horn will present traffic results in existing conditions and develop traffic estimates for the project using trip generation rates from the Institute of Transportation Engineers (ITE) *Trip Generation Manual, 10th Edition.* Traffic trip distribution will be assigned to the study intersections based on the existing traffic patterns and in consultation with Client staff.

Kimley-Horn will calculate intersection levels of service using the Synchro software for both the Existing and Existing + Project scenarios. If any deficiencies are identified, Kimley-Horn will recommend mitigation measures.

Traffic Analysis – Cumulative and Cumulative + Project

Kimley-Horn will develop traffic estimates for the approved near-term projects within the study area (the Cumulative scenario). Kimley-Horn will then develop traffic estimates that include the approved projects with the project (the Cumulative + Project scenario). This will be done using trip generation rates from the Institute of Transportation Engineers (ITE) *Trip Generation Manual, 9th Edition.* Trips will be assigned to the study intersections based on the anticipated cumulative traffic patterns. Kimley-Horn will calculate intersection levels of service using the Synchro software for both the Cumulative and Cumulative + Project scenarios. If any deficiencies are identified, Kimley-Horn will recommend mitigation measures.

Evaluation of Proposed Site Access

Kimley-Horn will conduct a traffic analysis of potential queuing and operations for the proposed project. Recommendations for potential site plan changes will also be made as necessary.

Utilities & Service Systems

This section will be prepared utilizing the relevant technical studies as identified in Table 1: Existing and Proposed Technical Studies.

The Utilities and Service Systems section of the EIR will address water supply, wastewater, electricity, natural gas, and communications. Project-related demand for facilities and services will be estimated and compared against existing capacity and proposed future capacity associated with the proposed project. Service demand will be evaluated for each utility and service. Potential impacts to these utilities and service systems will be addressed and any impacts will be based on whether any new facilities would be needed and if construction of such facilities could generate significant impacts. Kimley-Horn's description of the proposed infrastructure systems and any impacts upon them or resulting from them will be based on the infrastructure plans and any supporting technical studies as provided by the project applicant.

Kimley-Horn will coordinate with the Client and relevant service and utility agencies to document existing and planned facilities, current and projected usages, and excess capacities. Additional infrastructure and services capacity required to meet project needs associated with the proposed project will be described. Anticipated impacts will be assessed based upon a

comparison of the increased demand for services and utilities and the ability of the city and other utility districts to accommodate this increased demand.

Cumulative Impacts

Consistent with Section 15130 of the CEQA Guidelines, Kimley-Horn will discuss cumulative impacts of the project when the project's incremental effect is cumulatively considerable. The analysis shall be conducted using either a "list of past, present and probable future projects producing related or cumulative impacts" or "a summary of projections contained in an adopted general plan or related planning document, or in a prior environmental document that has been adopted or certified which described or evaluated regional or area wide conditions contributing to the cumulative impact."

If using the "list" approach, Kimley-Horn shall identify region of influence for each issue area being analyzed. Assumptions will be coordinated with the cumulative traffic analysis and with the assumptions of other projects in the vicinity to ensure consistency. This analysis will address each topic covered in the EIR environmental analysis and will identify appropriate mitigation measures that may reduce any potentially significant cumulative impacts to a less than significant level.

Alternatives to the Project

Kimley-Horn will work in coordination with the Client to develop up to four alternatives to the Project (including a no action alternative). Each alternative will be contrasted with the proposed project in terms of the extent to which project objectives and reduction in adverse impacts are achieved. Kimley-Horn will prepare a qualitative analysis of impacts from each alternative with respect to each environmental analysis topic covered in the EIR, and provide quantitative and comparative analysis where data is available (in accordance with recent case law and CEQA Guidelines Section 15126.6(d)). The environmentally superior alternative will be identified.

Other CEQA Considerations

Effects Not Found to be Significant

This section will discuss impacts to resources not found to be significant. It is anticipated that the following issues will be briefly addressed in this section:

- Agricultural and Forestry Resources
- Cultural Resources
- Mineral Resources
- Population and Housing
- Recreation

Significant Environmental Effects Which Cannot be Avoided if the Project is Implemented

Impacts that are both significant and unavoidable will be identified. These will be determined based on the analysis in the EIR and thresholds of significance established in the EIR or by regulatory agencies. Should there be significant unavoidable adverse impacts, these will need to be addressed in a Statement of Overriding Considerations.

Significant Irreversible Environmental Changes Which Would be Caused by the Project Should it be Implemented

This section will summarize the major changes to the environment that would result from development and occupation of the proposed project. It will focus on the physical environmental changes in the project setting such as those caused by grading and paving, the level of commitments to use of non-renewable resources represented by the project, and potential for secondary impacts that may place additional burdens on non-renewable resources.

Growth Inducing Effects

As a required discussion, according to CEQA Section 15126.2(d), Kimley-Horn will provide a Growth Inducing Effects discussion in the EIR. Kimley-Horn will work with the Client to establish the anticipated growth conditions in the project area and parameters for consideration of any secondary impacts from growth. Kimley-Horn will evaluate the potential for the proposed project to generate additional growth in the area using standard growth analysis criteria, such as the project's potential to foster economic or population growth or its potential to remove obstacles to population growth through extension of infrastructure.

References and List of Preparers

This section will provide a list of references for citations found in the body of the EIR. In addition, this section will also identify all federal, state, or local agencies, other organizations and private individuals consulted in preparing the Draft EIR, and the persons, firm, or agency preparing the draft EIR, by contract or other authorizations (per CEQA Section 15129).

Administrative Draft EIR

Kimley-Horn will assemble all completed sections into a single consolidated Administrative Draft EIR submittal (ADEIR) with appendices. The ADEIR will include figures to enhance the written text and clarify the proposed project's environmental impacts. The entire document will be reviewed to ensure consistent references to terms, methodology of analysis, and correct use of grammar.

The Administrative Draft EIR will be sent to the Client for review and comment.

Public Review Draft EIR

Screencheck Draft EIR

Following internal review of the ADEIR, Kimley-Horn will revise the document based on comments received and provide a track-changes screencheck document for Client review. This will consist of responding to Client comments on the ADEIR requiring a mixture of substantive corrections and editing, but no new technical studies or site-specific data collection. Revisions to the technical appendices are not anticipated.

Public Review Draft EIR

Based on comments received by the Client on the Screencheck Draft EIR, Kimley-Horn will prepare the Public Review Draft EIR. Revisions are assumed to be limited to editorial and formatting changes.

This scope of work assumes that the Client will be responsible for preparing the Notice of Completion (NOC) and Notice of Availability (NOA) and distribution of the Draft EIR to the State Clearinghouse and to other public agencies and interested parties.

Certification of the Environmental Impact Report

Administrative Final EIR

Kimley-Horn will meet and/or coordinate with the Client to review written comments on the Public Review Draft EIR; comments from public meetings/hearings (if applicable); and develop a strategy and framework for responding to comments. Given the fact that Kimley-Horn does not know how many comment letters will be received, this scope includes an initial estimate of time in the project budget. Once all comments are received, Kimley-Horn will review and discuss any modifications to the budget estimate with the Client.

The introduction to the AFEIR will document compliance with all CEQA Statutes and Guidelines throughout the CEQA process. It will also provide an index of all changes made to the Draft EIR in response to comments received. The comments and responses will comprise the second section of the AFEIR, where each comment letter will be reproduced and specific responses to each comment will be provided. The third section of the AFEIR will present those pages of the Draft EIR on which changes were made in response to the comments using underlined text for additions and ~~strikeout~~ text for deletions.

Screencheck and Final EIR

Kimley-Horn will respond to Client comments on the Administrative Final EIR, complete necessary revisions, and prepare the screencheck and Final EIR. Per Client direction, the Final EIR will be either: 1) A single, complete document with the complete revised text of the Draft EIR, indicating changes, or 2) A reprinting of only those pages from the Draft EIR on which

changes were made, with the changes tracked with underlining and strikethrough, as appropriate.

Mitigation Monitoring and Reporting Program

To comply with the CEQA Guidelines Section 21081.6, Kimley-Horn will prepare a Mitigation Monitoring and Reporting Program (MMRP) for concurrent review with the AFEIR. Kimley-Horn will work with the Client to identify appropriate monitoring steps/procedures and to provide a basis for monitoring such measures during and upon project implementation. The MMRP will be created in a tabular checklist format that indicates those mitigation measures identified in the EIR, the monitoring milestone (at what agency/department responsible for verifying implementation of the measure), and the method of verification (such as documentation or field checks,).

The MMRP will be prepared pursuant to Public Resources Code Section 21081.6. For each mitigation measure contained in the EIR, the MMRP will identify: the party or parties responsible for implementation (individuals, departments); timeframe and mechanism for monitoring; funding source(s); and monitoring and performance criteria (to measure success of mitigation). The MMRP will be bound separately for use as an independent document for field verification of adequate implementation of mitigation measures and any remedial action necessary to achieve adequate mitigation.

To the extent feasible, Kimley-Horn will tie mitigation measures directly to required authorizations (e.g., grading and building permits, PUD, etc.). Revisions will be made to the MMRP as directed by the Client following internal review of the AFEIR.

Entitlement Support Services (Optional Task)

Kimley-Horn will provide on-going entitlement support services as an extension of City staff for the project. This task will include coordination with the project applicant and coordination with the City's Community Development Department and among the various City departments. Kimley-Horn will also help coordinate plan review with the Scotts Valley Water District and the Scotts Valley Fire Protection District. Tasks include:

- Mitigation Monitoring and Reporting Program
- Project Team Conference Calls / Weekly Communications
- Staff Reports (PC and CC)
- Public Hearing Presentations (draft & final, 2 mtgs.)
- Conditions of Approval
- Findings

This scope of work assumes the budget allocation shown for this task will be sufficient. However, should additional time be required, such work will be completed on a time and materials basis, based on additional funding as approved through a contract amendment.

Meetings and Project Management

This task assumes attendance by Kimley-Horn staff at the following meetings:

- Project kick-off meeting (1)
- Public Scoping meeting (1) (Optional)
- Client coordination meetings (5)
- Planning Commission meeting (1)
- Council meeting (1)

This scope of work assumes that Kimley-Horn's role at the public meetings will be to provide support to the Client in answering questions and providing general guidance and recommendations. Kimley-Horn will not be responsible for providing presentation materials. Attendance at public meetings/hearings assumes preparation of one PowerPoint presentation.

Project Deliverables

Kimley-Horn will provide hard copies of the following project deliverables to the Client:

- Draft Project Description and EIR outline – 3 copies
- Administrative Draft EIR– 3 copies (in three ring binders, appendices digital only via file-sharing web site)
- Screencheck Draft EIR – 3 copies
- Public Review Draft EIR – 25 copies plus 25 CDs
- Public Review Draft EIR Technical Appendices – 5 copies
- Administrative Draft Final EIR – 3 copies
- Screencheck Administrative Draft Final EIR – 3 copies
- Final EIR – 25 copies plus 25 CDs

In addition, Kimley Horn will provide an electronic, internet-ready version of the Draft and Final EIR for web posting. The specifications for fulfilling this requirement are as follows.

- Text will be provided in PDF format using Adobe Acrobat. Chapters will be separated into individual PDF files with figures provided at the end of each chapter.
- A Table of Contents will be provided in PDF format, which includes relative links (not absolute links) to each section in the document.

- The electronic, internet-ready versions of the DEIR and FEIR will be posted to an electronic file-sharing web site (i.e. ShareFile) for Client download in "ready to post" format.

Project Schedule

Kimley-Horn has assumed a 14-month schedule from the date of contract award, as shown below. This schedule assumes that all technical studies required by the project applicant are provided at least three months prior to release of the Public Review Draft EIR. It also assumes that no new technical analysis will be required other than that identified in this scope of work, including the need for seasonal biological surveys or additional transportation analysis.

Based on comments received by public agencies on the NOP/IS, this schedule may need to be revised should such comments constitute a significant change in the scope of work.

Task	Duration (Months)
Project Kick-off Meeting	0
Draft Project Description	2
NOP	2
Administrative Draft EIR	7
Public Review Draft EIR	8
Administrative Draft Final EIR	12
Public Hearings/Approvals	13-14

Project Assumptions

In addition to any assumptions noted above, the scope and associated costs are based on the following assumptions:

General

1. The cost estimate includes meetings described in this scope of work. Additional meetings will be billed on a time and materials basis.
2. The Client will provide Kimley-Horn will all technical materials, maps, project plans, GIS data, etc. as they become available. This scope of work assumes that all project plans and supporting technical studies to be prepared outside of this scope of work will be provided prior to preparation of any project deliverables and that no further modification to the data will be required.

3. No new technical analysis or preparation of technical reports will be required, other than those identified in this scope of work.
4. All technical studies provided to Kimley-Horn are assumed to be technically accurate and not require a peer review. Unless specifically stated otherwise, Kimley-Horn's review of these technical studies will be limited to an assessment of their completeness necessary to prepare the work products identified in this scope of work.
5. Deliverables will be submitted to the Client in electronic (PDF) format and source files, except for printed copies as identified in this scope of work.
6. Client will act as a clearinghouse for comments on all administrative draft documents and will provide Kimley-Horn with a single, internally reconciled set of comments for each submitted draft document.
7. There will be a single round of review and revision to all draft document deliverables. If Client feels that additional reviews are necessary, a contract amendment for additional work may be necessary, depending on the nature and circumstances associated with the additional changes (e.g. changes to the project description, additional technical analysis required, etc.). These changes can be characterized as being outside of the control or knowledge of Kimley-Horn and would not be considered reasonable from the standpoint of professional standards of service and appropriate due diligence.
8. Revisions to screencheck documents will focus on typographical errors, formatting issues, and other minor edits. Such revisions will not include substantive content changes from the Client and the project applicant. Edits other than typographical and formatting may require discussion and substantiation from the project applicant.
9. The Client will be responsible for the preparation and distribution of all public notices and publications (e.g. newspaper) unless otherwise noted in this scope of work.
10. The project budget is based on completion of work within an agreed upon schedule. If substantial delay occurs, an amendment of the budget may be warranted to accommodate additional project management time and other costs. Substantial delay is normally defined as 90 calendar days or more.
11. This project includes an allowance for printing as shown in the attached budget. This is an allowance only, based on the numbers of products and copies shown in this scope of work. If this allowance is exceeded, additional printing costs will be billed at Kimley-Horn's direct cost.
12. The Client will be responsible for meeting logistics, including schedule coordination, public outreach, document production, printing notices, mailing costs, room reservations, room set-up and take-down, and refreshments.
13. The Client will be responsible for identifying and communicating with all stakeholders including on-going scheduling and coordination and distribution of all materials.
14. The Client will coordinate/schedule all internal staff meetings.
15. Project schedule assumes timely review by the Client (no more than 15 working days) for all product deliverables. Outside review by the applicant or their representative(s) or Client designee; including legal review separate from Client staff, shall result in a modification to the project schedule.

16. Kimley-Horn retains the right to transfer budget allocations between tasks to support completion of the work products, as needed, as long as the total budget is not exceeded. Shifts in task budget allocation will be at the discretion of Kimley-Horn's Project Manager.
17. The project budget is a fixed-fee, unless where otherwise noted, and is subject to the contract requirements as agreed to between Kimley-Horn and the Client.

CEQA Documents

18. The project schedule assumes that all architectural and engineering plans, as well as any technical studies required to prepare the project description will be provided to the Consultant within 30 calendar days of the execution of contract. A list of information needs will be provided at the project kick-off meeting and refinements to the list submitted within two weeks, based on review of received information. Furthermore, Kimley-Horn assumes that all technical studies required by the project applicant to address the respective environmental resource section(s) are provided at least three (3) months prior to release of the Public Review Draft EIR and that no further modifications, refinements or additions to the information will be required. Failure to meet these deliverables on the part of the applicant, and/or their consultants may result in a delay to the project schedule.
19. Because the extent of public and agency comments received on CEQA documents (e.g. Draft EIR) is unknown, the proposed budget includes a preliminary budget estimate of time to respond to comments. Kimley-Horn will consult with the Client after the evaluation of the comments to determine if the preliminarily budget estimate is sufficient.
20. Once the proposed project description, baseline and alternatives are approved by the Client for analysis in the CEQA document, it is assumed that they will not change significantly thereafter. If changes requiring revisions to the CEQA document occur, an amendment of the budget may be warranted.
21. The project applicant will provide various technical reports (as noted) that will be used as supporting background information. This scope of work assumes that these reports will be sufficient in their accuracy and comprehensive in their level of detail sufficient for preparing the CEQA analysis. Kimley-Horn, and our sub-consultants (where applicable), will review the first draft of these documents. Should it be found that the information presented is not adequate (at the discretion of Kimley-Horn and the Client), and that additional substantive revisions are required, Kimley-Horn reserves the right to request additional compensation on a time and materials basis, per prior approval by the Client.
22. The CEQA statutes or guidelines may change during the course of this project, or legal decisions can alter the extent of the analysis needed. If amendments or decisions redoing work already performed or substantially increasing effort, a contract amendment may be warranted.

Team Qualifications

Kimley-Horn will be the prime consultant and will be responsible for authorship of EIR, project management, selected technical analysis, and public engagement. Subconsultants to Kimley-Horn will be HT Harvey & Associates for biological resources.

An overview of each firm's qualifications is described below.

Kimley»Horn

Combining **national experience with local sensibility**, Kimley-Horn's *Placemaking* professionals provide comprehensive solutions to the planning and design of communities. As specialists in community planning, urban design and environmental analysis, our planners and landscape architects collaborate to deliver **award-winning**, practical, and sustainable design solutions from our client's visions and aspirations.

Recognized for our community involvement programs, workshop facilitation, and consensus-building, we respond to the **unique needs of each client**. We are mindful of the role effective planning and design plays in a community-based process to achieve successful outcomes.

Kimley-Horn California Office Locations

With 13 offices and 350 staff throughout California, we have developed a **record of success** in serving both public and private sector clients for policy and land use planning, environmental analysis, land development, transportation, and public infrastructure. Annually ranked as one of the largest multidiscipline firms in the nation, Kimley-Horn has more than 2,800 staff in nearly 100 offices from coast-to-coast.

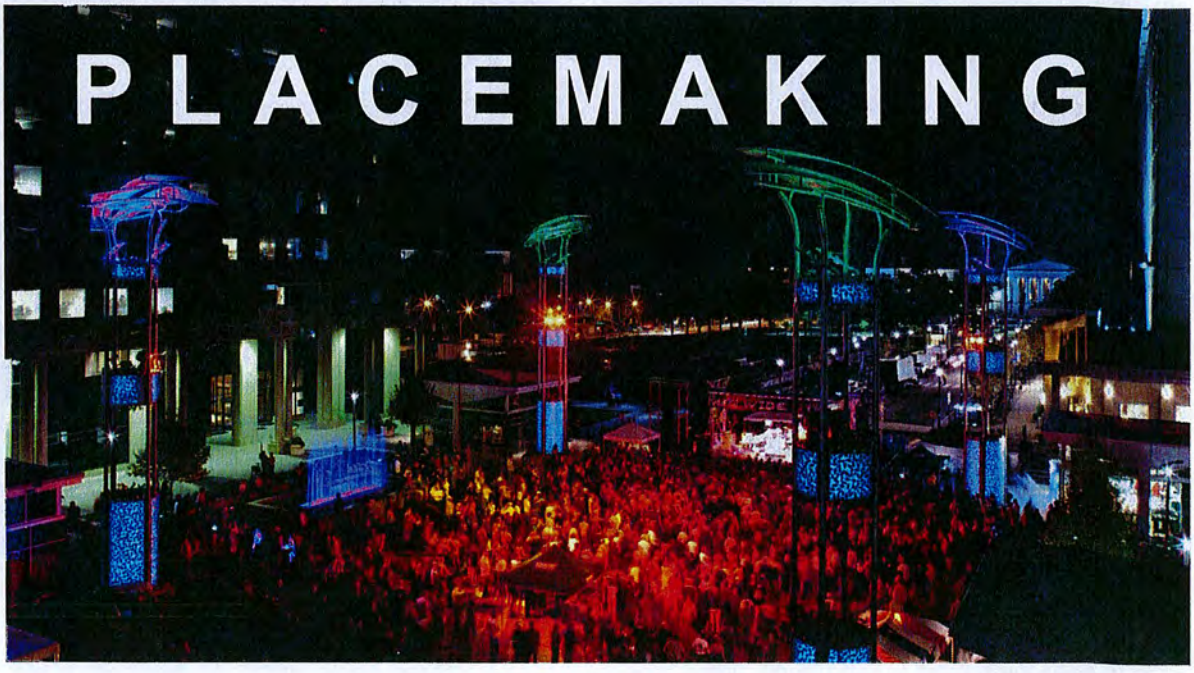
This record of success is demonstrated by the fact that 2016 marks our ninth appearance in the last 10 years on FORTUNE's Best Companies to Work For list, alongside a steady rise in ranking on Engineering News-Record's list of top design firms.

Primary Services

Kimley-Horn is a **full-service consulting firm** offering comprehensive planning and environmental services, traffic engineering, transportation planning, and complete civil engineering services. Our principal planning and relevant technical areas of expertise include:

- General Plans
- Specific Plans
- Environmental Analysis (CEQA & NEPA)
- Community Engagement
- Site Planning
- Transportation Planning
- Urban Design
- Landscape Architecture
- Entitlement Processing
- GIS
- Land Development
- Transportation Design and Operations
- Civil Engineering
- Stormwater, Groundwater, and Recycled Water

Throughout our 50-year history, Kimley-Horn has built a reputation for providing innovative, high-quality consulting services and is **recognized nationwide** for the outstanding talents of our consulting staff and the quality of our work.



Proven Approach to Planning and Environmental Services

Kimley-Horn provides comprehensive planning and environmental services to public agencies statewide, and our staff is organized to address the needs of a wide range of projects, from focused planning studies to complete environmental documents. We know that being available to promptly address agency requests as they arise is critical to our client's success. Our team understands how to work effectively and efficiently, and we can quickly compile an in-house team to meet the needs of any project.

Our approach to planning and environmental services is based on developing a **team-oriented approach** to the project review process. Key characteristics that distinguish Kimley-Horn include:

- Rapid mobilization of staff including immediate identification of the key personnel and subconsultants needed for each project. The availability of **extensive in-house technical planning and environmental staff** provides efficiency and consistent quality of the technical analyses.
- On-going communication and consultation to address issues that arise during the project review process. The collaborative process maintains project progress and results in user-friendly planning documents and **legally-defensible** environmental documents.

Over the past 20 + years, Kimley-Horn staff have work with every county and city and nearly every local agency, giving us both a broad regional perspective and focused client understanding of the unique issues relevant to the Monterey Bay region.

- Senior level management provides **close coordination with our clients** to ensure technical accuracy and carefully managed budget and schedule compliance.
- **Responsiveness to issues** of concern raised by responsible and regulatory agencies and the public.

Environmental Analysis

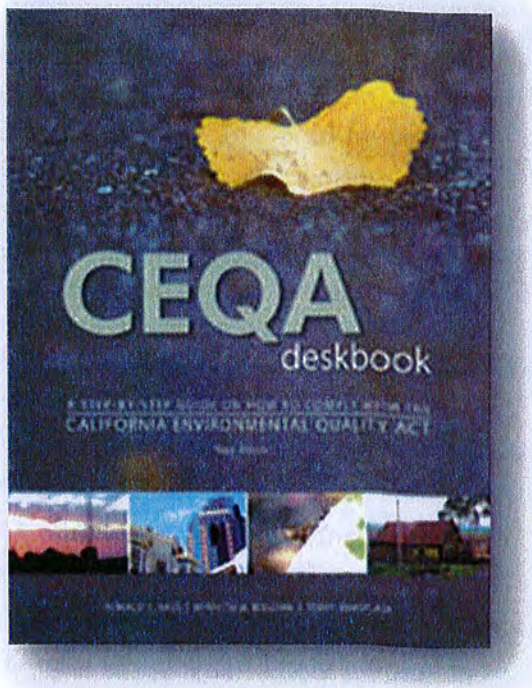
Kimley-Horn has a proven record of success in preparing legally defensible environmental documents that comply with the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). Our environmental staff has provided CEQA and NEPA documentation and environmental technical studies for land development, transportation, public works and federal aid projects, as well as environmental clearances for regulatory and policy documents such as general plans and specific plans. In addition, our staff has provided public agencies with planning assistance, public outreach and public involvement support, and review of development proposals.

Our **formula for success** results in the presentation of potential impacts and key findings to decision-makers for project determination and certification. To ensure a successful CEQA review process and the preparation of a high quality environmental document, our approach includes:

- Identifying the individual, cumulative, and growth-inducing impacts that may result from implementation of the proposed improvements.
- Facilitating open communication and developing an understanding of project needs with our client to guide the overall approach and successful issue resolution.
- Commitment of senior level management to provide close coordination with our client to ensure technical accuracy and carefully monitor budget and schedule compliance.
- Responsiveness to any significant issues of concern raised by responsible and regulatory agencies and the public.

Techniques to Simplify and Expedite the CEQA Process

As a result of our experience in CEQA documentation and compliance, we have developed a number of techniques to **simplify and expedite the CEQA compliance process**. These include:



- Designation of a project manager to establish Kimley-Horn as an extension of your staff and maintain continuous, responsive and open communication, and ensure the highest level of document quality and schedule/budget compliance.
- Development of analytical methodologies and thresholds of significance that clearly articulate conclusions.
- Early disclosure of the nature and degree of potential environmental impacts, allowing for early development of environmental solutions.
- Documentation of site visits and field reconnaissance to maximize data recordation and identification, minimizing potential data errors.
- On-line participation in monthly case-law updates as provided by our CEQA recognized legal community and partners.
- Maintaining solid and ongoing relationships with state and regulatory agencies with jurisdiction over natural resources.

Staying Informed of CEQA Issues and Legal Decisions

CEQA is a dynamic legislative requirement that is constantly changing. Interpretation of intent and process are regularly challenged in the courts. Maintaining legal adequacy and technical accuracy requires diligence and professional collaboration on many fronts.

Kimley-Horn is active in the California Chapter of the American Planning Association (APA), and the Association of Environmental Professionals (AEP). Our engagement through board participation, CEQA Advanced Workshops, and monitoring legal and technical reviews, helps to ensure we are current in all things CEQA.

In particular, Bill Wiseman, who manages the Capitola office of Kimley-Horn, has served for more than eight years as Director, and now President of the Monterey Bay Chapter of AEP. In this capacity, he co-chaired the state-wide conference in Monterey in 2011 and chaired the 2015 Monterey Bay Planning Symposium at CSUMB.

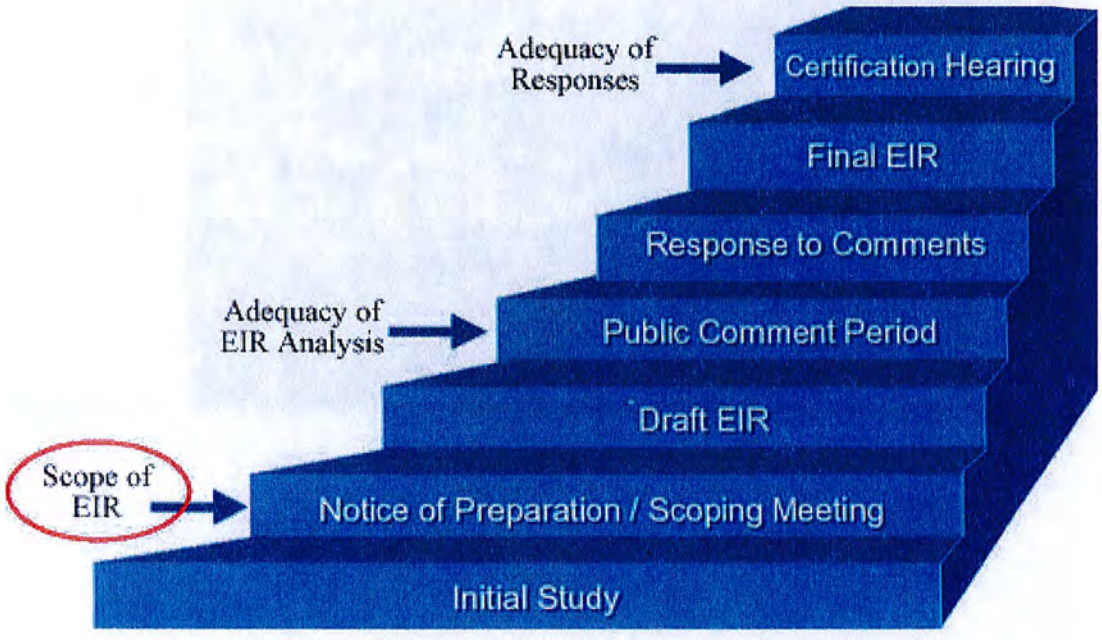
Identification of Concise Mitigation Program

Establishing a nexus between the project-specific/cumulative impacts and the suggested mitigation is critical. Design features that could prevent or lessen a significant impact will be identified in the project description, and then described in the impacts discussion for each technical section of the environmental document. Project-specific mitigation measures will be developed in close consultation with the client. Particular attention will be given to streamlining the regulatory permitting process. Measures will clearly state the party responsible for and the timing of the implementation of the measure.

Coordinated Legal Review

When necessary, Kimley-Horn is very comfortable working with legal counsel(s) and has engaged in an iterative legal review role on numerous past CEQA projects.

Kimley-Horn has an **excellent record of legal defensibility**, and we attribute this success, in part, to our active engagement with the legal community in review of the documents that we prepare for our clients. We welcome legal scrutiny of all of our documents, as this upfront level of review helps to ensure the highest level of legal defensibility, thereby minimizing legal exposure.



Local Staff Working with Local Governments

Kimley-Horn prides itself on being a successful consultant for local government. We have served cities and counties for many years, and are currently serving numerous cities and counties throughout Northern California. We consider ourselves to be an **extension of our client's staff** and are committed to the success of a city's projects as if they are our own projects. We are accessible for staff meetings and work sessions on short notice, and we can offer knowledge of local conditions because we are a local team. Our team's combined experience in design, environmental, and construction phase services gives us the specific understanding of how to work with local governments and other regulatory agencies, elected officials, various stakeholders and the local community to negotiate support and buy-in, and effectively achieve your objectives.

Effective Quality Assurance Program

The fundamental reason for Kimley-Horn's success is that we take the time to understand our client's needs. Delivery of our work products is grounded on the implementation of this understanding. An effective Quality Assurance program, includes processes and procedures used on a consistent and steadfast basis.

Key elements of our QA/QC program include:

- Establishing detailed work plans and schedules
- Internal milestones established for submittals and progress reviews
- Independent review throughout the document production process
- Project manager supported by a dedicated in-house technical, production, and administrative team
- Open and direct client communication channels
- Project coordination meetings held on a regular basis, with the frequency matched to the complexity of the project
- Weekly internal personnel scheduling and budget administration meetings to provide proper resource allocation and staff assignments
- Monthly review of financial reports to enable proper budget planning
- Monitoring and final product quality control

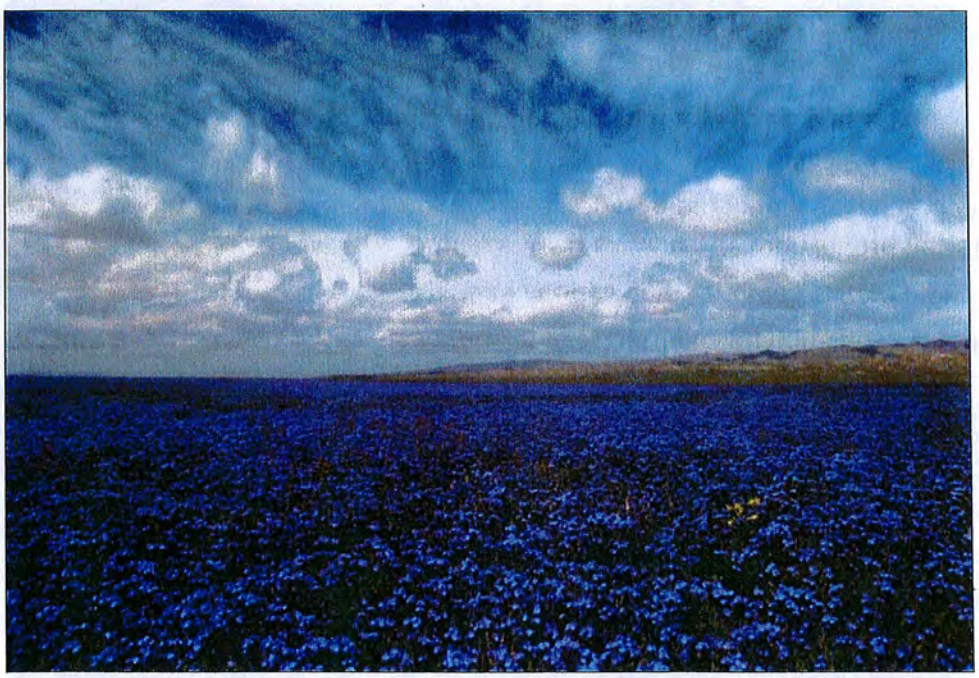
H. T. HARVEY & ASSOCIATES

Ecological Consultants

Company Overview

Since 1970, the highly-trained ecologists and professionals at H. T. Harvey & Associates have delivered exceptional consulting services to public agencies, private entities, and nonprofit organizations. The expertise of our staff encompasses a wide range of biological and design disciplines required to perform high-quality work on ecological projects.

We apply our expertise in wildlife ecology, restoration ecology, plant ecology, fish and aquatic ecology, and landscape architecture in pursuit of our mission to create ecologically sound solutions to our clients' complex natural resource challenges. Our senior scientists average 25 years of experience in their respective disciplines, and many are recognized leaders in their fields. Collectively, we have published more than 500 peer-reviewed scientific research papers on a variety of subjects. Today the company includes nine principals and nearly 100 ecologists, landscape architects, and other professionals in six offices in California and Hawaii. We have successfully completed thousands of projects for our clients.



Areas of service:

- Environmental analysis
- Permitting
- Restoration design
- Landscape architecture and planning
- Compliance support
- Conservation planning

Our expertise:

- Wildlife ecology
- Plant ecology
- Restoration ecology
- Fish and aquatic ecology
- Landscape architecture and planning

Resumes of Key Staff

Bill Wiseman

Planning Practice Builder, Monterey Bay Region

Bill has more than 30 years of national and international experience with expertise in land use and environmental planning, resource and recreation management, and information technology. He is a skillful manager, excelling in coordination of complex projects with large multidisciplinary consulting teams. He is an effective problem solver able to understand and clearly communicate complex technical and environmental development issues as well as create economically feasible solutions.

Bill has managed the preparation of general plans, specific plans, downtown development plans, and open space and recreation studies. He has also served as project manager for the preparation of numerous environmental and planning studies for public and private sector clients in accordance with the California Environmental Quality Act (CEQA), and the National Environmental Policy Act (NEPA).

Relevant Project Experience

- Scotts Valley General Plan & EIR, Scotts Valley, CA
- Aviza Residential Project EIR, Scotts Valley, CA
- Enterprise Way Residential/Hotel EIR, Scotts Valley, CA
- 1440 Foundation Expanded IS/MND, Scotts Valley, CA
- La Bahia Hotel EIR, Santa Cruz, CA
- Santa Cruz Coast Hotel EIR, Santa Cruz, CA
- Holman Hotel IS/MND, Pacific Grove, CA
- Capitola General Plan & EIR, Capitola, CA
- WatsonvilleVISTA 2030 General Plan EIR, Watsonville, CA
- Atkinson Lane Specific Plan & EIR, Watsonville, CA
- Manabe-Ow Business Park Specific Plan & EIR, Watsonville, CA

Professional Credentials

- Masters in Urban Planning, University of Washington
- Bachelor of Arts, Economics, University of California Santa Barbara

Professional Organizations

- President, Association of Environmental Professionals, Monterey Bay Chapter
- Member, American Planning Association

Sophia Lai

Environmental Planner

Sophia has three years of experience in environmental planning, linear utilities planning, and graphical document presentations. She has prepared numerous environmental documents for several resource sections (e.g. air quality, geology, greenhouse gases, hazards, land use, minerals, noise, population and housing, public services, recreation, utilities) in accordance with the California Environmental Quality Act (CEQA). Sophia has a background in community health, with a focus on urban design.

Relevant Project Experience

- Zeiss Innovation Center Mitigated Negative Declaration, Dublin, CA
- Dublin Station Site A-3 Addendum/IS, Dublin, CA
- Dublin Boulevard Widening Project, Dublin, CA
- San Jacinto Specific Plan EIR, San Jacinto, CA
- Deer Ridge & Shadow Lakes Development Project, Brentwood, CA
- Cleveland National Forest Power Line Replacement Projects, San Diego County, CA
- TL 649 Wood-to-Steel Replacement Project, San Diego County, CA
- South of Palermo Reinforcement Project, Yuba, Sutter and Butte Counties, CA
- Circle City Substation and Mira Loma-Jefferson 66 kV Sub-Transmission Line Project, Riverside and San Bernardino Counties, CA
- West Haven Waterfront Vision Plan, Menlo Park, CA
- City of Guadalupe General Plan Update, Guadalupe, CA

Professional Credentials

- Master in City and Regional Planning, California Polytechnic State University, San Luis Obispo
- Bachelor of Science, Public Health Sciences, University of California Irvine

Professional Organizations

- Member, American Planning Association

Frederik Venter, P.E.

Senior Transportation Engineer

Frederik has 24 years of experience as a transportation planner, civil engineer, and traffic engineer. He has been involved in the development of transportation and traffic engineering studies throughout the Monterey area, including preparation of traffic studies, traffic impact assessments, and final design for projects in Salinas, Monterey, Marina, and Seaside. Frederik has also been responsible for transportation planning studies, comprehensive origin/destination surveys, parking demand surveys, pedestrian and bike facility planning, and community mobility studies. Working with local city and county agencies, Frederik has led the design of road widening projects, intersection improvements, freeway on- and off-ramps, traffic calming measures, and site circulation improvements.

Relevant Project Experience

- Ryan Ranch Traffic Impact Analysis, Monterey, CA
- Boronda Meadows Traffic Impact Analysis, Monterey County, CA
- Salinas Western Bypass Traffic Impact Analysis, Monterey County, CA
- Whispering Oaks Traffic Impact Analysis Peer Review, Monterey County, CA
- Imjin Parkway/SR 1 Traffic Feasibility Study, Marina, CA
- Salinas Valley Memorial Healthcare Traffic Control Plan, Salinas, CA
- Monterey Downs Traffic Impact Analysis, Seaside, CA
- Del Webb at San Juan Oaks Specific Plan, San Benito County, CA
- Gowan Seed Storage Facility Traffic Impact Analysis, Monterey County, CA
- Ellis Specific Plan EIR Traffic Impact Analysis, Tracy, CA
- Traffic Impact Analysis Peer Review, Gonzales, CA
- Atkinson Lane Specific Plan and EIR Traffic Impact Analysis, Watsonville, CA
- Cordes Ranch Specific Plan Traffic Impact Analysis, Tracy, CA
- Watsonville VISTA 2030 General Plan EIR, Watsonville, CA
- Manabe-Ow Business Park Specific Plan & EIR, Watsonville, CA
- Capitola General Plan & EIR, Capitola, CA

Professional Credentials

- Master of Science, Urban Engineering, University of Pretoria
- Bachelor of Science, Civil Engineering, University of Pretoria
- Bachelor of Science, Transportation Engineering, University of Pretoria
- Professional Engineer in California

Jacob Mirabella, E.I.T

Transportation Planner

Jacob has more than four years of experience with expertise in transportation planning and traffic operations. He is a skillful analyst, excelling in conducting analysis for large complex projects. Jacob is an exceptional problem solver and able to understand and clearly communicate complex technical and transportation development issues. He has direct experience building traffic models, determining intersection and roadway segment levels of service, and identifying safety and operational improvement alternatives. Jacob also has extensive experience conducting traffic impact studies for CEQA analysis, developing roadway concepts for Traffic Impact Fee Program calculations, and analyzing traffic operations for traffic impact analyses.

Relevant Project Experience

- Enterprise Way Residential/Hotel EIR, Scotts Valley, CA
- Aviza General Plan Amendment and Zoning Change EIR, Scotts Valley, CA
- Goodwill Central Coast Traffic Study, Scotts Valley, CA
- Santa Cruz Corridor Study, Santa Cruz, CA
- Delaware Traffic Impact Study, Santa Cruz, CA
- Swift Traffic Impact Study, Santa Cruz, CA
- Sante Adairius Parking Study, Capitola, CA
- Capitola CIP On-Call, Capitola, CA
- Tassajara Traffic Impact Study, Contra Costa County, CA
- Wolfe Road Improvement Study, Sunnyvale, CA
- Stringer Traffic Impact Analysis, Tracy, CA
- Apple Solar Farm Alternatives Analysis, Unincorporated Monterey County, CA
- 49ers (Levi's) Stadium Event Timing, Santa Clara, CA
- Stanford Shopping Center Parking Study, Palo Alto, CA
- Warm Springs Last Mile, Fremont, CA

Professional Credentials

- Master of Science, Civil Engineering, University of South Florida,
- Bachelor of Science, Civil Engineering, University of South Florida
- Engineer Intern (E.I.), Florida Board of Professional Engineers
- Traffic Signal Field Technician Level 2, International Municipal Signals Association

Kelly Hardwicke

Principal Plant Ecologist, Monterey Bay Region

Dr. Kelly Hardwicke is a principal and head of the botany group at H. T. Harvey & Associates. She has nearly two decades of experience characterizing plant in salt marsh, riparian, Mojavean scrub, chaparral, annual grassland, and vernal pool plant communities. Kelly's primary role at H. T. Harvey & Associates is addressing plant and wetlands-related regulatory issues, preparing CEQA documents, and coordinating regulatory agency permitting for complex projects. She performs wetland delineations, and designs, manages, and performs large-scale protocol-level and rare plant surveys in a range of habitats. Kelly also conducts insect surveys and studies vernal pool invertebrates.

One of Kelly's strengths is her ability to communicate clearly with project engineers and to relay pertinent permitting-related information to regulatory agencies. Her strong research and botanical background gives her the skills necessary to determine the potential for a site to support special-status species, and analyze habitat requirements of rare plant species.

Relevant Project Experience

- Monterey County Water Resources Agency Old Salinas River Fish Screen Project, Monterey, CA
- Sunshine Vista Development Project, Watsonville, CA
- Caltrans Hwy 1/9 Road Widening Project, Santa Cruz, CA
- Gladstone Properties Levee Improvement Project, Santa Cruz, CA
- State Route 152 at College Road/Holohan Road Intersection Improvement Project, Watsonville, CA
- Scotts Valley Hotel, Scotts Valley, CA
- Meder Street Development Project, Santa Cruz, CA
- Zayante Sandhills Property – Mount Hermon June Beetle Assessment, Scotts Valley, CA

Professional Credentials

- Ph.D. in Ecology, Colorado State University
- Bachelor of Arts, Biology, Reed College

USFWS 10(a)(1)(A) vernal pool invertebrates, statewide, Permit #TE797267-18

Professional Organizations

- Member, California Native Plant Society

Danielle Tannourji

Senior Plant Ecologist, Monterey Bay Region

Danielle Tannourji is a senior plant ecologist at H. T. Harvey & Associates with more than 15 years of field and research experience. With a background in conservation biology and general ecology, Danielle brings an ecosystems approach to projects. She has performed dozens of protocol-level botanical surveys, wetland delineations, and invertebrate surveys. She has worked in the habitats of the Monterey Bay Area, the Central Valley, vernal pool, coastal, and foothills ecosystems. Danielle also conducted her master's thesis on the southernmost population of federally listed Contra Costa goldfields (*Lasthenia conjugens*) located in Monterey, California.

At H. T. Harvey & Associates, Danielle serves as a project manager for permitting and botany projects. She prepares CEQA/NEPA compliance and permitting documents. In the field, she conducts vegetation mapping, rare plant and tree surveys, wetland delineations, and habitat characterizations. She also participates in preconstruction surveys and construction monitoring and compliance activities.

Relevant Project Experience

- Pacific Gas & Electric (PG&E) Hydrotest Project, Santa Cruz and Monterey Counties, CA
- Caltrans On-Call Environmental Projects, Santa Cruz, CA
- Sunshine Vista Development Project, Watsonville, CA
- Caltrans Hwy 1/9 Road Widening Project, Santa Cruz, CA
- Gladstone Properties Levee Improvement Project, Santa Cruz, CA

Professional Credentials

- M.S. in Conservation Biology, San Jose State University
- Bachelor of Science, Ecology and Evolution, University of California, Santa Barbara

Professional Organizations

- Member, California Native Plant Society
- Member, California Botanical Society

Kimley-Horn Representative Project Experience

The following projects represent experience by the key Kimley-Horn staff proposed for this project in the preparation of environmental documents for large specific plan areas. We encourage you to contact our references regarding our project performance.

We are proud of our working relationship with our clients and much of our success over the last 49 years is directly related to our efforts to perform high-quality, timely services for all of our clients. A good demonstration of this success is that approximately **80 % of the firm's services in 2016 were for repeat clients**. We invite you to contact our clients and talk to them about our work history, quality of service, and if they would again select us for similar services.

Scotts Valley General Plan and EIR

Scotts Valley, CA

Located at the base of the Santa Cruz Mountains, Scotts Valley's roots are grounded in strong community and family values. In addition to its vibrant, small-business job base, it is within easy commuting distance to well-paying Silicon Valley jobs. It is also in close proximity to natural beauty and recreation opportunities of the beaches and open space of the greater Monterey Bay.

Kimley-Horn is preparing a comprehensive update to the existing 1994 General Plan. As part of the community outreach effort, four magazine-style "fact sheets" were prepared to provide context and identify potential issues for feedback from the public. A strategic assessment of land uses was prepared to identify the highest and best use for remaining vacant and underdeveloped parcels, with an emphasis on greater densities in and around proposed Town Center and along transit corridors.

Preparation of the plan will include the development of a city-wide traffic model, preparation of the climate action plan, and preparation of a programmatic EIR, all being prepared by Kimley-Horn.

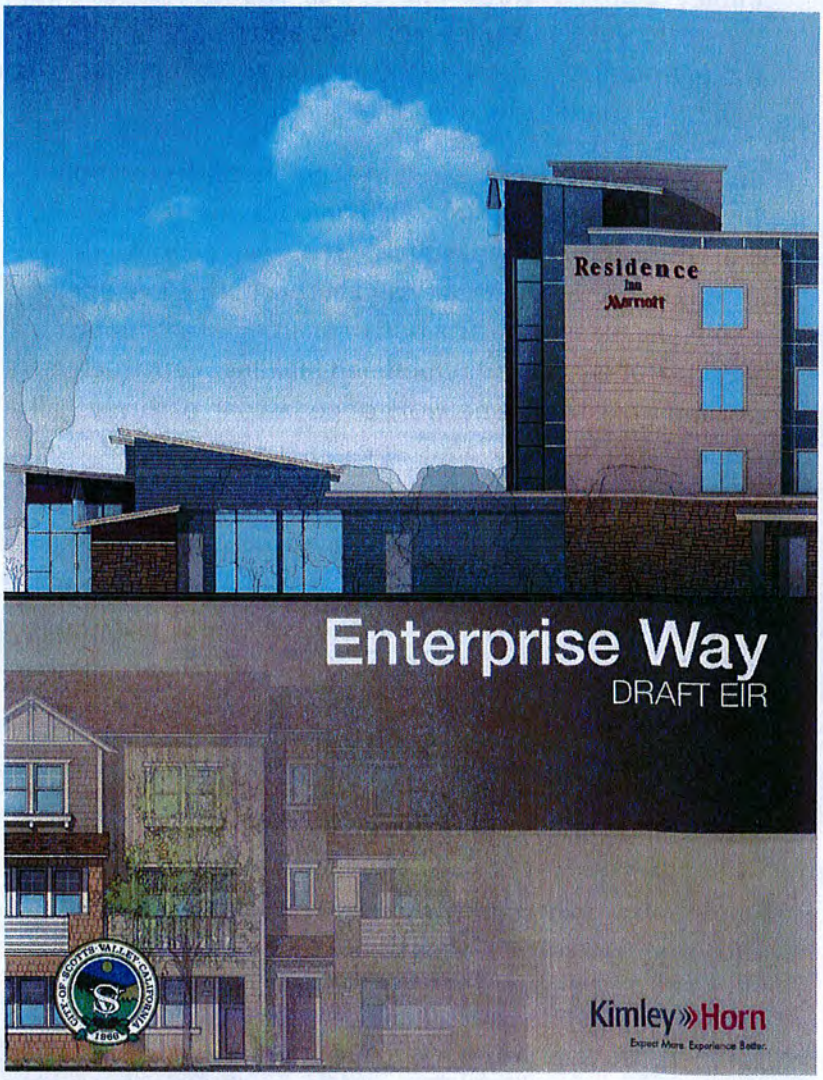
Enterprise Way Hotel/Residential EIR

Scotts Valley, CA

Kimley Horn prepared the EIR and provided project entitlement support to the City of Scotts Valley for a mixed-use hotel and residential project, located on Enterprise Way in the City of Scotts Valley. The project consists of the construction a 121-room hotel on 2.5 acres, and 50 residential townhomes on the remaining 4.8 acres of a 6.8-acre project site.

The project site is located adjacent to Highway 17 and Carbonera Creek. Approval and implementation of the proposed project required an amendment to the City's general plan and the issuance of planned development permit for the site's zoning designation.

Key environmental issues included biological resources, aesthetics, noise, hydrology & water quality, and transportation.

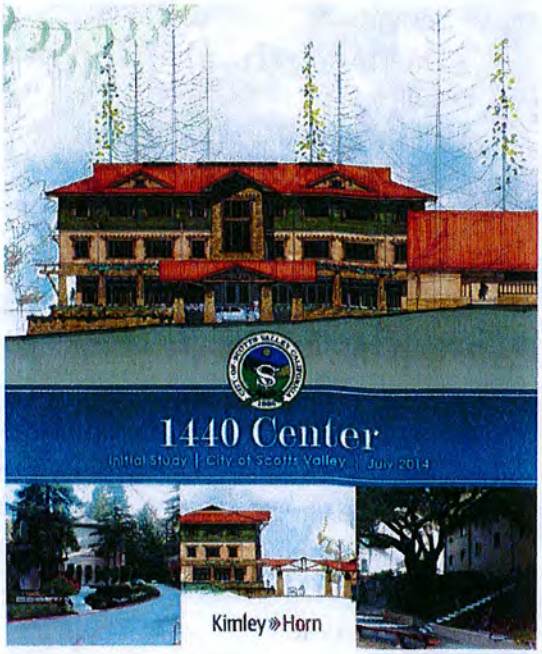


1440 Center IS/MND & Entitlement Support

City of Scotts Valley

Kimley-Horn recently completed an extensive Initial Study / Mitigated Negative Declaration for the 1440 Center. Kimley-Horn was also responsible for entitlement support services including the preparation of staff reports, findings, conditions of approval, and presentations to the City's Planning Commission and City Council.

The project involves the redevelopment of the existing Bethany University Campus site into an experiential learning center for individuals, groups, and corporations through a variety of faculty and curriculum. Development plan calls for the construction of an integrated campus that incorporates new and remodeled buildings constructed around an extensive network of pedestrian pathways, all set within a forested landscape of Redwoods, Coast Live Oaks, and other native plantings.



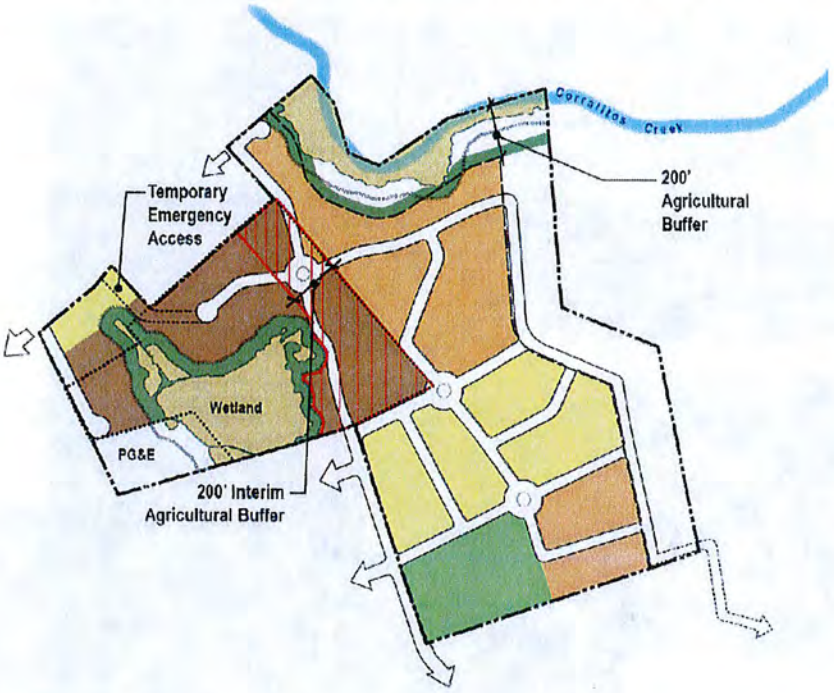
The 1440 Center will be developed in two phases. In Phase 1, the 1440 Center will accommodate up to 360 guests (which includes faculty and faculty assistants), and employ approximately 150 full-time equivalent employees. In Phase 2, accommodations for 140 additional guests will be constructed as well as a parking garage. At project buildout, the proposed project will accommodate up to 500 guests and employ approximately 225 employees.

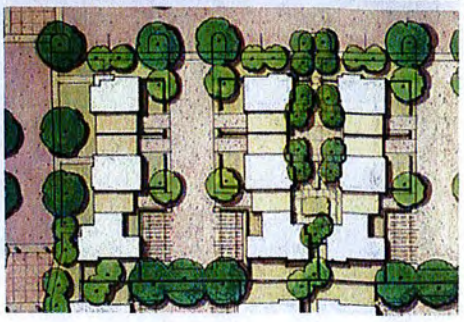
Atkinson Lane Specific Plan and EIR

City of Watsonville, CA

Prior to joining Kimley-Horn, staff prepared the Atkinson Lane Specific Plan and EIR for a 65-acre site located in Santa Cruz County adjacent to the Watsonville City limits. The proposed plan comprised various densities of affordable, market rate, and rental residential uses, including high, medium, and low densities. To serve its new residents, the plan included the dedication of a neighborhood park as an expansion of the existing Crestview Park. The plan also included a riparian area and a riparian buffer adjacent to Corralitos Creek, the preservation of an existing wetland, and incorporation of a wetland buffer.

Staff prepared the EIR under the California Environmental Quality Act. The EIR addressed: aesthetics, agriculture, air quality, biological resources, cultural resources, geology and soils, hazards and hazardous materials, hydrology and water quality, land use and planning, noise, population and housing, public services, utilities, recreation, and transportation and circulation.





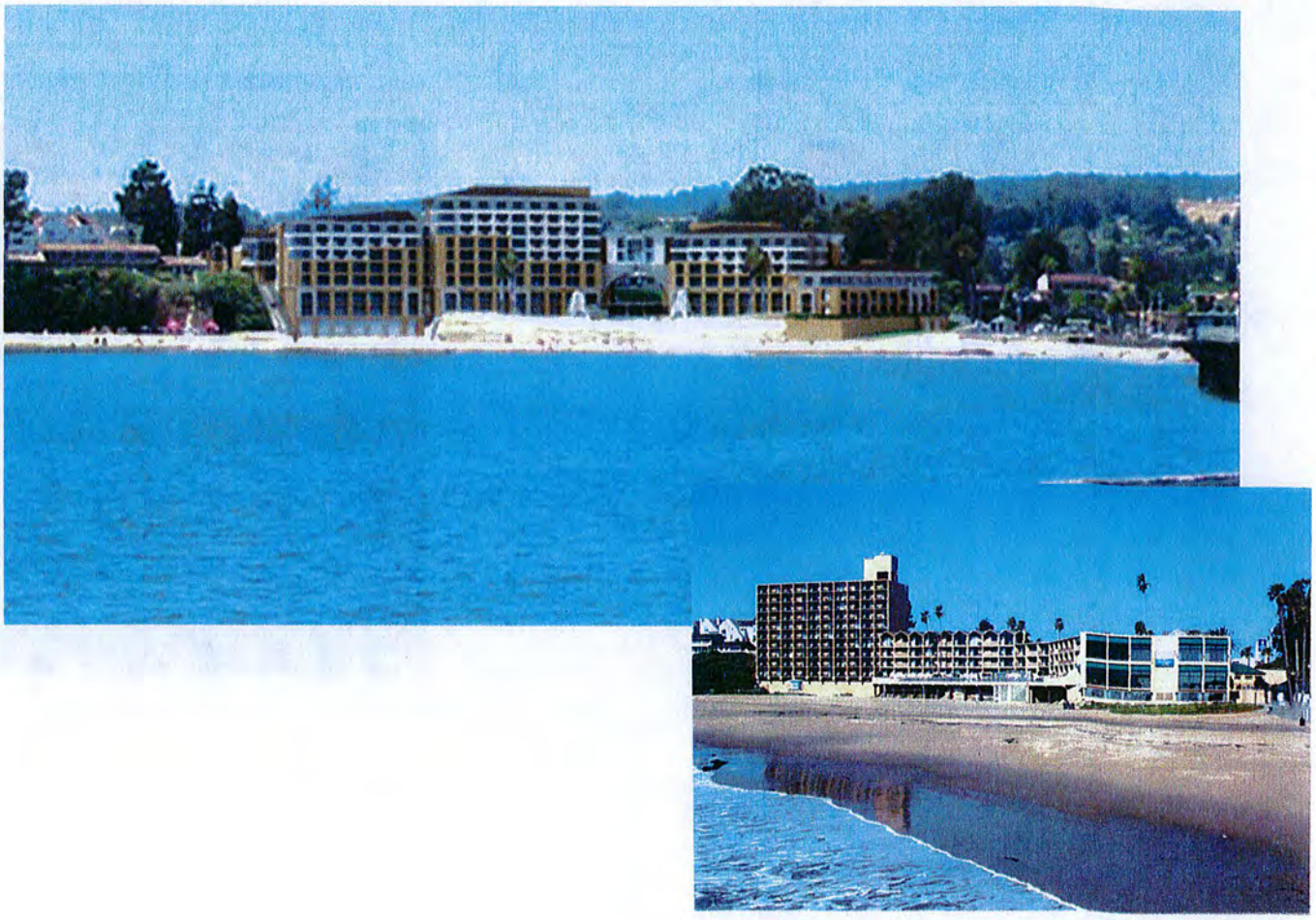
Santa Cruz Coast Hotel EIR

Santa Cruz, CA

Prior to joining Kimley Horn, staff prepared the EIR for the proposed Coast Santa Cruz Hotel in Santa Cruz, California. Previously known as the "Dream Inn," the hotel is located adjacent to the Santa Cruz Municipal Wharf where rooms provide an excellent view of Cowell's Beach, the Santa Cruz Beach Boardwalk and the Monterey Bay.

The proposed project was a unique partnership between the City of Santa Cruz (via the City's Redevelopment Agency) and the hotel owners, the Northwest Hospitality Group.

The proposed project called for the demolition of the existing hotel and surface parking lot and construction of a new 268 room hotel, a 20,000-square foot meeting/conference facility, a 620-space parking garage, a new hotel porte-cochere, and associated restaurant and hotel amenities. Significant issues included potential visual/aesthetic impacts, development on a coastal bluff, and transportation, noise, and lighting impacts on adjacent residential land uses.



La Bahia Hotel EIR

Santa Cruz, CA

Prior to joining Kimley-Horn, staff prepared EIR for the La Bahia Hotel project, located in Santa Cruz, adjacent to Santa Cruz Boardwalk Amusement Park.

The La Bahia project consists of demolition of a historic structure and construction of a 125-room hotel, parking garage, restaurant and bar, spa, swimming pool, and conference facilities.

To accommodate the project, an amendment to the City's General Plan/LCP Beach and South of Laurel Area Plan (B/SOL Area Plan) and zoning ordinance will be required to permit the demolition of all buildings and incorporation of "character defining elements" in the architectural design. It would also allow an increase in height up to 72.5 feet, subject to approval of the City Council.

Originally built in 1926, La Bahia represents a Spanish Colonial Revival style of architecture. Design features such as internal courtyards, varied levels, red Spanish tiles rolled roofing, and the prominent tower secured La Bahia's designation as a Santa Cruz city landmark. In addition, the site is eligible for State and National Registers of historic properties. Demolition of this resource was determined to be a significant unavoidable impact.

Environmental issues addressed in the EIR included: land use (including LCP and Coastal Act consistency analysis), aesthetics, cultural and historic resources, traffic and transportation, and water supply.

Holman Hotel IS/ND

City of Pacific Grove, CA

For many years, the City of Pacific Grove has been interested in the development of a hotel in downtown Pacific Grove. In 1994, the City Council placed a measure on the ballot to allow a hotel use in the Holman's block of the downtown, which was passed by the City's voters.

In April 2012, the property owner met with City staff to discuss the development of a 220-room hotel on the northern half of the project site. As part of this discussion, it was determined that the existing height limit of between 30 and 40 feet (depending on site coverage) was not economically practical, nor consistent with the height of the existing Holman Building.

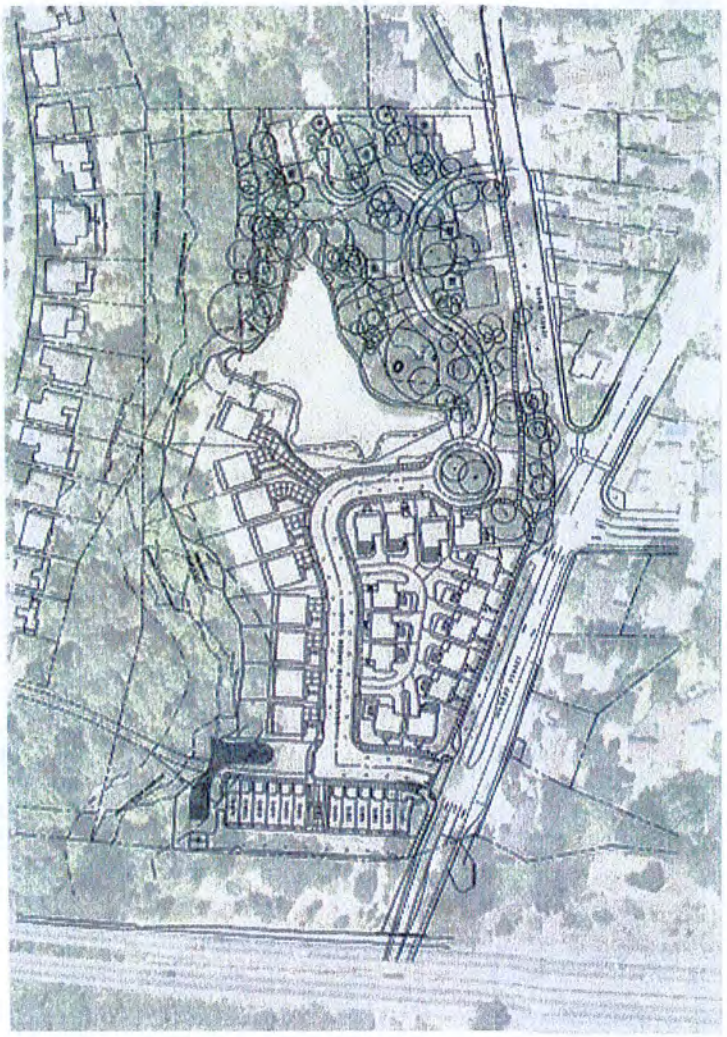
The IS/ND analyzed a ballot measure to make modifications to the building height and site coverage requirements for proposed development in the C-1-T zone (Chapter 23.33) of the Pacific Grove Municipal Code (PGMC). The ballot measure was ultimately defeated by the voters. Preparation of the IS/ND was completed by staff prior to joining Kimley-Horn.

Branciforte Creek Residential Development EIR

Santa Cruz, CA

Prior to joining Kimley-Horn, staff prepared the EIR for the Branciforte Creek Residential Development project located adjacent to Highway 1 in the City of Santa Cruz. This 9.29-acre development will provide 37 units of attached and detached housing as well as the future development of seven single-family residences.

The project site is located adjacent to Branciforte Creek. The site contains Monterey spineflower, a federally listed threatened plant species, and evidence of historic resources. Environmental issues addressed in the EIR include: cultural resources, hydrology and water quality, and biological resources.



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LANDSCAPE ARCHITECTURAL ELEMENTS LEGEND

- A — PROJECT ENTRY @ HOTEL (SEE SHEET #L.3)
- B — LA MADRONA DRIVE STREETSCAPE (SEE SHEET #L.3)
- C — SENIOR HOUSING ENTRY PLAZA (SEE SHEET #L.5)
- D — HOTEL COURTYARD AREA (SEE SHEET #L.6)
- E — SENIOR HOUSING COURTYARD AREA (SEE SHEET #L.7)
- F — PARKING AREA LANDSCAPE TREATMENT (SEE SHEET #L.8)
- G — VEHICULAR NODE / FOCAL POINT (SEE SHEET #L.9)
- H — SILVERWOOD DRIVE STREETSCAPE (SEE SHEET #L.10)
- I — NORTHEAST BOUNDARY LANDSCAPE TREATMENT (SEE SHEET #L.11)
- J — PROJECT ENTRY @ RESTAURANT (SEE SHEET #L.12)

ISAACSON, WOOD & ASSOCIATES
LANDSCAPE ARCHITECTURE
35802 HIBISCUS COURT, FREMONT, CA 9453
PHONE: (408) 838.2329
jav@isaacsonwood.com

LA MADRONA
MIXED USE DEVELOPMENT

LA MADRONA DRIVE
SCOTTS VALLEY, CA

OWNER:

BRENT LEE
152 NORTH THIRD STREET
9TH FLOOR
SAN JOSE, CA 95112
408.892.1896

OVERALL CONCEPTUAL LANDSCAPE PLAN

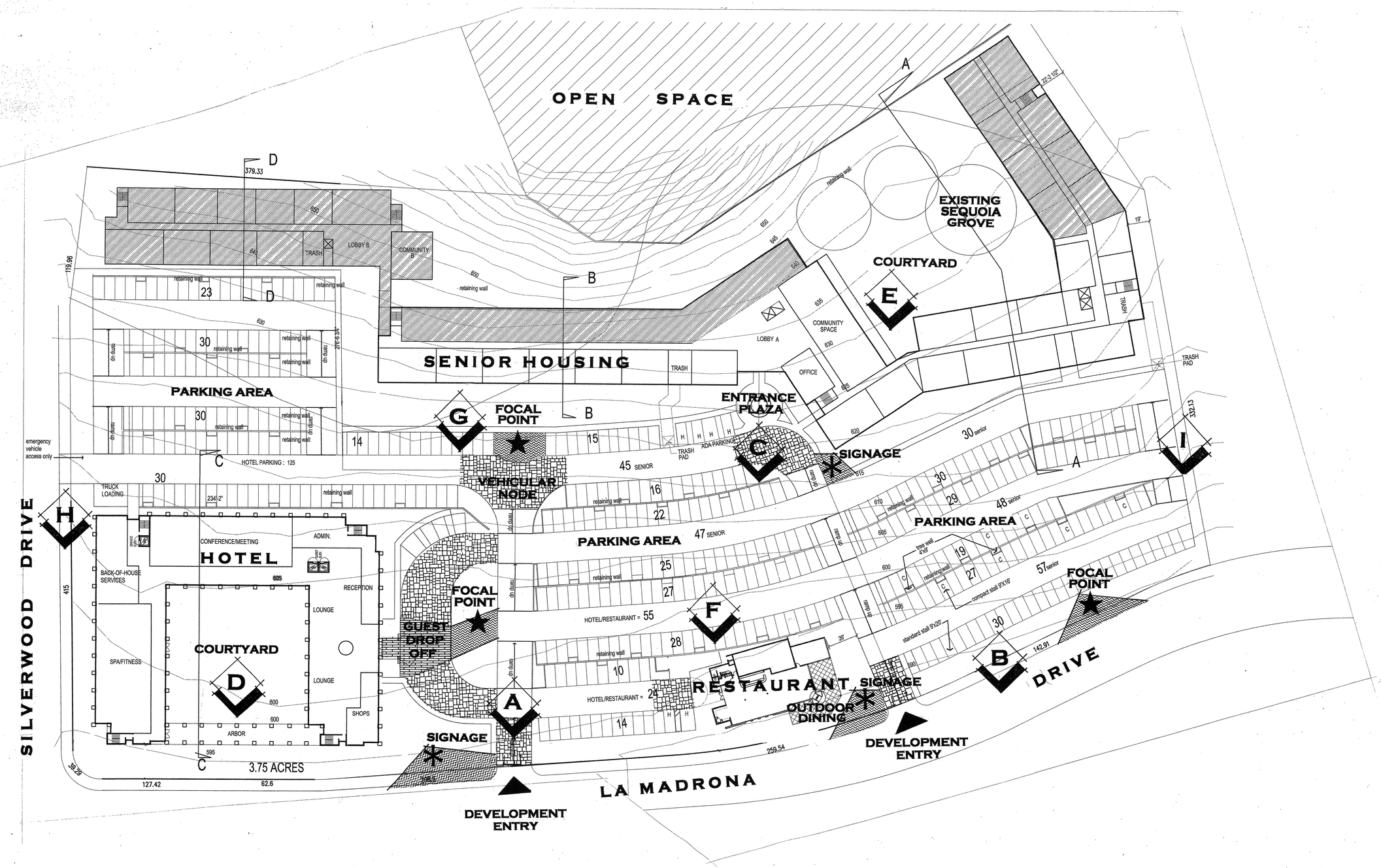
JOB # 16010
DATE: 05.05.17
REVISIONS: 1 2 3 4 5 6 7 8 9 10

NORTH

0 40' SCALE: 1"=40'

SHEET L1 OF

071



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jay@isaacsonwood.com

LA MADRONA
MIXED USE DEVELOPMENT

LA MADRONA DRIVE
SCOTTS VALLEY, CA

OWNER:

BRENT LEE
152 NORTH THIRD STREET
9TH FLOOR
SAN JOSE, CA 95112
408.892.1896

ENHANCED PAVEMENT PLAN ACCENT / FOCAL

JOB # 16010
DATE: 05.05.17
REVISIONS:

NORTH

0 40'
SCALE: 1"=40'

SHEET
L2
OF

City of Scotts Valley
STAFF REPORT

DATE: January 17, 2018

TO: Honorable Mayor and City Council

FROM: Laurie Grundy, Senior Accountant

APPROVED: Jenny Haruyama, City Manager

SUBJECT: **ACCEPTANCE OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR FISCAL YEAR ENDING JUNE 30, 2017**

SUMMARY OF ISSUE

Following the close of each fiscal year, the City's external auditors conduct an audit of the City's financial records and assist in the compilation of the Comprehensive Annual Financial Report (CAFR). The CAFR provides an independent review of the City's financial reporting processes and internal controls. The audit for the fiscal year ending June 30, 2017, was completed by Marcello and Company - Certified Public Accountants. Marcello and Company was selected as the City's independent auditor. This is the auditor's fourth year of a three-year contract, with an option to extend an additional two years.

Marcello and Company issued an unmodified ("clean") opinion on the CAFR which states that the City's financial statements are presented fairly, in all material respects. The results of the CAFR indicate that the City is in good financial health and maintains control over budgeted activities.

As of June 30, 2017, the City's government-wide net position totaled $33.2 million, with overall assets trending higher than liabilities. Compared to the prior year, the City's net position reflected a decrease of $3.7 million. This change was driven by increases mainly in personnel and pension costs, increased cost of using outside contract expenses for building, engineering and wastewater services, and wastewater equipment maintenance. The City's General Fund Balance of $4.2 million remains strong, of which $4.1 million is unassigned and available for expenditure.

The City's financial statements provide information about the finances of the City in its entirety, as well as information about individual funds. The Management's Discussion and Analysis (MD&A) starts the financial section of the report and serves as an executive summary to the statements. The Letter of Transmittal, which is included in the introductory section, is designed to complement the MD&A. Both should be read together in order to understand the City's financial position.

Following the MD&A are the Government-Wide Financial Statements, which are designed to provide a broad overview of the City's finances similar to a private sector business. These statements show the June 30, 2017 fiscal year balances and overall results of operations for all City funds. The Statement of Activities identifies functions of the City that are principally supported by taxes and those that receive program revenues. Governmental activities are those that are principally supported by taxes and program revenues. The governmental activities of the City include general government; public safety, planning and building, public works, wastewater, and recreation services; and interest on long-term debt.

Following the Government-Wide Financial Statements are Fund Financial Statements for all major and non-major funds of the City. A major fund is one of material significance and is determined through prescribed calculations. The General Fund is always considered a major fund by definition. Non-major funds are all combined together for presentation. All of the fund-level statements are followed by the Notes to the Basic Financial Statements, which contain information on such topics as: Significant Accounting Policies, Cash and Investments, Capital Assets, Long-Term Debt, Retirements Benefits, and Other Post Employment Benefits (OPEB).

The last section of the CAFR, which is unaudited, contains schedules of statistical data about the City of Scotts Valley in five major categories: Financial Trends, Revenue Capacity, Debt Capacity, Demographic and Economic Information, and Operating Information. These schedules, generally covering a ten-year period, provide operating context for the financial data presented in the financial section of the CAFR.

As a part of the annual audit, the auditors are also required to report to management about internal controls and the City's compliance with federal grant regulations. For Fiscal Year ending June 30, 2017, there was no requirement for a Single Audit Report.

Management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the City of Scotts Valley's financial statements in conformance with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

Following Council's acceptance of the CAFR, it will be submitted to the Governmental Finance Officers Association (GFOA) for consideration as part of the Certificate for Excellence in Financial Reporting program. The GFOA is a nationally recognized nonprofit professional association serving finance professionals throughout the United States and Canada. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. The City has received the GFOA certification for over 20 years.

FISCAL IMPACT

The City is required to issue independent audited financial statements on an annual basis. The City Council is asked to receive and file the CAFR once presented by City staff. The cost of preparing the CAFR and the independent audit was budgeted as part of the FY 2017/18 operating budget. There is no fiscal impact as a result of accepting the attached report.

STAFF RECOMMENDATION

It is recommended that the City Council accept the CAFR for the fiscal year ending June 30, 2017 and allocate the FY 2016/17 General Fund excess revenue of $1,235,388 to the Unassigned Reserve in Fund Balance.

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City of Scotts Valley
California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2017

Prepared by the Scotts Valley Finance Department

CITY OF SCOTTS VALLEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
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CITY · OF · SCOTTS · VALLEY · CALIFORNIA
1966

INTRODUCTORY SECTION

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CITY OF SCOTTS VALLEY

OFFICE OF THE CITY MANAGER
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Phone (831) 440-5600 □ Facsimile (831) 438-2793 □ www.scottsvalley.org

October 13, 2017

Honorable Mayor,
Members of the City Council and
Residents of the City of Scotts Valley

SUBJECT: COMPREHENSIVE ANNUAL FINANCIAL REPORT - JUNE 30, 2017

REPORT PURPOSE AND ORGANIZATION

The Comprehensive Annual Financial Report (CAFR) for the City of Scotts Valley for the fiscal year ended June 30, 2017 is hereby submitted. State law requires the accounts and fiscal affairs of all municipal entities be examined annually by an independent certified public accountant. The City's independent auditor, Marcello & Company, Certified Public Accountants, has audited the City's financial statements and issued an opinion that financial statements for fiscal year ended June 30, 2017, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). This opinion, along with the basic financial statements of the City, are hereby submitted as the CAFR for the City of Scotts Valley for the fiscal year ended June 30, 2107, and included in the financial section of this report in fulfillment of the State requirement.

The independent audit of the financial statements is also typically conducted in conjunction with the federally mandated Single Audit. The standards governing the Single Audit require the independent auditor report on items beyond fair presentation of the financial statements, including internal controls and compliance with legal requirement involving the administration of federal awards. A Single Audit Report on Federal Award Programs was not required or prepared in fiscal year 2017 because the City had less than $500,000 in federal grant expenditures.

This report reflects a comprehensive overview of the City of Scotts Valley's finances as represented by city management. Management assumes full responsibility for completeness, accuracy of data, and fairness of presentation, including all footnotes and disclosures. Additionally, management believes the data presented is accurate in all material respects and is reflected in a manner that demonstrates the financial position and operational results of the City. The audit provides users with reasonable assurance that the information presented is free from material misstatements. As management, we assert that to the best of our knowledge, this financial report is complete and reliable in all material respects.

In accordance with the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA), and the standards adopted by the Governmental Accounting Standards Board, the accompanying report consists of three parts:

I. Introductory Section – Letter of Transmittal, List of Principal Officials and Organization Chart, and Certificate of Achievement from the GFOA.

II. Financial Section – Independent Auditors' Report, Government-wide Financial Statements, Fund Financial Statements, Notes to the Financial Statements followed by Required Supplementary Information and combining statements of the Non-major Fund Financial Statements.

III. Statistical Section – Presenting ten year historical trends of financial and non-financial information.

Accounting principles, generally accepted in the United States of America, require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This transmittal letter is designed to complement MD&A and should be read in conjunction with it. The City's MD&A follows the report of the independent auditors.

CITY OF SCOTTS VALLEY PROFILE

The City of Scotts Valley is a small community that encompasses an area of approximately 5 square miles with a population of approximately 12,143. Scotts Valley is located in Santa Cruz County and is six miles north of the City of Santa Cruz and 26 miles southwest of San Jose. The City operates under a council-manager form of municipal government and provides the following range of municipal services: police, parks, recreation, wastewater, streets and roads, public improvements, planning and zoning, construction inspection, and general administrative services. The City provides wastewater services and recreational programs, both of which are funded through user fees.

Form of Government

The City of Scotts Valley is a general law city incorporated on August 2, 1966. The City is subject to the framework and procedures established by State Law and operates under the Council-City Manager form of government. The Council is comprised of five council members that are elected directly by the citizens to four-year terms, and every year the council selects one member to serve as Mayor and Vice-Mayor. The Council has the authority to establish all laws and regulations with respect to municipal affairs, subject to the limitations of the City Municipal Code and State legislation.

The City Council appoints a City Manager to serve as the City's chief administrative officer. The City Manager provides direction, leadership and supervision to all City departments and ensures that all City Council policies are implemented in the day-to-day operations of the City.

City Services

The City provides: police protection; street and road improvements and maintenance; park and facilities improvements and maintenance; public improvements; building, planning, zoning and inspection; recreation; wastewater; and administrative and financial services for Scotts Valley. Independent special districts provide fire protection and water services.

The CAFR includes all financial activities of the City and the Successor Agency to the former Redevelopment Agency of the City of Scotts Valley; two separate legal entities. City Council members also serve as the governing board members of the Successor Agency and the City Manager serves as its Executive Director. Financial activities of the Successor Agency are also subject to an independent Oversight Board.

Financial data for all funds through which services are provided by the City have been included in this report based on the criteria adopted by the Government Account Standards Board (GASB), which is the authoritative body in establishing United States Generally Accepted Accounting Procedures (GAAP) for local governments.

Internal Control Policy

City Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of controls should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control Policy

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Enterprise Funds, and Internal Service Funds are included in the annual appropriated budget. A Five-Year Financial Plan, or Capital Improvement Plan, is also adopted for the Capital Projects. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established by function and activity within an individual fund. See Note 1 to the financial statements for further information on budgets and budgetary accounting.

The City's budgetary records are maintained on a modified accrual basis. Revenues are recorded when measurable and available and expenditures are recorded when goods or services are received and the liability incurred. The City produces an annual budget and a five-year financial plan which serves as the foundation for the City of Scotts Valley financial planning and control. Based on the City's financial management policies, the City is required to maintain a balanced operating budget. In accordance with the City's Municipal Code, the budget is adopted by resolution on or before June 30th for the

ensuing fiscal year. The City Council may appropriate, amend, or transfer funds by an affirmative vote at any regular or special Council meeting.

As demonstrated by the statements and schedules included in the Financial Section of this report, the City continues to meet its responsibility for sound financial management.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the environment in which the City operates.

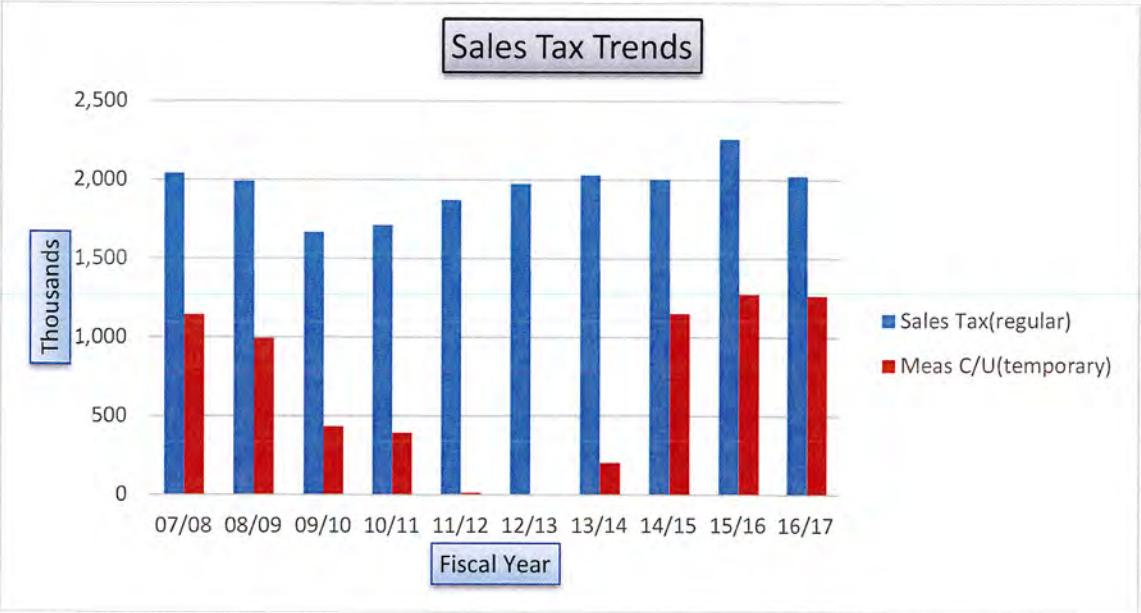
Local Economy

The three major sources of General Fund revenue include sales tax, property tax and transient occupancy tax. These three revenues account for approximately 50.8% of all General Fund Revenues.

Sales Tax

Sales tax is the City's largest source of revenue, accounting for 26.6% of the General Fund Revenues. The City general fund sales tax consists of 1% Bradley Burns, a portion of the Scotts Valley District Tax (Measure D) and a 0.50% Scotts Valley Temporary District Tax (Measure U) that became effective in the last quarter of fiscal year 2013/14. A temporary district tax of 0.25% (Measure C) ended in the first quarter of fiscal year 2010/11.

Sales tax receipts are volatile and reflect the current local, state, and national economic condition. Sales tax collections for the City of Scotts Valley have increased moderately since the recessionary period in 2009/10. Additionally, the City relies heavily on taxes from fuel sales. In FY 2016/17, the City's sales tax jumped due to an increase in fuel prices. Consequently, when fuel prices decrease, so does sales tax revenue as reflected in FY 2016/17.

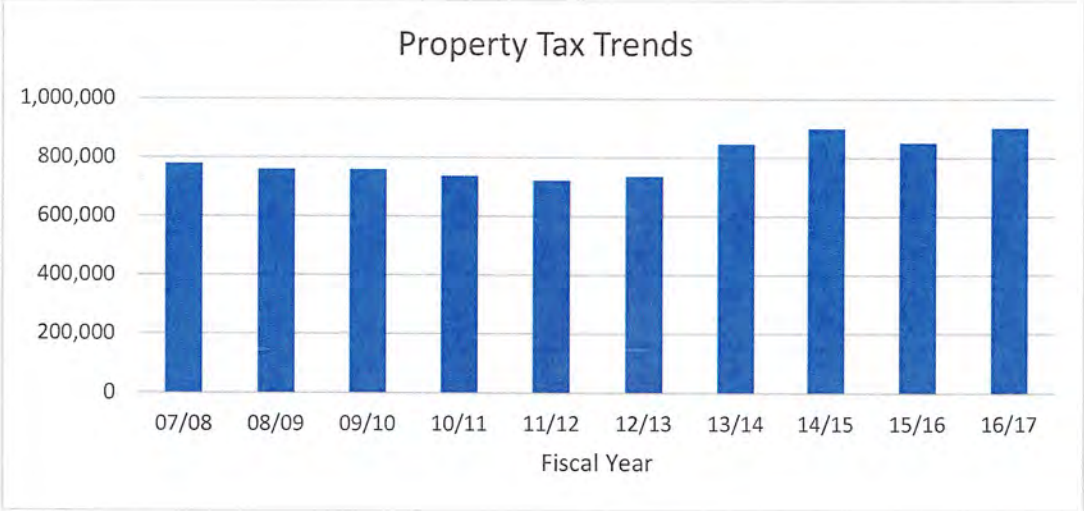


Property Tax

Scotts Valley's second major source of revenue is property tax, accounting for 14.2% of the General Fund Revenues. In fiscal year 2016/17, the General Fund received $903,233 in base property tax receipts, prior to inclusion of Documentary Transfer Tax and Residual RDA distributions. This base amount was $50,963 higher than the prior year.

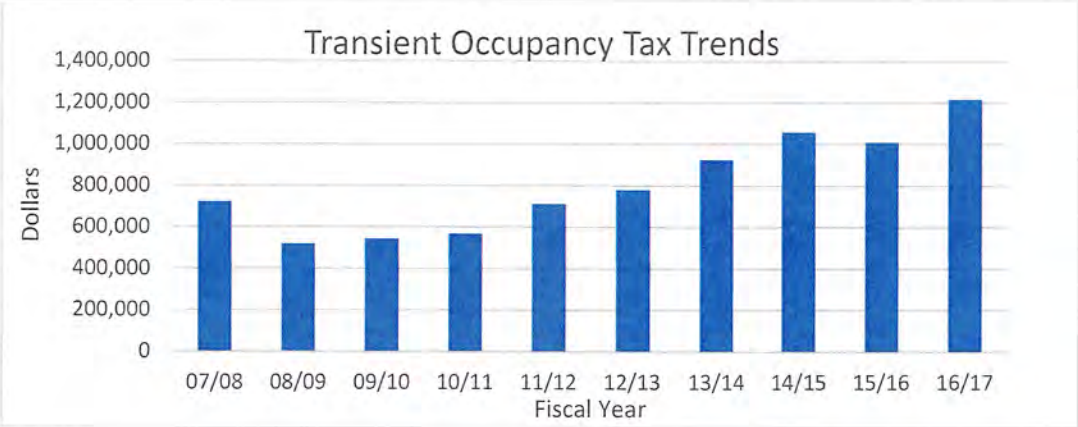
Due to the dissolution of the Scotts Valley Redevelopment Agency (RDA), the RDA's tax increment revenues are distributed to the Successor Agency Redevelopment Property Tax Trust Fund (RPTTF) in amounts that are only sufficient to fund obligations approved by the independent Oversight Board.

The City's property tax revenues tend to not be as economically sensitive as sales tax revenues. The following chart includes Property Tax Revenue. Based on the historical data, property tax revenues have remained relatively consistent, due to appreciating property values. It is anticipated this trend will continue into the next fiscal year.



Transient Occupancy Tax

Transient occupancy tax (TOT) represents approximately 10% of General Fund revenues. According to the table on the following page, since fiscal year 2007/08, TOT revenues have continued to rise due to increased economic performance. The slight decrease in fiscal year 2015/16 was attributable to the top hotel performing major renovations reducing the amount of available rooms. In future fiscal years, the TOT revenues are expected to increase due to the addition of an educational and conference center, one 128-room hotel currently in construction and another 120-room hotel in the planning stages.



MAJOR INITIATIVES

During fiscal year 2016/17, the City accomplished the following:

- Established Annual Council Goals and Priorities
- Completed a Comprehensive Revision of the City's Annual Operating and Capital Budget
- Established General Fund and Wastewater Fund Target Reserve Policies
- Implemented Partial Pre-Funding of Other Post-Employment Benefits (OPEB) Actuarially Required Contribution (ARC)
- Initiated the Development of a Fiscal Sustainability Plan (FSP)
- Successfully Provided Secondary Water to Pasatiempo Golf Course
- Continued the Facilitation of the City Town Center, a Mixed-Use Retail/Residential Project
- Initiated and Mobilized the General Plan Update Process, including the Establishment of a General Plan Advisory Committee (GPAC)
- Entitled and Permitted the Marriott Residence Inn (120 Rooms)
- Guided the 1440 Multiversity, an 80-Acre Private Conference Center and Education Facility through the Permitting Process, Achieving Facility Operation Timelines
- Entitled Six Low Income for Sale Units (Polo Ranch Development–Lennar Homes)
- Entitled Dunslee Way Planned Development of 25 Townhomes and 5,000 Square Foot Commercial Building
- Installed Mac Dorsa ADA Compliant Park Play Structure
- Received the 2016 Small Wastewater Plant of the Year Award
- Implemented the Mount Hermon Road Resurfacing and Restriping Project
- Completed the Design of Scotts Valley Drive/Mount Hermon Road Intersection
- Completed Glenwood Drive Storm Drain Repair Project
- Awarded the Silver Beacon Spotlight Award for Energy Reductions and Natural Gas Savings
- Implemented Terminal Services to View Wastewater Plant Operations Remotely
- Replaced Key Wastewater Equipment, including Clarifier and Aeration Basis Isolation Valves and Upgraded Facility Alarm System
- Implemented Social Media Tools and Initiated the Upgrade of the City's Website

- Complete Phase I of Mount Hermon Drive ADA Curb Ramp Project at Safeway/Kmart intersection (final phase completed 2017/2018)
- Initiated ADA Transition Plan Implementation (City Hall, Community Center, Siltanen Park)

ECONOMIC FACTORS

The City of Scotts Valley is located in Santa Cruz County, approximately 75 miles south of San Francisco. The average and median prices of single-family homes increased for the sixth straight year, another reflection of the local economy. The 2017 average price is approximately 3.5% above the 2016 prior year level and 6.4% above for the median price. Property values do not have as much an impact on the City's property tax revenue as other cities in Santa Cruz County because the City is a low property tax city. The City receives approximately 6.5% of the assessed property taxes.

Based on information obtained from the Santa Cruz County Association of Realtors, the following is a table of the average and median sale prices of houses sold in Santa Cruz County as of June for each of the last five fiscal years.

	Single-Family Homes			
June 30,	Average Price	Increase (Decrease) Over(Under) Prior Year	Median Price	Increase (Decrease) Over(Under) Prior Year
2013	667,368	25.5%	585,000	18.2%
2014	763,717	14.4%	699,500	19.6%
2015	800,980	4.9%	725,000	3.6%
2016	905,800	13.1%	800,000	10.3%
2017	937,662	3.5%	851,500	6.4%

Based on information obtained from the Employment Development Department (EDD), the unemployment rates for the City of Scotts Valley, the County of Santa Cruz, and the State of California as of June for the last five fiscal years are shown as follows.

	Unemployment Rate		
June 30,	Scotts Valley	Santa Cruz County	California
2013	4.1%	8.6%	9.2%
2014	3.2%	6.8%	7.3%
2015	5.2%	6.2%	6.3%
2016	5.6%	6.3%	5.7%
2017	4.8%	5.3%	4.9%

OTHER INFORMATION

Independent Audit: The Government Code requires an annual audit by independent certified public accountants selected by the City Council. The City has complied with this requirement. The auditors' unqualified opinion has been included in the financial section of this report. The City is also required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, unless exempt. The City did not meet the minimum threshold of federal funding to require a Single Audit for 2016/17.

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Scotts Valley for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standard for preparation of state and local government financial reports.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report (CAFR) continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

I want to extend my appreciation to Laurie Grundy, Senior Accountant, and the Finance Department for helping prepare this report. This would not have been accomplished without their initiative and commitment.

In closing, I would like to recognize the leadership and support of the City Council which was instrumental to the preparation of this report.

Respectfully submitted,

Jenny Haruyama
City Manager

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2017

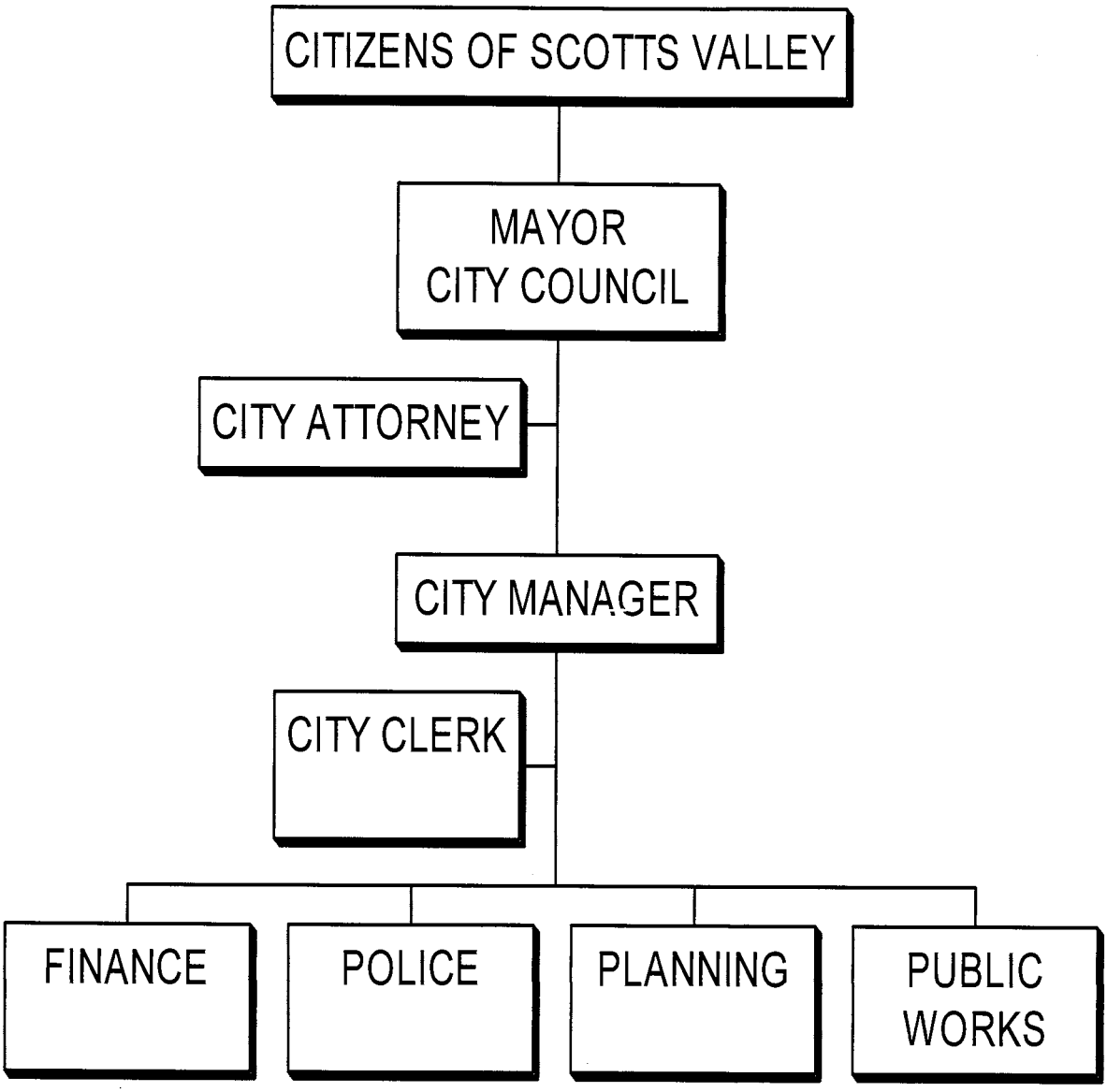
CITY COUNCIL MEMBERS

Randy Johnson	Mayor
Jim Reed	Vice Mayor
Stephany Aguilar	Councilmember
Jack Dilles	Councilmember
Donna Lind	Councilmember

CHIEF ADMINISTRATIVE PERSONNEL

Jenny Haruyama	City Manager
Kirsten Powell	City Attorney
Tracy Ferrara	City Clerk
Steve Walpole, Jr.	Chief of Police
Scott Hamby	Director of Public Works
Taylor Bateman	Interim Community Development Director

CITY OF SCOTTS VALLEY
ORGANIZATION CHART



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Scotts Valley

California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

CITY·OF·SCOTTS·VALLEY·CALIFORNIA
1966

FINANCIAL SECTION

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MARCELLO & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

2701 Cottage Way, Suite 30 / Sacramento, California 95825

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor
Members of the City Council
City of Scotts Valley, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scotts Valley, California, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based upon our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Honorable Mayor
Members of the City Council
City of Scotts Valley, California

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scotts Valley, as of June 30, 2017, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules and schedules of funding progress, other postemployment benefits plan schedule and funding progress, and the respective budgetary comparison information of the general and major funds as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Scotts Valley's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Marcello & Company

Certified Public Accountants
Sacramento, California
October 13, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Scotts Valley, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017. Readers are encouraged to consider the information presented here in conjunction with the accompanying letter of transmittal and the basic financial statements.

FINANCIAL HIGHLIGHTS

The City's position exceeded liabilities as of June 30, 2017 by $33,210,883. The current year change in net position was a decrease of $3,755,399. Of the total net position, $42,578,930 was invested in capital assets (net of related debt) and $8,576,975 had restrictions on their use leaving a negative $17,945,022 as unrestricted. The current decrease in City net position is a combination of the governmental activities decreasing $1,394,347 and the business-type activities decreasing $2,361,052.

As of June 30, 2017, the City's governmental funds (General Fund, special revenue funds, debt service funds, and capital project funds) had a combined fund balance of $11,190,802, an increase of $2,226,152 from the previous year. This is a combination of an increase in the General Fund of $1,249,898, an increase of $671,864 in major funds, and an increase in the non-major funds of $304,390. Of the total City governmental fund balance, $5,364,033 was restricted, $1,042,621 was assigned, and $4,052,193 was unassigned.

The voters in Scotts Valley approved a half-cent sales tax measure on the November 2013 ballot. The sales tax went into effect on April 1, 2014, and will continue for eight years. Fiscal year ended June 30, 2017 was the third full year for this additional sales tax. The City recorded $1,265,724 for the fiscal year, a decrease of $8,880 over the previous fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents a combining statement for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the City.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

- The governmental funds statements tell how general government services such as public safety were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer both short-term and long-term financial information about the activities the government operates like businesses, such as the sewer system and recreation.
- Fiduciary fund statements provide information about the financial relationships (such as special assessment bond funds) in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed information. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, the City included a section with combining statements that provide details about the City's non-major governmental funds, each of which are added together and presented in single columns in the basic financial statements.

Figure 1 below summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and content of each of the statements.

Figure 1
Major Features of the City's Government-wide and Fund Financial Statements

	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses	Instances in which the City is the trustee or agent for another entities resources
Required financial statements	Statement of net position Statement of activities	Balance sheet, Statement of revenue, expenditures, and changes in fund balances	Statement of net position; Statement of revenues, expenses, and changes in net position; Statement of cash flows	Statement of fiduciary net position; Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, both short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Government-wide Statement

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how it has changed. Net position (the difference between the City's assets and liabilities) is one way to measure the City's financial health, or position. Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the City are divided into two categories:

- Government activities: Most of the City's basic services are included here, such as the police, public works, planning, building, park/street maintenance, and general administration. Various taxes, franchise fees, service charges, and investment earnings finance most of these activities.
- Business-type activities: The City charges fees to customers to help cover the cost of certain services it provides. The City's wastewater system and recreation programs are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants. The City Council establishes other funds to control and manage money for particular purposes such as capital project grant funds or to show that it is properly using certain restricted taxes such as gas tax revenues.

The City has three types of funds:

- Government funds: Most of the City's basic services are included in government funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, there is additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- Proprietary funds: Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short-term and long-term financial information. The City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows. Internal service funds (the other kind of proprietary fund) report activities that provide supplies and services for the City's other programs and activities, such as the City's Dental Insurance Program.
- Fiduciary funds: The City is the trustee for some bondholders and fiduciary for others of the City's limited obligation improvement bonds associated with various special

assessment districts within the City. The City is also responsible for other assets that, because of a trust arrangement, can be used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

Notes to the Financial Statements

The Notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 30-55 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including the City of Scotts Valley budgetary information, pension plan information and schedules, and post-employment benefits schedule of funding progress.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following analysis pertains to the government-wide statements as described above in the overview of the financial statements.

Net Position: A condensed presentation of the government-wide net position shown below totals $33,210,883 as of June 30, 2017. This is a decrease of $3,755,399, or 10.2%, from the previous year. It is a combination of an increase in Total Liabilities and Deferred Inflows of Resources of $6,532,739 offset by an increase in Total Assets and Deferred Outflows of Resources of $2,777,340. The entire Statement of Net Position can be seen on Page 16.

City of Scotts Valley
Net Position
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	$18,457	$16,323	$ 4,119	$ 4,562	$22,576	$20,885
Capital assets, net	30,417	30,686	12,161	12,877	42,578	43,563
Total assets	48,874	47,009	16,280	17,439	65,154	64,448
Deferred Outflows of Resources	2,734	1,208	957	412	3,691	1,620
Total Assets and Deferred Outflows of Resources	**51,608**	**48,217**	**17,237**	**17,851**	**68,845**	**66,068**
Long-term debt outstanding	25,083	20,869	4,722	3,297	29,805	24,166
Other liabilities	3,705	3,351	245	351	3,950	3,702
Total liabilities	28,788	24,220	4,967	3,648	33,755	27,868
Deferred Inflows of Resources	1,632	1,415	247	(181)	1,879	1,234
Total Liabilities and Deferred Inflows of Resources	**30,420**	**25,635**	**5,214**	**3,467**	**35,634**	**29,102**
Net position:						
Net Investment in Capital Assets	30,418	30,687	12,161	12,878	42,579	43,565
Restricted	6,407	5,624	2,170	2,150	8,577	7,774
Unrestricted	(15,637)	(13,729)	(2,308)	(644)	(17,945)	(14,373)
Total net position	**$21,188**	**$23,543**	**$12,023**	**$14,384**	**$33,211**	**$36,966**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

The largest portion of the City's total net position, $42.5 million, is reflected in its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to its residents. Consequently, these assets are not available for future spending.

Although the City of Scotts Valley's investment in capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used. An additional portion of the City's total net position, $8.5 million, represents resources that were subject to external restrictions on how they may be used. The remaining negative $17.9 million of the City's total net position is "unrestricted" and may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted portion of fund balance is negative due to the City's $17.3 total net pension liability.

Changes in Net Position: The change in government-wide net position went from a decrease of $1,999,283 in fiscal year 2016 to a decrease of $3,755,399 in fiscal year 2017. This is a result of total revenues increasing $3,120,437, or 21.61%, however total expenses increased by $4,876,553, or 29.67%. A further analysis is shown below.

	(in thousands of dollars) 2017	2016
Program Revenues	$ 6,192	$ 4,906
General Revenues	11,365	9,531
Governmental Expenses	(15,782)	(12,323)
Business-type Expenses	(5,530)	(4,113)
Net Increase (Decrease)	$ (3,755)	$ (1,999)

Revenues: Program revenues for governmental activities increased $1,295,009, or 70.4%. This is made up of an increase in charges for services of $1,152,706 and an increase in capital grants and contributions of $281,837 and offset by a decrease in operating grants and contributions of $139,534. Charges for services increased mainly in General Government ($150,506) and Planning/Building ($871,052) and in Public Works ($137,371). The increase in Planning/Building was attributed to one-time construction permits on a few large projects.

Program revenues for business-type activities decreased $9,284, or .3%. This is made up of an increase in charges for services of $48,145 and in capital grants and contributions of $29,291, but offset by a decrease in operating grants and contributions of $86,720. Charges for services increased in both Wastewater ($19,303) and Recreation ($28,842). Wastewater charges for services increased due to the occupancy of a few large commercial spaces. Charges for services in recreation programs increased due to a stronger marketing outreach and a rebound in the economy. The decrease in grants and contributions was attributed to Wastewater.

Expenses: Governmental activities expense increased by $3,459,034. The largest increase was in Public Safety ($1,276,806) mainly in salaries, benefits, and pension expense. Increases in Planning/Building ($466,560), and Public Works ($752,206) were the result of using outside contracts for the vacant City Engineer and the Building Inspector positions and increased pension expense.

Business-type activities increased $1,417,519. The increase relates to adjustments in salaries, benefits, and retirement expense in Wastewater ($1,025,886) and Recreation of ($235,990). Other increases included wastewater equipment maintenance and operations ($76,159), professional contract services ($73,217) and in utilities and communications ($42,856).

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

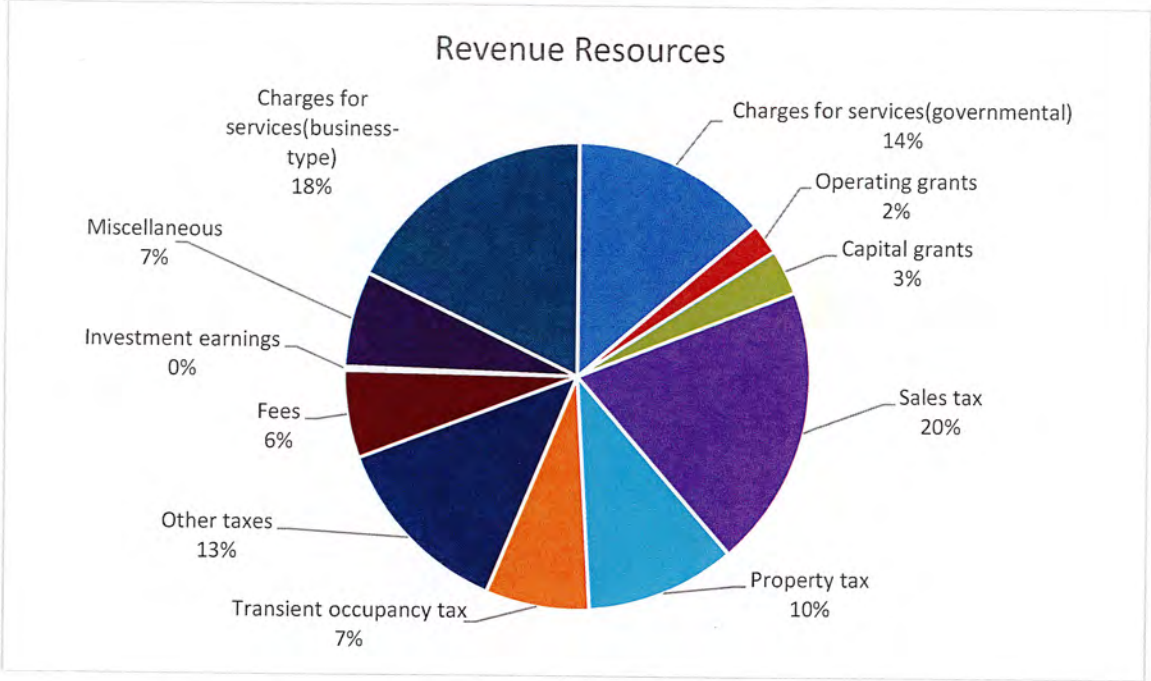
Statement of Activities/Change in Net Position: Below is a table of the current and prior fiscal year recap of the changes in net position. The entire Statement of Activities can be seen on Page 17.

City of Scotts Valley
Statement of Activities
Change in Net Position
(in thousands of dollars)

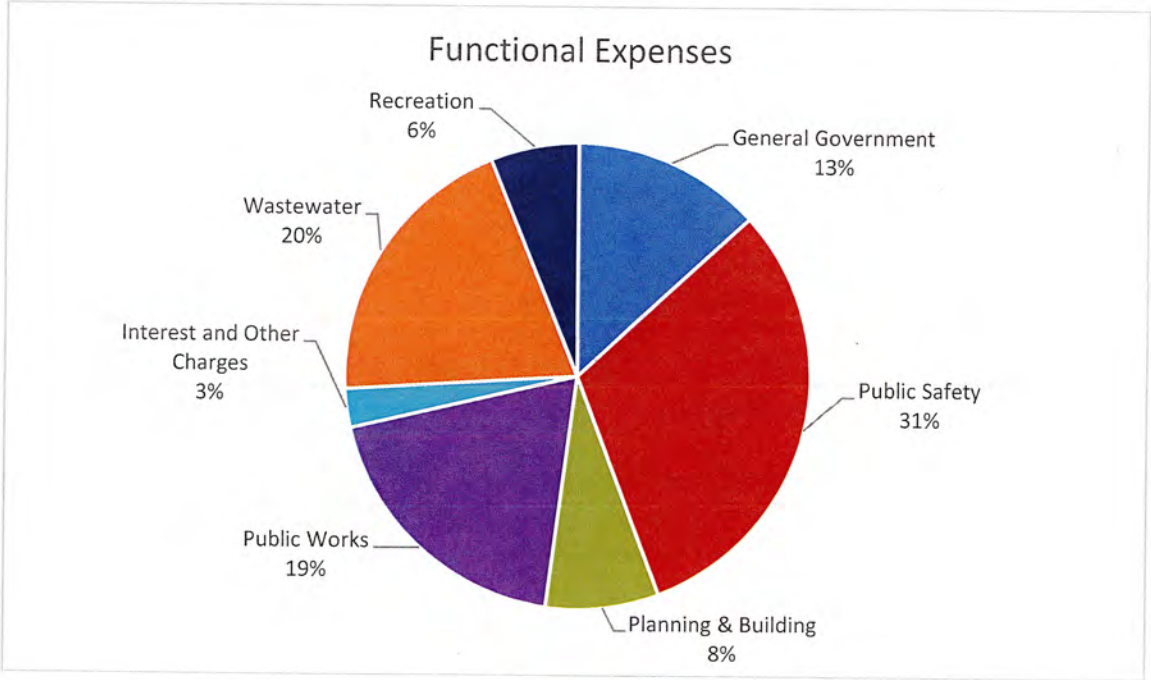
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program revenues:						
Charges for services	$ 2,301	$ 1,148	$ 2,999	$ 2,951	$5,300	$ 4,099
Operating grants	363	502	-	87	363	589
Capital grants	472	190	58	29	530	219
General revenues:						
Sales tax	3,289	3,534	-	-	3,289	3,534
Property tax	1,758	1,314	-	-	1,758	1,314
Other taxes	3,399	3,207	-	-	3,399	3,207
Fees	1,020	961	-	-	1,020	961
Investment earnings	29	39	13	8	42	47
Miscellaneous	1,110	467	-	-	1,110	467
Total revenues	**13,741**	**11,362**	**3,070**	**3,075**	**16,811**	**14,437**
Expenses:						
General Government	2,802	1,906	-	-	2,802	1,906
Public Safety	6,610	5,333	-	-	6,610	5,333
Planning & Building	1,690	1,224	-	-	1,690	1,224
Public Works	4,105	3,352	-	-	4,105	3,352
Interest on Debt	576	508	-	-	576	508
Wastewater	-	-	4,209	2,988	4,209	2,988
Recreation	-	-	1,321	1,125	1,321	1,125
Total expenses	**15,783**	**12,323**	**5,530**	**4,113**	**21,313**	**16,436**
Excess or (Deficiency)	**(2,042)**	**(961)**	**(2,460)**	**(1,038)**	**(4,502)**	**(1,999)**
Sale of Real Property	747	-	-	-	747	-
Transfers	(99)	-	99	-	-	-
Change in Net Position	**($ 1,394)**	**($ 961)**	**($ 2,361)**	**($ 1,038)**	**($ 3,755)**	**($ 1,999)**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

Revenue Chart: As shown in the Statement of Activities, revenues for fiscal year 2016/17 totaled $16.8 million. The following graph includes program and general revenues and shows the percentage of total governmental and business-type revenues by source:



Expense Chart: As shown in the Statement of Activities, expenses for fiscal year 2016/17 totaled $21.3 million. The following graph includes expenses and shows the percentage of total governmental and business-type activity expenses by function:



FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

Net Cost of Services: The following table presents the total cost of each of the City's governmental and business-type activities as well as each activity's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

For governmental activities, the total cost of $15,782,513 was offset by charges for services ($2,300,904), operating grants/contributions ($362,647), and capital grants/contributions ($471,761), bringing the net cost of services to $12,647,201. This is an increase in net cost of $2,164,025 from the prior fiscal year.

For business-type activities, the total cost of $5,530,354 were offset by charges for services ($2,998,479) and capital grants/contributions ($58,280), bringing the net cost of services to $2,473,595. This is an increase in net cost of $1,426,803 from the prior fiscal year.

City of Scotts Valley
Net Cost of Governmental and Business-Type Activities

	Total Cost of Services	Program Revenues	Net Cost of Services
General Government	$ 2,801,847	$ 321,443	$ 2,480,404
Public Safety	6,609,761	225,749	6,384,012
Planning & Building	1,690,507	1,421,088	269,419
Public Works	4,104,603	1,167,032	2,937,571
Interest on L-T Debt	575,795	-	575,795
Total Governmental	$ 15,782,513	$ 3,135,312	$ 12,647,201
Wastewater	$ 4,209,282	$ 2,046,483	$ 2,162,799
Recreation	1,321,072	1,010,276	310,796
Total Business-type	$ 5,530,354	$ 3,056,759	$ 2,473,595

A description of each program is listed below:

- General Government expenses comprise approximately 13% of all expenses. This includes City Council, City Manager, City Clerk, City Attorney, Finance, Administrative Services, and Risk Management. These programs are offset by administrative support fees and grants.
- Public Safety expenses comprise 31% of all expenses. Revenues from fines, citations, grants, and animal services partially offset the cost of this program.
- Planning and Building expenses comprise approximately 8% of all expenses. Various building and planning fees, along with grant revenues, assist in funding these program costs.
- Public Works expenses comprise 19% of all expenses. This includes street, facility, park and fleet maintenance. Costs are partially offset by taxes and various fees.
- Interest on long-term debt comprises less than 1% of all expenses. The interest expense is used to pay long-term debt obligations.
- Wastewater expenses comprises 20% of all expenses. Sewer service fees and charges to customers help to offset expenses.
- Recreation expenses comprise 6% of all expenses. These programs are primarily funded through recreational sports fees and the general fund.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The following analysis pertains to the fund financial statements (pages 20-23) in the overview of the financial statements.

There are no restrictions, commitments, or other limitations that would significantly affect the availability of fund resources for the future.

To provide an overview of the City's funds, below is a table showing the increases and (decreases) to total assets, liabilities, revenues, and expenditures of the City fund types from fiscal year 2016 to 2017. The total revenues and expenditures do not include any "other financing sources (uses)."

	Increase (Decrease) from Prior Year			
	Assets	Liabilities	Revenues	Expenditures
General Fund	$ 1,249,898	$ 14,510	$ 2,004,745	$ 620,435
Special Rev Funds	808,092	58,261	463,638	(343,096)
Debt Service Funds	4,888	-	2,741	220
Capital Project Funds	163,274	142,838	(9,942)	872,988

The General Fund budget is discussed below under the "Budgetary Highlights."

The largest increase in assets of City funds, other than the General Fund, were assets in the special revenue funds of $808,092. The increase is related to the Successor Housing Agency Funds sale of real property. The largest increase in the liabilities is related to the Capital Improvements Fund with an increase in the Current Accounts Payable of $142,838 due to engineering services payable on the Pasatiempo Water Diversion project.

The largest increase of the City funds other than the General Fund were the revenues in the special revenue funds of $463,638, related to increased revenue of restricted impact fees from large construction projects received in the current year. The largest increase in expenditures ($872,988) in the capital project funds relates to the General Capital Improvements Fund. City improvement projects were completed, which included the Mt. Hermon Road improvements and the Granite Creek Overpass storm damage repair as well as preliminary engineering costs on the Mt. Hermon Road/Scotts Valley Drive intersection.

GENERAL FUND BUDGETARY HIGHLIGHTS

A detailed budgetary comparison schedule for the year ended June 30, 2017 is presented as Required Supplementary Information following the notes to the financial statements. This information can be found on Page 60. Key budgetary differences are provided below.

Revenues:

Actual revenues were above final budgeted amounts by $1,667,235. Tax revenues were higher ($638,650) than anticipated with increases in transit occupancy tax, motor vehicle fees, and unanticipated property tax revenue from TEA and the Successor Agency. Charges for services revenue was higher ($318,196) due to increases in construction permits and fees. Miscellaneous revenue was higher ($674,579) due to unanticipated legal fee and cost reimbursements.

GENERAL FUND BUDGETARY HIGHLIGHTS (continued)

Expenses:

Expenses, prior to transfers, were $613,774 above the final adopted budget. The largest sources for the increase were in the following departments and/or divisions: Building ($454,944) and Police ($120,241). Due to enhanced building activity, additional hours for contract inspectors were required. Police department expenses were higher due to retirement payouts, higher recruitment costs and higher repair and maintenance costs on telecommunications and other equipment.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: A recap of the City's capital assets, net of accumulated depreciation, is shown in the table below. The City-wide decrease (net of depreciation) is $269,159, or 2.3%. The governmental activities had capital assets additions of $1,105,428. Current year depreciation was $1,374,587. Business-type activities brought capital assets to a net decrease of $716,080. The business-type activities had capital asset additions of $68,190 with current year depreciation expense of $784,270.

City of Scotts Valley
Capital Assets, Net of Depreciation
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	$ 7,012	$ 7,012	$ 429	$ 429	$ 7,441	$ 7,441
Buildings & Improvements	2,528	2,628	1,513	1,644	4,041	4,272
Equipment	633	797	1,005	1,060	1,638	1,857
Infrastructure	19,723	20,184	9,149	9,676	28,872	29,860
Outfall Agreement	-	-	65	68	65	68
Construction in Progress	521	66	-	-	521	66
TOTAL	$ 30,417	$ 30,687	$ 12,161	$ 12,877	$ 42,578	$ 43,564

More detailed information about the City's capital assets is presented in Note 4 to the financial statements.

Long-term Debt: A recap of the City's long-term debt is shown below. Total long-term debt increased $2,268,240, or 10.4%. The main increase during the year was the net pension liability from the GASB (Governmental Accounting Standards Board) Statement No. 68 for governmental activities ($1,481,789) and for business activities ($987,860). This is an actuarially determined amount prepared by the California Public Employees Retirement System. The net OPEB obligation is also an actuarially determined amount for Other Post-Employment Benefits in accordance with GASB Statement No. 45. The OPEB obligation increased for governmental activities ($219,298) and business activities ($110,830). More detailed information about the City's long-term debt is presented in Note 5 to the financial statements.

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

City of Scotts Valley
Outstanding Debt
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Certificates of Participation	$ 5,450	$ 5,512	$ -	$ -	$ 5,450	$ 5,512
Pension Obligation	3,010	3,335	-	-	3,010	3,335
Installment Note	100	105	-	-	100	105
Accrued Comp Absences	584	645	145	120	729	765
Net OPEB Obligation	2,485	2,235	719	654	3,204	2,889
Net Pension Liability	13,454	9,036	3,858	2,523	17,312	11,559
TOTAL	$ 25,083	$ 20,868	$ 4,722	$ 3,297	$ 29,805	$ 24,165

FISCAL YEAR 2017/18 BUDGETS AND CALPERS RATES

The fiscal year 2017/18 General Fund expenditure budget was approved with a $1,208,128 (12.2%) increase. The General Fund revenue budget was approved with a $524,662 (16.8%) decrease. The City continues to take a conservative approach when considering to fill personnel vacancies.

CalPERS has provided the City with next year's rate and a projected fiscal year 2017/18 rate. A recap of the retirement rates by fiscal year is shown below. Beginning with fiscal year 2015/16, CalPERS has instituted a flat annual amount as well as a percentage rate on payroll. This is to account for the fact that classic employees will be retiring and replaced with PEPRA employees. PEPRA is the Public Employee Pension Reform Act and covers employees hired on or after January 1, 2013, that are new to the CalPERS retirement system. These employees are provided lower, and less costly, retirement benefits and are accounted separately from the classic employees. With an ever decreasing payroll from classic employees in the future, an annual fixed amount was needed to ensure that the proper amount of contributions is made to the retirement system. The rates for the classic and PEPRA employees are shown in the following table.

	Classic Employees				PEPRA Employees		
Fiscal Year	Miscellaneous Group	Safety Group	Miscellaneous Group	Safety Group	Miscellaneous Group	Safety Group	
2012-13	13.914%	23.681%					Actual
2013-14	14.660%	25.168%					Actual
2014-15	15.701%	26.881%					Actual
2015-16	9.671%	17.557%	$ 314,464	$ 215,705	6.250%	11.153%	Actual
2016-17	10.069%	18.428%	$ 363,043	$ 257,949	6.555%	12.082%	Actual
2017-18	10.110%	18.615%	$ 432,588	$ 317,954	6.533%	11.990%	Projected

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the residents, taxpayers, customers, investors, and creditors of Scotts Valley with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City of Scotts Valley Finance Department, 1 Civic Center Drive, Scotts Valley, CA 95066.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF SCOTTS VALLEY
STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments (Note 2)	$ 8,471,582	$ 2,178,071	$ 10,649,653
Receivables (Note 3)	1,310,903	340,665	1,651,568
Total Current Assets	9,782,485	2,518,736	12,301,221
Non-current Assets:			
Advances to Redevelopment Successor Agency (Note 3)	5,003,131	1,600,000	6,603,131
Long-term Loans Receivable (Note 3)	3,571,816	-	3,571,816
Restricted Cash with Fiscal Agent	99,356	-	99,356
Capital Assets (Note 4):			
Capital Assets not being depreciated	7,532,983	429,416	7,962,399
Capital Assets, net of depreciation	22,884,508	11,732,023	34,616,531
Total Non-current Assets	39,091,794	13,761,439	52,853,233
Total Assets	48,874,279	16,280,175	65,154,454
DEFERRED OUTFLOWS OF RESCOURCES:			
Deferred Pensions (Note 8)	2,734,048	956,855	3,690,903
Total Assets and Deferred Outflows of Resources	51,608,327	17,237,030	68,845,357
LIABILITIES			
Current Liabilities:			
Accounts Payable	408,792	48,239	457,031
Accrued Liabilities	184,417	65,007	249,424
Unearned Revenues	-	131,662	131,662
Current portion of long-term obligations (Note 5)	872,372	86,853	959,225
Total Current Liabilities	1,465,581	331,761	1,797,342
Non-current Liabilities:			
Non-current portion of long-term obligations (Note 5)	24,210,537	4,635,197	28,845,734
Accrued Interest	3,111,638	-	3,111,638
Total Non-current Liabilities	27,322,175	4,635,197	31,957,372
Total Liabilities	28,787,756	4,966,958	33,754,714
DEFERRED INFLOWS OF RESOURCES:			
Deferred Pensions (Note 8)	1,632,504	247,256	1,879,760
Total Liabilities and Deferred Inflows of Resources	30,420,260	5,214,214	35,634,474
NET POSITION			
Net Investment in Capital Assets	30,417,491	12,161,439	42,578,930
Restricted:			
Capital Projects	2,488,500	2,170,321	4,658,821
Debt Service	1,049,707	-	1,049,707
Community Development Projects	1,894,585	-	1,894,585
Other Purposes	973,862	-	973,862
Unrestricted	(15,636,078)	(2,308,944)	(17,945,022)
Total Net Position	$ 21,188,067	$ 12,022,816	$ 33,210,883

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The accompanying notes to the financial statements are an integral part of this financial statement.

CITY OF SCOTTS VALLEY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Program Revenues: Total	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Primary Government:								
Governmental Activities:								
General Government	$ 2,801,847	$ 314,261	$ 7,182		$ 321,443	$ (2,480,404)		$ (2,480,404)
Public Safety	6,609,761	33,023	24,795	167,931	225,749	(6,384,012)		(6,384,012)
Planning & Building	1,690,507	1,352,630	68,458		1,421,088	(269,419)		(269,419)
Public Works	4,104,603	600,990	262,212	303,830	1,167,032	(2,937,571)		(2,937,571)
Interest	575,795	-	-	-	-	(575,795)		(575,795)
Total Governmental Activities	15,782,513	2,300,904	362,647	471,761	3,135,312	(12,647,201)		(12,647,201)
Business-Type Activities:								
Wastewater	4,209,282	1,988,203	-	58,280	2,046,483		$ (2,162,799)	(2,162,799)
Recreation Programs	1,321,072	1,010,276	-	-	1,010,276		(310,796)	(310,796)
Total Business-type Activities	5,530,354	2,998,479	-	58,280	3,056,759		(2,473,595)	(2,473,595)
Total Primary Government	$ 21,312,867	$ 5,299,383	$ 362,647	$ 530,041	$ 6,192,071	(12,647,201)	(2,473,595)	(15,120,796)
General Revenues:								
Taxes:								
Sales Tax						3,289,289	-	3,289,289
Property Tax						1,757,571	-	1,757,571
Franchise Taxes						994,614	-	994,614
Transient Occupancy Tax						1,218,063	-	1,218,063
Utility Users Tax						747,585	-	747,585
Other Taxes						438,564	-	438,564
Vehicle In-Lieu Fee						1,019,933	-	1,019,933
Investment Earnings						29,248	13,145	42,393
Miscellaneous Revenues						1,110,461	-	1,110,461
Gain on Sale of Real Property						746,924	-	746,924
Interfund Transfers In (Out)						(99,398)	99,398	-
Total General Revenues and Transfers						11,252,854	112,543	11,365,397
Change in Net Position						(1,394,347)	(2,361,052)	(3,755,399)
Net Position - Beginning						22,582,414	14,383,868	36,966,282
Net Position, End of Year						$ 21,188,067	$ 12,022,816	$ 33,210,883

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The accompanying notes to the financial statements are an integral part of this financial statement.

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FUND FINANCIAL STATEMENTS

CITY OF SCOTTS VALLEY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Successor Housing Agency	General Facility	Traffic Impact Mitigation	General Capital Improvements	Other Governmental Funds	Total
ASSETS							
Cash and Investments	$ 3,067,042	$ 479,088	$ 60,233	$ 832,083	$ 404,573	$ 3,596,821	$ 8,439,840
Receivables:							
Due from other Governments	1,295,966	-	-	-	-	-	1,295,966
Other	1,797	-	-	-	-	13,140	14,937
Due from other Funds	1,171	-	-	-	-	-	1,171
Advances Due from other Funds	139,532	-	-	-	-	-	139,532
Notes Receivable	-	650,000	-	-	-	550,000	1,200,000
Restricted Cash with Fiscal Agent	99,356	-	-	-	-	-	99,356
Total Assets	$ 4,604,864	$ 1,129,088	$ 60,233	$ 832,083	$ 404,573	$ 4,159,961	$ 11,190,802
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	$ 189,962	$ -	$ -	$ -	$ 153,633	$ 63,240	$ 406,835
Accrued Liabilities	183,662	-	-	-	-	755	184,417
Accrued Compensated Absences	-	-	-	-	-	-	-
Due to other Funds	-	-	-	-	-	1,171	1,171
Advances Due to other Funds	-	-	139,532	-	-	-	139,532
Unearned Revenues	-	-	-	-	-	-	-
Total Liabilities	373,624	-	139,532	-	153,633	65,166	731,955
Fund Balances:							
Restricted	99,356	1,129,088	-	832,083	250,940	3,052,566	5,364,033
Assigned	-	-	-	-	-	1,042,621	1,042,621
Unassigned	4,131,884	-	(79,299)	-	-	(392)	4,052,193
Total Fund Balances	4,231,240	1,129,088	(79,299)	832,083	250,940	4,094,795	10,458,847
Total Liabilities and Fund Balances	$ 4,604,864	$ 1,129,088	$ 60,233	$ 832,083	$ 404,573	$ 4,159,961	$ 11,190,802

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The accompanying notes to the financial statements are an integral part of this financial statement.

CITY OF SCOTTS VALLEY
RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2017

Total Fund Balances - Total Governmental Funds (Page 20)	$10,458,847
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Long-term loans receivable are not current financial resources and, therefore, are offset in the Governmental Funds Balance Sheet by a corresponding amount of deferred revenue under liabilities.	7,374,947
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.	30,417,491
Deferred outflows of resources reported on the Government-wide Statement of Net Position.	2,734,048
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liablility in the Governmental Funds Balance Sheet.	(3,111,638)
An Internal Service Fund is used by management to charge the costs of dental insurance to individual funds. The assets and liabilities of this Internal Service Fund are included in governmental activities in the Government-wide Statement of Net Position.	29,785
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet.	
1997 Certificates of Participation	(1,250,588)
2013 Certificates of Participation	(4,200,000)
Installment Notes	(100,000)
Pension Obligaion Bonds	(3,010,000)
Compensated Absences	(583,848)
Net OPEB Obligation	(2,484,502)
Net Pension Liability	(13,453,971)
Deferred inflows of resources reported on the Government-wide Statement of Net Position.	(1,632,504)
The discounts received on the issuance of long-term debt are deferred and amortized over the life of the debt on the Government-Wide Statement of Net Position.	-
Net Position of Governmental Activities (Page 16)	$21,188,067

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The accompanying notes to the financial statements are an integral part of this financial statement.

CITY OF SCOTTS VALLEY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	General Fund	Successor Housing Agency	General Facility	Traffic Impact Mitigation	General Capital Improvements	Other Governmental Funds	Total
Revenues:							
Taxes and Assessments	$ 9,380,314	$ -	$ -	$ -	$ -	$ -	$ 9,380,314
Intergovernmental Revenues	3,820	-	-	-	-	295,543	299,363
Fees and Services	1,687,926	-	6,803	117,084	-	284,905	2,096,718
Fines and Forfeitures	37,680	-	-	-	-	-	37,680
Investment Earnings	20,816	9,942	379	8,023	314	532,834	572,308
Contributions, Non-Government	-	-	-	-	-	23,546	23,546
Facility/Building Rental	-	32,760	-	-	-	-	32,760
Miscellaneous Revenues	1,242,359	132,266	-	-	2,140	2,865	1,379,630
Total Revenues	12,372,915	174,968	7,182	125,107	2,454	1,139,693	13,822,319
Expenditures:							
Current:							
General Government	2,215,959	-	80	-	-	-	2,216,039
Public Safety	4,960,057	-	-	-	-	-	4,960,057
Planning and Building	1,303,417	29,866	-	-	-	345	1,333,628
Public Works	1,666,920	-	-	28,903	12,856	3,381	1,712,060
Capital Outlay	12,095	-	-	3,942	947,842	216,532	1,180,411
Debt Service:							
Principal	145,000	-	-	-	-	-	145,000
Interest and Finance Charges	219,245	-	-	-	-	325,000	544,245
Total Expenditures	10,522,693	29,866	80	32,845	960,698	545,258	12,091,440
Excess of Revenues over(under) Expenditures	1,850,222	145,102	7,102	92,262	(958,244)	594,435	1,730,879
Other Financing Sources (Uses):							
Interfund Transfers In	191,542	-	-	-	978,680	-	1,170,222
Interfund Transfers (Out)	(806,376)	-	-	(474,626)	-	446,604	(834,398)
Sale of Real Property	-	746,924	-	-	-	-	746,924
Net Other Financing Sources (Uses)	(614,834)	746,924	-	(474,626)	978,680	446,604	1,082,748
Change in Fund Balances	1,235,388	892,026	7,102	(382,364)	20,436	1,041,039	2,813,627
Fund Balance - Beginning	2,995,852	237,062	(86,401)	1,214,447	230,504	-	4,591,464
Fund Balance - End of Year	$ 4,231,240	$ 1,129,088	$ (79,299)	$ 832,083	$ 250,940	$ 1,041,039	$ 7,405,091

The accompanying notes to the financial statements are an integral part of this financial statement.

CITY OF SCOTTS VALLEY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds (Page 22)	$ 2,813,627
Amounts reported for governmental activities in the statement of activities are different because:	
Repayment of long-term loans receivable is reported as income in governmental funds, but the repayment reduces long-term assets in the Statement of Net Assets.	
Repayment of long-term loans receivable	(82,925)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Current year capital outlays	1,105,428
Current year depreciation	(1,374,587)
An internal service fund is used by management to charge the costs of dental insurance to individual funds. The net expense of this internal service fund is reported with governmental activities.	(8,022)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	
Repayment of long-term debt principal	470,000
Change in accrued net pension liability, deferred outflows of resources - pensions, and deferred inflows of resources - pensions.	(3,109,726)
Governmental funds report bond premiums as income and bond discounts as expense. However, in the Statement of Activities these amounts are amortized over the remaining life of the refunded debt.	
Amortization of bond discount	(78,273)
Some expenses recorded in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrual of compensated absences	61,357
Accrual of OPEB obligation	(249,146)
Accrual of interest expense on long-term debt	(155,344)
Change in net position of governmental activities (Page 17)	$ (607,611)

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The accompanying notes to the financial statements are an integral part of this financial statement.

CITY OF SCOTTS VALLEY
STATEMENT OF NET POSITION - BUSINESS-TYPE ACTIVITIES
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-type Activities Enterprise Funds			Governmental Activities -
	Recreation Fund	Wastewater Fund	Total	Internal Fund
ASSETS				
Current:				
Cash and Investments	$ 220	$ 2,177,851	$ 2,178,071	$ 31,741
Receivables:				
Due from other Governments	-	29,644	29,644	-
Sewer Fees	-	140,009	140,009	-
Other	171,012	-	171,012	-
Advances to Successor Agency	-	1,600,000	1,600,000	-
Total Current Assets	171,232	3,947,504	4,118,736	31,741
Capital Assets (Note 4):				
Land and construction in progress	-	429,416	429,416	-
Other capital assets, net of depreciation	2,500	11,729,523	11,732,023	-
Total Capital Assets	2,500	12,158,939	12,161,439	-
Total Assets	173,732	16,106,443	16,280,175	31,741
Deferred Outflows of Resouces:				
Deferred Pensions	272,914	683,941	956,855	-
Total Deferred Outflows of Resources	272,914	683,941	956,855	-
Total Assets and Deferred Outflows of Resources	446,646	16,790,384	17,237,030	31,741
LIABILITIES				
Current Liabilities:				
Accounts Payable	9,407	38,832	48,239	1,956
Accrued Liabilities	38,778	26,229	65,007	-
Compensated Absences	45,718	98,791	144,509	-
Unearned Revenues	131,662	-	131,662	-
Total Current Liabilities	225,565	163,852	389,417	1,956
Non-current Liabilities:				
Net OPEB Obligation	342,251	377,032	719,283	-
Net Pension Liability	1,055,403	2,802,855	3,858,258	-
Total Non-current Liabilities	1,397,654	3,179,887	4,577,541	-
Total Liabilities	1,623,219	3,343,739	4,966,958	1,956
Deferred Inflows of Resources:				
Deferred Pensions	68,390	178,866	247,256	-
Total Liabilities and Deferred Inflows of Resources	1,691,609	3,522,605	5,214,214	1,956
NET POSITION				
Net Investment in Capital Assets	2,500	12,158,939	12,161,439	-
Restricted - Capital Improvements	-	2,150,421	2,150,421	-
Unrestricted	(1,247,463)	(1,041,581)	(2,289,044)	29,785
Total Net Position	$ (1,244,963)	$ 13,267,779	$ 12,022,816	$ 29,785

The accompanying notes to the financial statements are an integral part of this financial statement.

CITY OF SCOTTS VALLEY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

	Business-type Activities Enterprise Funds			Governmental Activities -
	Recreation Fund	Wastewater Fund	Total	Internal Fund
Operating Revenues:				
Fees and Services	$ 1,010,276	$ 1,988,203	$ 2,998,479	$ 63,294
Total Operating Revenues	1,010,276	1,988,203	2,998,479	63,294
Operating Expenses:				
Salaries	618,394	547,588	1,165,982	-
Taxes and Benefits	474,329	1,503,982	1,978,311	-
Maintenance and Operations	85,114	798,224	883,338	51
Advertising	8,838	-	8,838	-
Professional and Contractual Services	108,900	147,846	256,746	-
Utilities and Communications	13,067	377,694	390,761	-
Insurance and Bonds	11,430	50,678	62,108	71,498
Depreciation	1,000	783,270	784,270	-
Total Operating Expenses	1,321,072	4,209,282	5,530,354	71,549
Income (Loss) from Operations	(310,796)	(2,221,079)	(2,531,875)	(8,255)
Nonoperating Revenues (Expenses):				
Interest Income	-	13,145	13,145	233
Total Nonoperating Revenues	-	13,145	13,145	233
Net Income (Loss) before Contributions and Transfers	(310,796)	(2,207,934)	(2,518,730)	(8,022)
Capital Contributions	-	58,280	58,280	-
Interfund Transfers In	180,367	151,267	331,634	-
Interfund Transfers (Out)	(30,235)	(202,001)	(232,236)	-
Change in Net Position	(160,664)	(2,200,388)	(2,361,052)	(8,022)
Net Position - Beginning	(1,084,299)	15,468,167	14,383,868	37,807
Net Position - End of Year	$ (1,244,963)	$ 13,267,779	$ 12,022,816	$ 29,785

The accompanying notes to the financial statements are an integral part of this financial statement.

CITY OF SCOTTS VALLEY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

	Business-type Activities Enterprise Funds			Governmental Activities -
	Recreation Fund	Wastewater Fund	Total	Internal Fund
Cash Flows from Operating Activities:				
Cash Received from Customers	$ 924,374	$ 2,001,392	$ 2,925,766	$ 63,294
Cash Payments for Goodw and Services	(707,070)	(2,948,053)	(3,655,123)	(73,765)
Cash Payments to Employees	(367,436)	520,573	153,137	-
Net Cash Provided by (Used for) Operating Activities	(150,132)	(426,088)	(576,220)	(10,471)
Cash Flows from Noncapital Financing Activities:				
Interfund Transfers In	180,367	151,267	331,634	-
Interfund Transfers (Out)	(30,235)	(202,001)	(232,236)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	150,132	(50,734)	99,398	-
Cash Flows from Capital and Related Financing Activities				
Receipts of Connection and Standby Fees	-	58,280	58,280	-
Purchase of Vehicles and Equipment	-	(68,190)	(68,190)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	(9,910)	(9,910)	-
Cash Flows from Investing Activities:				
Interest Received	-	13,145	13,145	233
Net Cash Provided by Investing Activities	-	13,145	13,145	233
Net Increase (Decrease) in Cash	-	(473,587)	(473,587)	(10,238)
Cash and Investments, Beginning	220	2,651,438	2,651,658	41,979
Cash and Investments, End of Year	$ 220	$ 2,177,851	$ 2,178,071	$ 31,741

(Continued)

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The accompanying notes to the financial statements are an integral part of this financial statement.

CITY OF SCOTTS VALLEY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

	Business-type Activities Enterprise Funds			Governmental Activities -
	Recreation Fund	Wastewater Fund	Total	Internal Fund
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities				
Operating (Loss)	$ (310,796)	$ (2,221,079)	$ (2,531,875)	$ (8,255)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	1,000	783,270	784,270	-
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(44,027)	13,189	(30,838)	-
(Increase) Decrease in Deferred Outflows of Resources	(150,774)	(394,332)	(545,106)	-
Increase (Decrease) in Accounts Payable	(5,392)	(69,629)	(75,021)	(2,216)
Increase (Decrease) in Acc Liabilities/Comp Absences	9,571	25,897	35,468	-
Increase (Decrease) in Net OPEB Obligation	31,301	33,772	65,073	-
Increase (Decrease) in Unearned Revenues	(41,875)	-	(41,875)	-
Increase (Decrease) in Net Pension Liability	275,860	1,059,444	1,335,304	-
Increase (Decrease) in Deferred Inflows of Resources	85,000	343,380	428,380	-
Net Cash Provided by (Used for) Operating Activities	$ (150,132)	$ (426,088)	$ (576,220)	$ (10,471)

(Concluded)

The accompanying notes to the financial statements are an integral part of this financial statement.

CITY OF SCOTTS VALLEY
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017

	Successor Agency Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and Investments Held for Others, restricted	$ 1,052,758	$ 1,562,024
Cash and Investments Held in accordance with Bond Indentures, restricted	8,516	480,430
Investments Held in accordance with Bond Indentures, restricted	9,906,579	-
Depreciable Capital Assets, Net	13,693,602	-
Total Assets	$ 24,661,455	$ 2,042,454
LIABILITIES		
Accounts Payable	$ 580	$ -
Deposits	-	1,220,984
Accrued Interest Payable	176,738	-
Advances From Other Funds	-	341,040
Bond Reserve Payable	-	480,430
Long-term Debt: (Note 12)		
Due in one year	490,000	-
Due in more than one year	28,930,435	-
Total Liabilities	29,597,753	$ 2,042,454
NET POSITION		
Held in Trust for Other Governments	$ (4,936,298)	

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The accompanying notes to the financial statements are an integral part of this financial statement.

CITY OF SCOTTS VALLEY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2017

	Successor Agency Private Purpose Trust Fund
ADDITIONS	
Redevelopment Property Tax Trust Fund	$ 2,666,388
Bond Premium	44,127
Investment Earnings	4,677
Total Additions	2,715,192
DEDUCTIONS	
Administrative Expenses	$ 184,354
Enforceable Obligations of Former Redevelopment Agency	2,422,327
Depreciation	189,683
Interest Expense	705,330
Total Deductions	3,501,694
Change in Current Net Position	(786,502)
Net Position - Beginning	(4,149,796)
Net Position - End of Year	$ (4,936,298)

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The accompanying notes to the financial statements are an integral part of this financial statement.

The notes to the financial statements include a summary of significant accounting policies and other notes considered essential to fully disclose and fairly present the transactions and financial position of the City as follows:

Note 1 – Description of Funds and Significant Accounting Policies

Note 2 – Cash and Investments

Note 3 – Receivables

Note 4 – Capital Assets

Note 5 – Long-Term Debt and Obligations

Note 6 – Interfund Transactions

Note 7 – Post-employment Benefits Other Than Pensions

Note 8 – Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Note 9 – Fund Balances – Governmental Funds

Note 10 – Deficit Fund Balances

Note 11 – Commitments and Contingencies

Note 12 – Successor Agency Private Purpose Trust Fund Debt

Note 13 – Assessment District Bond Obligations

Note 14 – Risk Management

Note 15 – Joint Powers Authority

Note 16 – Future Accounting Pronouncements

1. DESCRIPTION OF FUNDS AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Reporting Entity

The City of Scotts Valley (City) operates under the Council-Manager form of government and provides the following services: public safety (police), parks and recreation, public works, streets, planning, and general administrative services. The City also provides environmental health services through its wastewater fund and provides recreation programs through its recreation fund, which are intended to be funded from user fees.

For financial reporting purposes, the financial statements of the City of Scotts Valley include all organizations that the City, as the primary government, is financially accountable for. This financial accountability is defined as the authority of the primary government to appoint a voting majority of an organization's governing body, where the primary government is able to impose its will on that organization; or where there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

As a result, the Scotts Valley Public Financing Authority is considered a component unit of the financial reporting entity and has been included in the financial statements by blending its financial data with financial data of the City as though this organization is part of the City. The blended component unit, which is discussed below, is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

The Scotts Valley Public Financing Authority (the "Authority") was established in April 1989 by the City to facilitate financing for the City. Although the Authority is a separate legal entity from the City, it is reported as if it were part of the primary government because the members of the City Council also serve as the Authority's governing board and because the Authority's sole purpose is to be a financing entity for the City. The Authority does not issue separate financial statements.

B. Basis of Accounting/Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government–wide Financial Statements

The Government-wide Financial Statements include a Statement a Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the city are not included in these statements.

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. There are revenues specifically identifiable and clearly associated with a particular program or function. These types of transactions are reported as program revenues for the City and are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

1. DESCRIPTION OF FUNDS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include 1) a Balance Sheet, and 2) a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the Government-wide financial statements.

The City of Scotts Valley reports the following major governmental funds:

The General Fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The Successor Housing Agency Fund is used to account for the affordable housing funds of the former Scotts Valley Redevelopment Agency.

The General Facilities Fund is used to account for the impact fees imposed on new development to mitigate impacts on the City's general facilities (i.e. City Hall, Corporate Yard, etc.).

The Traffic Mitigation Fund is used to account for the impact fees imposed on new development to mitigate impacts on the City's streets.

The General Capital Improvements Fund is used to account for the City's major capital projects.

All governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenue, Expenditures and Changes in Fund Balance present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenue is recorded when received in cash, except that revenue subject to accrual (generally 90 days after fiscal year-end) is recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales tax, intergovernmental revenues, and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Proprietary Funds Financial Statements

Proprietary Funds Financial Statements include: a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated. A column representing an internal service fund is also presented in these statements. However, internal service balances and activities have been combined with the governmental and business-type activities in the Government-wide financial statements.

1. DESCRIPTION OF FUNDS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary funds are accounted for using the *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Position. The Statement of Revenue, Expenses and Changes in Net Position present increases (revenue) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period of which the liability is incurred.

Operating revenue in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary Funds Financial Statements

Fiduciary Funds Financial Statements include a Statement of Net Position. The City's fiduciary funds represent agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are accounted for on the accrual basis of accounting.

Additionally, the City reports the following funds:

The City maintains one private purpose trust fund to account for activities of the Successor Agency to the former Redevelopment Agency.

Four agency funds account for: 1) receipt of special taxes and assessments used to pay municipal and interest on four assessment district bonds with no direct City liability, and 2) receipt and disbursement of monies held in general trust.

Reconciliation of the Funds financial statements to the Government-wide financial statements is provided to explain the differences created by the integrated approach of the GASB Statement No. 34 reporting model.

Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Included in capital assets are land, buildings, improvements, equipment, and infrastructure. City policy has set the capitalization threshold for reporting capital assets at $10,000. Donated assets are recorded at estimated fair value at the date of donation.

The City depreciates capital assets over their estimated useful lives. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of the capital asset. Depreciation is recorded on a straight-line basis over the estimated useful lives of the capital assets as follows:

Equipment – 5 to 10 years
Furniture and Fixtures – 5 to 10 years
Software – 5 to 7 years
Buildings and Improvements – 40 years
Infrastructure – 20 to 75 years

Major capital outlay for capital assets and improvements are capitalized when projects are constructed and completed.

Capital assets may be acquired using federal and state grants and contributions or grants from other governments and accounted for as revenue at the time they are contributed.

1. DESCRIPTION OF FUNDS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting Process

a. The City Manager submits a proposed budget to the City Council
b. Public meetings are conducted to obtain feedback
c. The City Council considers and adopts the operating and capital improvement budgets

Once the budgets are adopted, legal budgetary control is established by requiring the following transactions be approved by the City Council:

a. Transfers between funds
b. Any budget amendment that would increase a fund's total appropriations
c. Any budget amendment that would increase a fund's total appropriation of operating expenditures

Management may approve transfers of all other line-item appropriations within a fund without the approval of the City Council.

Supplemental budgetary appropriations were required during the fiscal year.

Unencumbered appropriations lapse at fiscal year end. Encumbered appropriations at fiscal year-end may be reappropriated in the following fiscal year.

Formal budgetary control is integrated into the City's general ledger as a management control device during the fiscal year.

All of the City's governmental type funds have legally adopted budgets, prepared on a basis consistent with the accounting for these funds.

Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

Cash and Investments

Investments are reported in the accompanying balance sheet at fair value, except for nonparticipating certificates of deposit and investment contracts that would be reported at cost because they are not transferable and have terms that are not affected by changes in market interest rates.

Changes in fair market value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair market value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools idle cash from all funds in order to increase income earned through its investment program. Investment income from pooled investments is allocated to funds on a quarterly basis based on the cash balance in each fund.

1. DESCRIPTION OF FUNDS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Proprietary Funds' "deposits" in the City-wide cash management pool are, in substance, demand deposits and are considered cash equivalents for purposes of the statement of cash flows.

Unbilled Receivables

The City bills wastewater service fees every two months. Whenever the fiscal year ending date does not coincide with a billing month, the City accrues unbilled wastewater service fees.

Encumbrances

Encumbrance accounting is employed by the City in all of its governmental funds. In doing so, purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation.

Compensated Absences

A long-term liability of accumulated vacation and sick leave has been recorded in the Government-wide Financial Statements. In the Fund Financial Statements, this liability is only recorded in the Enterprise Funds.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pension, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Property Tax Levy, Collection, and Maximum Rates

The State of California Constitution Article XIII A (Proposition 13) provides that the combined maximum property tax rate on any given property may not exceed one percent of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100 percent of fair value as defined by Article XIII A and may be increased by no more than two percent per year, cumulatively, unless the property is sold, improved, or transferred. The State Legislature determines the method of distribution of receipts from a one-percent tax levy among the counties, cities, school districts, and other districts.

Santa Cruz County assesses properties, and bills for and collects property taxes as follows:

	Secured	Unsecured
Valuation Dates	January 1	January 1
Lien/Levy Dates	July 1	July 1
Due Dates	50% November 1 50% February 1	July 1
Delinquent as of	December 10 (for November) April 10 (for February)	August 31

1. DESCRIPTION OF FUNDS AND SIGNIFICANT ACCOUNTING POLICIES (concluded)

Property taxes are recognized in the fiscal year for which taxes have been levied and collected within sixty days of the fiscal year end. Beginning in fiscal year 1993-94 under the Alternative Method of Tax Assessment and Collections (Teeter Plan), Santa Cruz County began providing the City 100% of the property tax whether or not the property owners actually paid their tax bills.

Transactions Between Funds

In the Fund Financial Statements, the City records numerous transactions between funds, including expenditures and transfers of resources, to provide services and to construct assets. All interfund transactions, except loans or advances, interfund services provided and used, and reimbursements, are treated as transfers. Interfund services provided and used include internal service fund charges for services to City departments. In those interfund transactions where one fund pays expenditures or expenses of another fund, a transfer of funds is treated as a credit against the fund that originally paid for the expenditure or expense, and is charged to expenditures or expenses in the appropriate fund.

Governmental Fund Balances

The City has adopted GASB Statement 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable – amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the City Council may assign amounts for specific purposes by majority vote at a duly noticed Council meeting.

Unassigned – all amounts not included in other spendable classifications. The General Fund is the only fund that reports a positive unassigned fund balance amount. If expenditures exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When an expenditure is incurred for which both restricted and unrestricted (committed, assigned, or unassigned) are available, it is the City's policy to consider restricted amounts first, then unrestricted resources. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance appropriations could be used, it is the City's Policy that committed amounts would be used first, followed by assigned, and then unassigned fund balance classifications.

2. CASH AND INVESTMENTS

The City follows the practice of pooling cash and investments of all funds except for restricted funds required to be held by outside custodians, fiscal agents or trustees under the provisions of bond indentures. Cash and investments are summarized below as of June 30, 2017.

Pooled Deposits		$2,534,200
Pooled Investments:	California Local Agency Investment Fund (LAIF)	7,748,845
	Money Market	2,981,390
Subtotal		13,264,435
Investments with Fiscal Agents and Trustees		588,302
Total Cash and Investments		$13,852,737

The City's cash and investments are reported in the financial statements as follows:

	Government-wide Statement of Net Position		Fiduciary Funds Statement of Net Position	Total
	Governmental Activities	Business-type Activities		
Cash & Investments	$ 8,471,582	$ 2,178,071	$2,614,782	$ 13,264,435
Restricted Cash & Investments	99,356	-	488,946	588,302
Total	$ 8,570,938	$ 2,178,071	$ 3,103,728	$13,852,737

Pooled Deposits

At June 30, 2017, the difference between the carrying amount of the City's book balance of $2,532,279 and the corresponding bank balance of $2,896,019 was due to outstanding checks and deposits in transit. Of the bank balance, $250,000 was insured by federal depository insurance and $2,282,279 was collateralized 110% in accordance with the California Government Code with securities held by the pledging financial institution in the City's name.

Investments

Under provisions of the City's investment policy, and in accordance with Section 53601 of the California Government Code, the City may make deposits into and invest in the following:

Securities of the U.S. Government, or its agencies	Bankers Acceptances
Negotiable Certificates of Deposit	Commercial Paper
Passbook Savings Account Demand Deposits	Corporate Medium Term Notes
Local Agency Investment Fund(State Pool)Demand Deposits	Money Market Funds

At no time during the fiscal year did the City borrow funds through the use of reverse-repurchase agreements. Reverse-repurchase agreement investments are not allowed under the City's investment policy.

Investment in State Investment Pool

The City invests in the California State Treasurer's Local Agency Investment Fund (LAIF). LAIF, established in 1977, under the California Government Code Section 16429 as an investment alternative for local California government and cities. LAIF oversight is governed by a five member board designated by law, with the State Treasurer as Board Chairman. The State Treasurer elected to invest these monies as part of the State's Pooled Money Investment Account (PMIA) to achieve the maximum rate of return, while maintaining the goals of safety, liquidity, and yield. All LAIF funds are insulated from State borrowing including State General Fund transfers or loans and AB 55 loans. As of June 30, 2017, LAIF had approximately $77.6 billion in investments.

2. CASH AND INVESTMENTS (concluded)

The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based on the City's pro rata share of the fair value provided by LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded as an amortized cost basis. The City's investments with LAIF at June 30, 2017, included a portion of the pooled funds invested in structured notes and asset-backed securities. These investments are described as follows.

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and / or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

Investment Risks

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from interest rates, the City's investment policy limits investments to a maximum maturity of five years. At June 30, 2017, investment maturities (other than investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements) were as follows:

	Less Than 1 Year	1 Year	1 – 2 Years	2 – 3 Years
LAIF	$ 7,748,845	$ -	$ -	$ -
Money Market Funds	2,981,390	-	-	-
Totals	$10,730,235	$ -	$ -	$ -

3. RECEIVABLES

A. Governmental Activities:

Receivables-

Accounts and grant receivables, as reported on the Statement of Net Position, are comprised of the following:

Current Receivables:	
Sales tax	$ 630,302
Transit occupancy tax	368,924
Utilities user/franchise fee	150,034
Property tax	113,770
Other miscellaneous	47,873
Total Current Receivables	$ 1,310,903

3. RECEIVABLES (continued)

Advances to Redevelopment Successor Agency

Advances to Redevelopment Successor Agency consist of loans from the City's General Fund ($3,332,365) and the former Redevelopment Agency Affordable Housing Fund, now the Successor Housing Agency ($1,670,766). The advance from the General Fund was for start-up expenses, initial formation of the Redevelopment Agency, and improvement projects. The advance from the former Affordable Housing Fund was for the payment to the State for the Educational Revenue Augmentation Fund (ERAF) and Supplemental Educational Revenue Augmentation Fund (SERAF). The advance will be repaid with tax increment revenues allocated to the Successor Agency Private Purpose Trust Fund.	$5,003,131

Long-term Loans Receivable:

Due from a California Limited Partnership with simple interest at 3%, all due and payable by November 22, 2026. Funds were loaned to facilitate the construction of 46 affordable housing units. This receivable is recorded in the Successor Housing Agency Fund. The loan is secured by a deed of trust on the housing units.	$1,288,521
Due from nine parties together with contingent interest calculated as an amount equal to 10% of appreciation of the residential properties purchased by the various parties, all due and payable: upon sale or transfer, upon default, upon cash-out refinancing of the superior "first" or "second" loan, or upon the date the "first" note becomes due and payable. Funds were loaned to facilitate the purchase of affordable housing through the Agency's "silent second" loan program. This receivable is recorded in the Successor Housing Agency Fund. The loans are secured by deeds of trust on the respective properties.	383,295
Due from a California Limited Partnership with interest at the "applicable federal rate" as of the date of the Note, all due and payable by September 15, 2054. Funds were loaned under the HOME Investment Partnerships Program to facilitate the construction of residential units that are occupied by and affordable to Very-Low Income Persons for the term of the loan. The loan is administered by the City as set forth by federal regulations dated April 30, 1999 between the City and the State of California, by and through the Department of Housing and Community Development. The loan is secured by a deed of trust on the housing units.	400,000
Due from a California Non-profit Public Benefit Corporation with simple interest at the Local Agency Investment Fund (LAIF) rate, due and payable at maturity. Loan matures and is fully due and payable five years from the date the third unit on the Property is issued a certificate of occupancy or no later than 10 years from the date of the Promissory Note. Funds were loaned to facilitate the construction of three Assisted Units, in accordance with Agency requirements related to Low and Moderate Income Housing Trust Funds. This receivable is recorded in the Successor Housing Agency Fund. The loan is secured by a deed of trust on the real property.	300,000
Due from a California Limited Liability Company with simple interest at 3.25% per annum, due and payable under a repayment agreement terms. Funds were loaned with the Community Development Block Grant funds. The loan is secured by a deed of trust on commercial property.	550,000
Due from a California Limited Liability Company with simple interest at 3.25% per annum on the outstanding balance with quarterly installments until paid, on or before September 1, 2027 or upon the sale of secured property. The loan was a result of the sale of City property and is secured by a deed of trust.	650,000
Total Long-term Loans Receivable	$3,571,816

3. RECEIVABLES (concluded)

B. Business-type Activities:

Receivables-

Current Receivables:	
Sewer service customers	$ 137,514
Recreation customers	171,012
Other	32,139
Total Current Receivables	$ 340,665

Advances to Redevelopment Successor Agency:

Advance to Redevelopment Successor Agency is from the City's Wastewater Fund to the former Redevelopment Agency for the purchase of property. The advance will be repaid with tax increment revenues allocated to the Successor Agency Private Purpose Trust Fund. $1,600,000

4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Governmental Activities:				
Capital assets not being depreciated:				
Land	$7,011,920	$ -	$ -	$7,011,920
Construction in progress	65,877	455,186	-	521,063
Total capital assets not being depreciated	7,077,797	455,186	-	7,532,983
Capital assets being depreciated:				
Buildings and Improvements	5,574,585	50,000	-	5,624,585
Machinery and equipment	3,554,527	52,613	339,079	3,268,061
Infrastructure	39,532,567	547,629	-	40,080,196
Total capital assets being depreciated	48,661,679	650,242	339,079	48,972,842
Less accumulated depreciation for:				
Buildings and Improvements	2,947,026	149,442	-	3,096,468
Machinery and equipment	2,757,301	216,326	339,079	2,634,548
Infrastructure	19,348,499	1,008,819	-	20,357,318
Total accumulated depreciation	25,052,826	1,374,587	339,079	26,088,334
Total capital assets being depreciated, net	23,608,853	(724,345)	-	22,884,508
Governmental capital assets, net	$30,686,650	$ (269,159)	$ -	$30,417,491
Business-type Activities:				
Capital assets not being depreciated:				
Land	$ 429,416	$ -	$ -	$ 429,416
Construction in progress	-	-	-	-
Total capital assets not being depreciated	429,416	-	-	429,416
Capital assets being depreciated:				
Buildings and Improvements	5,287,273	-	-	5,287,273
Machinery and equipment	6,470,928	68,190	203,533	6,335,585
Infrastructure	23,112,053	-	-	23,112,053
Outfall agreement	178,000	-	-	178,000
Total capital assets being depreciated	35,048,254	68,190	203,533	34,912,911
Less accumulated depreciation for:				
Buildings and Improvements	3,643,540	130,630	-	3,774,170
Machinery and equipment	5,410,727	123,656	203,533	5,330,850
Infrastructure	13,436,108	527,017	-	13,963,125
Outfall agreement	109,776	2,967	-	112,743
Total accumulated depreciation	22,600,151	784,270	203,533	23,180,888
Total capital assets being depreciated, net	12,448,103	(716,080)	-	11,732,023
Business-type capital assets, net	$12,877,519	$ (716,080)	$ -	$12,161,439
Total Capital Assets	$43,564,169	$ (985,239)	$ -	$42,578,930

4. CAPITAL ASSETS (concluded)

Depreciation expense was charged to functions and programs of the City as follows:

Governmental Activities:	
General government	$ 37,968
Public safety	199,048
Planning & building	6,465
Public works	1,131,115
Total depreciation expense – government activities	$ 1,374,587
Business-Type Activities:	
Wastewater	$ 783,270
Recreation	1,000
Total depreciation expense – business-type activities	$ 784,270

5. LONG-TERM DEBT AND OBLIGATIONS

The following is a summary of long-term debt and obligation transactions for the fiscal year ended June 30, 2017:

	GOVERNMENTAL ACTIVITIES				
	Balance at July 1, 2016	Additions	Reductions	Balance at June 30, 2017	Due Within One Year
Certificates of Participation	$ 5,590,588	$ -	$ 140,000	$ 5,450,588	$ 140,000
Unamortized Discount	(78,273)	78,273	-	-	
Total Certificates	5,512,315	78,273	140,000	5,450,588	
Pension Obligation Bonds	3,335,000	-	325,000	3,010,000	335,000
Instaliment Note	105,000	-	5,000	100,000	5,000
Accrued Compensated Absences	645,205	406,218	467,575	583,848	392,372
Net OPEB Obligation	2,235,356	492,004	242,858	2,484,502	-
Net Pension Liability	9,035,467	4,418,504	-	13,453,971	-
Totals	$20,868,343	$5,394,999	$1,180,433	$25,082,909	$ 872,372

	BUSINESS-TYPE ACTIVITIES				
	Balance at July 1, 2016	Additions	Reductions	Balance at June 30, 2017	Due Within One Year
Accrued Compensated Absences	$ 119,932	$ 95,491	$ 70,914	$ 144,509	$ 86,853
Net OPEB Obligation	654,210	92,055	26,982	719,283	-
Net Pension Liability	2,522,954	1,335,304	-	3,858,258	-
Totals	$ 3,297,096	$1,522,850	$ 97,896	$4,722,050	$ 86,853

Debt service payments are generally provided from the following sources:

Certificates of Participation - General revenues recorded in the General Fund.

Pension Obligation Bonds - General revenues recorded in the General Fund.

Note Payable - General revenues recorded in the General Fund.

Accrued Compensated Absences - General revenues recorded in the General Fund and operating revenues recorded in the Proprietary Funds.

Net OPEB Obligation - General revenues recorded in the General Fund and operating revenues recorded in the Proprietary Funds.

Net Pension Liability – General revenues recorded in the General Fund and operating revenues recorded in the Proprietary Funds.

5. LONG-TERM DEBT AND OBLIGATIONS (continued)

Certificates of Participation:

The City entered into lease and sub-lease agreements with the Scotts Valley Public Financing Authority, a Joint Powers Authority formed by the City of Scotts Valley to lease and lease-back certain public assets. The lease revenues are used as security for the issuance of Certificates of Participation (COP). The annual lease payments are equal to the total debt service payments on the Certificates. The leases have a purchase option for the Scotts Valley Public Financing Authority to acquire the public assets that are subordinated to a bargain purchase option in the City's sub-lease agreement. Since the City's financial activities of the Scotts Valley Public Financing Authority are included in the financial statements, economic substance is emphasized over legal form and the above leasing transactions are reported as City general obligation debts and recorded in the Government-wide Statement of Net Position under Governmental Activities.

The following Certificates of Participation were outstanding at June 30, 2017:

Original issue - $4,940,588, 1997-1 Refunding Certificates of Participation	$ 1,250,588
Original issue - $4,605,000, 2013 Refunding Certificates of Participation	4,200,000
Total Certificates of Participation	$5,450,588

In 1997, the Scotts Valley Public Financing Authority issued $4,940,588 of refunding COPs. The proceeds were used to refund a portion of the current interest bonds from the 1992 COP. The 1997 COP consisted of $3,690,000 of current interest certificates ranging from 3.70% to 5.25% per annum, and $1,250,588 of capital appreciation certificates ranging from 5.60% to 5.70% per annum. The current interest certificates were refunded by the 2006 Refunding COPs. Only the capital appreciation certificates remain outstanding.

	1997-1 Refunding Certificates of Participation		
Fiscal Year Ending	Principal	Interest	Total
2018	$ -	$ -	$ -
2019	-	-	-
2020	145,354	344,646	490,000
2021	136,139	348,861	485,000
2022	181,146	508,854	690,000
2023-2027	787,949	2,832,051	3,620,000
Totals	$1,250,588	$4,034,412	$5,285,000

5. LONG-TERM DEBT AND OBLIGATIONS (continued)

In 2013, the Scotts Valley Public Financing Authority issued $4,605,000 of 2013 Refunding Certificates of Participation. The proceeds were used to refund the remaining 2003 Public Improvements Project and the 2006 Refunding Certificates of Participation current interest certificates. The interest rates for this COP range from 2.0% to 5.4%.

Fiscal Year Ending	2013 Refunding Certificates of Participation		
	Principal	Interest	Total
2018	$ 145,000	$ 209,883	$ 354,883
2019	145,000	206,257	351,257
2020	-	204,445	204,445
2021	-	204,445	204,445
2022	-	204,445	204,445
2023-2027	-	1,022,225	1,022,225
2028-2032	830,000	926,078	1,756,078
2033-2037	1,055,000	687,087	1,742,087
2038-2042	1,370,000	368,430	1,738,430
2043	655,000	35,775	690,775
Totals	$4,200,000	$4,069,070	$8,269,070

Pension Obligation Bonds:

On June 21, 2012, the Scotts Valley City Council issued $4,460,000 par value bonds. The proceeds of the Bonds were used to refund the City's outstanding "side fund" obligations to the California Public Employees' Retirement System ("PERS") pursuant to a contract between the City and the Board of Administration of PERS. Annual principal payments range from $180,000 to $430,000 plus interest from .75% to 4.4% per annum, through 2024.

Fiscal Year Ending	2012 Pension Obligation Bond		
	Principal	Interest	Total
2018	$ 335,000	$ 110,286	$ 445,286
2019	340,000	100,325	440,325
2020	355,000	88,757	443,757
2021	365,000	75,245	440,245
2022	380,000	60,345	440,345
2023-2025	1,235,000	81,843	1,316,843
Totals	$3,010,000	$ 516,801	$3,526,801

5. LONG-TERM DEBT AND OBLIGATIONS (concluded)

Installment Note:

In 1997, the City agreed to a $165,000 installment note payable to the Scotts Valley Water District for the City's share of bonds issued by the Water District for the construction of recycled water pipe lines. The District and the City shared the proceeds of the bond issue in order to save on issuance costs. The proceeds were used for recycled water pipes to City parks. Annual principal amounts vary from $ -0- to $15,000 plus interest at 6% per annum, through 2028.

Fiscal Year Ending	Installment Note		
	Principal	Interest	Total
2018	$ 5,000	$ 5,850	$ 10,850
2019	10,000	5,400	15,400
2020	10,000	4,800	14,800
2021	5,000	4,350	9,350
2022	5,000	4,050	9,050
2023-2027	50,000	12,000	62,000
2028	15,000	450	15,450
Totals	$100,000	$ 36,900	$136,900

6. INTERFUND TRANSACTIONS

Current Interfund Balances: The following is a summary of the current amounts due from and due to other funds at June 30, 2017:

	Receivable Fund	Amount	Payable Fund	Amount
Major Funds:	General Fund	$ 1,171		$ -
Non-Major Funds:		-	Homeland Security	1,171
Totals		$ 1,171		$ 1,171

The above transfers resulted from the normal course of the City's operations.

Long-term Interfund Advances: The following is a summary of the advances made that were not expected to be repaid in one year or less:

Receivable Fund	Amount	Payable Fund	Amount
General	$ 139,532	General Facilities	$139,532

The advance from the General Fund to the General Facilities Fund will be repaid with future impact fee revenues. The funds were loaned for the construction of the current City Hall.

6. INTERFUND TRANSACTIONS (concluded)

Interfund Transfers: In the governmental fund financial statements, total transfers in and out were as follows:

Fund	Transfers In	Transfers Out
General Fund	$ 191,542	$ 806,376
Traffic Mitigation Fund	-	474,626
General Capital Improvements	978,680	-
Gas Tax Fund	-	355,244
Drainage Construction Fund	-	8,728
Senior Center Fund	-	625
Community Center Fund	-	70,625
Pension Obligation Fund	446,604	-
Recreation Fund	180,367	30,235
Wastewater Fund	-	50,734
Totals	$ 1,797,193	$ 1,797,193

The General Fund transferred out a total of $834,834 as follows: $180,367 to the Recreation Fund for operations, $364,385 to the Pension Obligation Fund for its share of the pension obligation debt service, $279,733 to the General Capital Improvements for general plan maintenance fees collected during the fiscal year to be used in the future for the General Plan update and $10,349 to General Capital Improvements Fund for its share of ongoing ADA improvements.

Enterprise Funds transferred out a total of $80,969 as follows: $80,969 to the Pension Obligation Fund for its share of the pension obligation debt service.

Non-Major Funds transferred out a total of $365,222 as follows: $150,000 from the Gas Tax Fund to the General Fund for street maintenance expenditures. A transfer from the Gas Tax Fund into the Capital Improvements Fund for $205,244 for infrastructure improvements. A transfer from the Drainage Construction Fund into the Capital Improvements Fund of $8,728 for storm drainage repairs. Transfers within Non-Major Funds totaled $1,250 which consisted of $625 from the Senior Center and $625 from the Community Center to the Pension Obligation Fund for their share of the pension obligation debt service.

7. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION

The City administers a single-employer defined benefit post-employment healthcare plan (Plan) which provides post-employment benefits to eligible employees in the form of partial reimbursement for post-retirement health insurance premiums. Eligibility requirements include a minimum of ten years employment with the City and minimum retirement ages of 50 years for safety employees and 55 years for non-safety employees. For eligible employees, the City will pay 33-75% of the retired employee's health insurance premiums, the exact amount determined by years of service, employee group, and age. In addition, there is a cap on what the City will contribute that is indexed to the cost of CalPERS post-retirement medical insurance premiums. The Plan does not issue separate financial statements.

The obligation of the City to provide these benefits is determined by agreements with the various employee bargaining groups.

The City's contributions are financed on a pay-as-you-go basis. The City paid $235,352 in post-employment benefits for the 29 retired employees who were eligible for benefits during the fiscal year ended June 30, 2017.

7. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION (continued)

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB costs for the year, the amount actually contributed to the plan, and the changes in the City's net OPEB obligation.

Annual Required Contribution	$ 550,350
Interest on the net OPEB obligation	130,030
Adjustment to Annual Required Contribution	(96,319)
Annual OPEB cost	584,061
Payments made	(269,841)
Increase in net OPEB obligation	314,220
Net OPEB obligation – beginning of year	2,889,566
Net OPEB obligation – end of year	$3,203,786

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation was as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
2014	$536,187	42.6%	$2,239,504
2015	$541,317	40.9%	$2,559,435
2016	$565,483	41.6%	$2,889,566
2017	$584,061	46.2%	$3,203,786

As of February 1, 2016, the most recent actuarial valuation date, the Plan was 0% funded. The actuarial accrued liability (AAL) for benefits was $8,445,817, and the actuarial value of the Plan assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $5,556,251. The covered payroll (annual payroll of active employees covered by the Plan) was $4,506,698 and the ratio of UAAL to the covered payroll was 123%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Entry Age Normal (EAN) cost method was used in the February 1, 2016, actuarial valuation report. Under the EAN cost method, the Plan's Normal Cost is developed as a level percent of payroll throughout the participants' working lifetime. Entry age is based on current age minus years of service. The Actuarial Accrued Liability (AAL) is the cumulative value on the valuation date of

7. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION (concluded)

prior Normal Cost. For retirees, the AAL is the present value of all projected benefits. The Unfunded AAL is being amortized as a level dollar closed 30 year basis, as a level percent of payroll with a remaining amortization period at February 1, 2016, of 30 years.

GASB 45 requires the interest rate to represent the underlying expected return for the source of funds used to pay benefits. The actuarial methods and assumptions included a 4.5% interest rate, based on long-term historical returns for surplus funds invested pursuant to California Government Code Sections 53601 et seq. Annual inflation and Aggregate Payroll are assumed to increase 2.75% per annum. Both post-retirement benefit increases and the healthcare cost trend rate are assumed to increase 4% per annum.

8. COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN

A. General Information about the Plan

Plan Description –The City provides pension benefits to eligible employees through a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50-55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8%	6.25%
Required employer contribution rates	10.069%	6.555%

8. COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN (continued)

	Safety	
	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a % of eligible compensation	3.0%	2.0% to 2.7%
Required employee contribution rates	9.0%	11.50%
Required employer contribution rates	18.428%	12.082%

Contributions – The contribution requirements of the Plan are established and may be amended by CalPERS. California Public Employee's Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of change in the rate. * Funding contributions are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2017, employer pension plan contributions were $1,213,139.

B. Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2017, the City reported a net pension liability for its Proportionate Share of the Net Pension Liability of the CalPERS Public Agency Cost-Sharing Plan as follows:

Total pension liability	$ 55,290,995
Fiduciary net position	$ 40,501,720
Net pension liability	$ 14,789,275

The City's net pension liability of its Plan with CalPERS is measured as the proportionate share of the net pension liability. The net pension liability of the Plan as of June 30, 2016 (measurement date), and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability as of June 30, 2017 was 0.170913%. For the year ended June 30, 2017, the City recognized pension expense of $2,078,150.

8. COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN (continued)

The City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Recources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 27,155
Changes of assumptions	-	371,776
Net differences between projected and actual earnings on plan investments	1,881,056	-
Change in employer's proportion	596,708	-
Differences between the employer's contributions and the employer's proportionate share of contributions	-	1,480,829
Pension contributions subsequent to measurement date	1,213,139	-
TOTAL	$ 3,690,903	$ 1,879,760

Recognition of Deferred Outflows and Inflows of Resources in future pension expense as follows:

Fiscal Year Ending June 30	
2018	$ 100,041
2019	95,343
2020	854,547
2021	488,412

B. Actuarial Assumptions

The total pension liability for this plan's actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2014	June 30, 2014
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	3.3% - 14.2% (1)	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)	7.5% (2)

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation

C. Discount Rate

The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

8. COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN (continued)

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.65 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return net of administrative expenses would be 7.5 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year and will continue to check the materiality of the difference in calculation until such time as they change their methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach.

Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each asset class. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

CalPERS adheres to an Asset Allocation Strategy which establishes asset class allocation policy targets and ranges, and manages those asset class allocations within their policy ranges. The following table reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses. The asset allocation has an expected long-term blended rate of return of 7.5 percent.

Asset Class	New Strategic Allocation
Global Equity	51.00%
Global Fixed Income	20.00%
Inflation Sensitive Assets	6.00%
Private Equity	10.00%
Real Assets	12.00%
Other	0.00%
Liquid Assets	1.00%
	100.00%

8. COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN (concluded)

D. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the unfunded net pension liability calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Discount Rate -1%	Current Discount Rate	Discount Rate +1%
	6.65%	7.65%	8.65%
Net Pension Liability	$ 22,261,024	$ 14,789,275	$ 8,633,120

9. FUND BALANCES – GOVERNMENTAL FUNDS

As of June 30, 2017, fund balances are designated as follows:

	General Fund	Successor Housing Agency	General Facilities	Traffic Impact Mitigation	General Capital Imprvmts	Non-Major Governmnt'l Funds	TOTAL
Restricted:							
Debt Service	$ 99,356	$ -	$ -	$ -	$ -	$ -	$ 99,356
Low Mod Housing	-	1,129,088	-	-	-	-	1,129,088
Impact Fees	-	-	-	832,083	-	24,314	856,397
Public Works	-	-	-	-	250,940	468,968	719,908
Public Safety	-	-	-	-	-	461,217	461,217
Parks & Recreation	-	-	-	-	-	1,232,849	1,232,849
Community Dev	-	-	-	-	-	550,552	550,552
Planning	-	-	-	-	-	314,666	314,666
Subtotal	99,356	1,129,088	-	832,083	250,940	3,052,566	5,364,033
Assigned:							
Debt Service	-	-	-	-	-	950,351	950,351
Public Works	-	-	-	-	-	55,371	55,371
Parks & Recreation	-	-	-	-	-	36,899	36,899
Subtotal	-	-	-	-	-	1,042,621	1,042,621
Unassigned	4,131,884	-	(79,299)	-	-	(392)	4,052,193
TOTAL	4,231,240	1,129,088	(79,299)	832,083	250,940	4,094,795	10,458,847

10. DEFICIT FUND BALANCES

At June 30, 2017, the following City funds had deficit fund balances:

Major Fund:	General Facility	($79,299)
Non-Major Funds:	Homeland Security	($ 302)
	Senior Center	(90)
	Total Non-Major Funds	($ 392)

The General Facility fund deficit will be eliminated by future impact fee revenues. The Homeland Security fund deficit will be eliminated by receipt of grant funds billed but not received until the following fiscal year.

11. COMMITMENTS AND CONTINGENCIES

Under an agreement with the City of Santa Cruz, the City is obligated to pay 4% of the actual new outfall facilities operation and maintenance costs in order to use the Santa Cruz sewer outfall facility.

The City has construction contract commitments in the amount of $187,058 at June 30, 2017 for the following projects:

Project	Commitment
Pasatiempo Water Diversion Project	$ 146,458
Hacienda Storm Drain	33,628
Mt. Hermon/Scotts Valley Drive Intersection	6,972

In December of 2003, the City entered into a Memorandum of Understanding (MOU) with the Land Trust of Santa Cruz County, a nonprofit organization. The Land Trust manages approximately 162 acres of open space in accordance with the Glenwood Open Space Management Plan approved by the City Council on June 4, 2004. The City placed $1,070,000 in an endowment trust fund managed by the Land Trust. All costs associated with the management of the open space are paid by investment earnings and principal of this endowment. If the Land Trust is unable to provide management services or if the agreement is terminated, any remaining amount in the endowment trust fund will be returned to the City.

12. SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FUND DEBT

Certificates of Participation:

In 2003, the Scotts Valley Public Financing Authority issued $1,000,000 of 2003 Capital Improvement Project Certificates of Participation. The proceeds were used to provide partial funding for the purchase of an existing building to be used as a City community center. The interest rates for this COP range from 4.5% to 4.7% per annum. $1,000,000

Lease Revenue Bonds:

On November 19, 2009, the former Redevelopment Agency of the City of Scotts Valley issued $5,260,000 par value of Series A lease revenue bonds and $3,500,000 par value of Series B (Taxable) lease revenue bonds for the purchase of property and remodeling of an existing building to be the new Scotts Valley Branch Library. Annual principal payments range from $0 to $725,000 plus interest from 5.5% to 7.7% per annum, through 2039. 8,760,000

Tax Allocation Refunding Bonds:

In April 2017, the Scotts Valley Successor Agency issued $9,150,000 par value of Series A Tax Allocation Refunding Bonds and $3,805,000 par value of Taxable Series B Tax Allocation Refunding Bonds. The proceeds were used in part to fully refund the 2006 Tax Allocation Refunding Bonds and to fully refund in October of 2019 the 2009 Lease Revenue, Series A and Series B (Taxable) bonds. The annual repayment installments range from $410,000 to $715,000, plus interest at 3.125% to 4.0% per annum, through 2036. 13,057,304

Advances from City of Scotts Valley:

Advance from the City's General Fund ($3,332,365), former Redevelopment Agency Affordable Housing Fund ($1,670,766), and Wastewater Enterprise Fund ($1,600,000). The advances will be repaid with tax increment revenues allocated to the Successor Agency Private Trust Fund. 6,603,131

Total Successor Agency Private Purpose Trust Fund Debt $29,420,435

13. ASSESSMENT DISTRICT BOND OBLIGATIONS

The City acts as an agent for collection of property taxes and repayment of two community facilities improvement bonds issued by the Community Facilities District located within the City. Since the City is not obligated in the event of any manner for these special assessment bonds, the debt is not recorded in these financial statements The outstanding balance of the bond obligations at year end was as follows:

Community Facilities District, 97-1 Series A	$ 2,730,000
Community Facilities District, 97-1 Series B	$ 195,000

14. RISK MANAGEMENT

The City participates in a public entity risk pool that operates as a common risk management and insurance program for nine other local jurisdictions, created pursuant to California law for liability and workers' compensation insurance services. The City pays an annual premium to the pool for its general liability and workers' compensation coverage. Risk of loss is retained for general liability claims by each city per occurrence. The agreement with the pool provides that it will be self-sustaining through member premiums and that excess coverage be carried for general liability claims and for workers' compensation claims in excess per insured event. The amount of unpaid claims was immaterial at fiscal year end.

The City established a Dental Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss for employee dental care. The Dental Insurance Fund finances employee and dependent claims per participant per calendar year entirely through self-insurance. The amount of unpaid claims was immaterial at fiscal year end.

The City continues to carry commercial insurance for all other insured risks of loss. The City paid no settlements in excess of insurance coverage in any of the past three fiscal years.

15. JOINT POWERS AUTHORITY

The City participates in a public entity risk pool under a joint power agreement (JPA): the Monterey Bay Area Self Insurance Authority (MBASIA). The relationship between the City and the JPA is such that the JPA is not a component of the City for financial reporting purposes.

The Monterey Bay Area Self Insurance Authority (MBASIA) provides workers' compensation and liability insurance for its members: various small cities in the Monterey Bay Area. MBASIA is governed by a board of directors composed of representatives from each of the member cities. This board controls the operations of the MBASIA, including selection of management and approval of operating budgets independent of any influence by the member cities beyond their representation on the Board. Each member city pays a premium based on factors determined by the board. Financial statements may be obtained from MBASIA c/o Alliant Insurance Services, 100 Pine Street, 11th Floor, San Francisco, CA 94111.

16. FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has released the following new pronouncements, which can be read in their entirety at http://www.gasb.org.

GASB Statement No. 82, "Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73" – The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2017, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions will take effect for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

GASB Statement No. 81, "Irrevocable Split-Interest Agreements" – The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2017.

GASB Statement No. 80, "Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14" – The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2017.

GASB Statement No. 78, "'Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans" – The requirements of this Statement will take effect for financial statements starting with the year that ends December 31, 2016.

GASB Statement No. 77, "Tax Abatement Disclosures" –The requirements of this Statement will take effect for financial statements starting with the year that ends December 31, 2016.

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" - The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2018.

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REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

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1. BUDGETARY INFORMATION

Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The annual budget assures the efficient and effective uses of the City's economic resources, as well as establishing that the highest priority objectives are accomplished.

The annual budget operates from July 1 to June 30, and is a vehicle that accurately and openly communicates these priorities to the community, businesses, vendors, employees, and other public agencies. Additionally, it establishes the foundation of effective financial planning by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the City's performance.

The City follows the procedures below in establishing the budgetary data reflected in the basic financial statements:

- The City Manager submits a proposed budget to the City Council which includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain citizen comments.
- The City Council legally adopts the operating and capital improvement budgets through passage of a resolution.

Once the budget is adopted, legal budgetary control is established by requiring the following transactions to be approved by the City Council:

- Transfers between funds.
- Any budget amendment that would increase a fund's total appropriations.
- Any budget amendment that would increase a fund's total appropriation of operating expenditures.

Management may approve transfers of all other line item appropriations within a fund without the approval of the City Council.

Unencumbered appropriations lapse at fiscal year end. Encumbered appropriations at fiscal year end are reappropriated in the following fiscal year.

Formal budgetary control is integrated into the City's general ledger as a management control device during the fiscal year.

On the following pages are the budget comparison schedules for the General Fund and each major fund that has a legally adopted annual budget. These schedules are presented with the budgetary basis amounts and reconciled to the Accounting Principles Generally Accepted in the United States of America (USGAAP) basis at the end. The basis adjustments are for the following:

- General Fund - compensated absences are budgeted on the cash basis whereas USGAAP uses the accrual basis.
- Successor Housing Agency – this Fund makes loans for individuals to purchase low and moderate income housing. Budgetary amounts include principal repayments as income and new loans as expenditures whereas USGAAP treats these as reductions and increases in notes receivable.
- General Facilities – no basis adjustments required.
- Traffic Impact Mitigation – no basis adjustments required.

CITY OF SCOTTS VALLEY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Taxes	$ 7,702,050	$ 7,747,050	$ 8,385,700	$ 638,650
Franchise fees	970,000	970,000	994,614	24,614
Fines & forfeitures	37,300	36,300	37,680	1,380
Charges for services	525,730	1,369,730	1,687,926	318,196
Investment earnings	4,500	11,000	20,816	9,816
Other revenue	571,600	571,600	1,246,179	674,579
Total Revenue	9,811,180	10,705,680	12,372,915	1,667,235
Expenditures:				
Legislative	254,789	254,789	246,847	7,942
Legal	171,500	171,500	177,780	(6,280)
General government	1,136,346	1,321,346	1,244,423	76,923
Administration	354,398	424,398	379,885	44,513
Finance	535,075	535,075	531,269	3,806
Police	4,646,001	4,646,001	4,766,242	(120,241)
Animal control	117,842	117,842	118,136	(294)
Emergency services	81,884	81,884	84,936	(3,052)
Planning	462,006	462,006	499,695	(37,689)
Building	248,778	348,778	803,722	(454,944)
Engineering	486,104	576,104	605,695	(29,591)
Street maintenenace	376,811	376,811	416,679	(39,868)
Vehicle maintenance	126,139	126,139	124,183	1,956
Park maintenance	221,974	221,974	242,838	(20,864)
Building maintenance	224,931	244,272	280,363	(36,091)
Total Expenditures	9,444,578	9,908,919	10,522,693	(613,774)
Excess (Deficiency) of Revenues over (under) Expenditures	366,602	796,761	1,850,222	1,053,461
Other Financing Sources (Uses):				
Operating Transfers In (Out)	(349,902)	(349,902)	(614,834)	(264,932)
Net Change in Fund Balance (Budgetary and USGAAP Basis)	$ 16,700	$ 446,859	1,235,388	$ 788,529
Fund Balance - Beginning			2,995,852	
Fund Balance - End of Year			$ 4,231,240	

CITY OF SCOTTS VALLEY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SUCCESSOR HOUSING AGENCY
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Facility/Building Rental	$ 30,000	$ 30,000	$ 32,760	$ 2,760
Investment Earnings	13,000	13,000	9,942	(3,058)
Miscellaneous Revenues	55,000	55,000	132,266	77,266
Total Revenues	98,000	98,000	174,968	76,968
Expenditures:				
Planning	25,000	25,000	29,866	(4,866)
Total Expenditures	25,000	25,000	29,866	(4,866)
Net Changes in Fund Balance (Budgetary Basis)	73,000	73,000	145,102	72,102
Other Financing Sources				
Sale of Real Property	-	-	746,924	746,924
Net Change in Fund Balance (Budgetary and USGAAP Basis)	$ 73,000	$ 73,000	892,026	$ 819,026
Fund Balance - Beginning			237,062	
Fund Balance - End of Year			$ 1,129,088	

CITY OF SCOTTS VALLEY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FACILITY
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Fees and Services	$ 3,000	$ 3,000	$ 6,803	$ 3,803
Investment earnings	230	230	379	149
Total Revenues	3,230	3,230	7,182	3,952
Expenditures	-	-	80	(80)
Net Changes in Fund Balance (Budgetary and USGAAP Basis)	$ 3,230	$ 3,230	7,102	$ 3,872
Fund Balance - Beginning			(86,401)	
Fund Balance - End of Year			$ (79,299)	

CITY OF SCOTTS VALLEY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - TRAFFIC IMPACT MITIGATION
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Fees and Services	$ 20,000	$ 20,000	$ 117,084	$ 97,084
Investment earnings	3,500	3,500	8,023	4,523
Total Revenues	23,500	23,500	125,107	101,607
Expenditures	150,000	150,000	32,845	117,155
Excess (Deficiency) of Revenues over (under) Expenditures	(126,500)	(126,500)	92,262	218,762
Other Financing Sources (Uses):				
Operating Transfers In (Out)	(702,375)	(702,375)	(474,626)	227,749
Net Changes in Fund Balance (Budgetary and USGAAP Basis)	$ (828,875)	$ (828,875)	(382,364)	$ 446,511
Fund Balance - Beginning			1,214,447	
Fund Balance - End of Year			$ 832,083	

CITY OF SCOTTS VALLEY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL CAPITAL IMPROVMENTS
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
State Grants	$ 346,000	$ 346,000	$ -	$ (346,000)
Other Revenue	325,800	325,800	2,140	(323,660)
Investment earnings	1,130	1,130	314	(816)
Total Revenues	672,930	672,930	2,454	(670,476)
Expenditures	1,752,919	1,752,919	960,698	792,221
Excess (Deficiency) of Revenues over (under) Expenditures	(1,079,989)	(1,079,989)	(958,244)	121,745
Other Financing Sources (Uses):				
Operating Transfers In (Out)	818,475	818,475	978,680	160,205
Net Changes in Fund Balance (Budgetary and USGAAP Basis)	$ (261,514)	$ (261,514)	20,436	$ 281,950
Fund Balance - Beginning			230,504	
Fund Balance - End of Year			$ 250,940	

2. COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN

Defined Benefit Pension Plan Information

The proportion (percentage) of the collective net pension liability represents the City's share of both cost-sharing plan assets (the miscellaneous and safety plans) offset against the actuarial determined collective pension liability.

The proportionate share (dollar amount) of the collective net pension liability represents the City's share of both cost-sharing plan assets offset against the actuarial determined collective pension liability.

The employer's covered-employee payroll represents the payroll of employees that are provided with pensions through the applicable miscellaneous or safety pension plan.

Schedule of Contributions

The employer's contributions to the plans are actuarially determined or based on statutory or contractual requirements which comprise the following: 1) the agent employer's actuarially determined contribution to the pension plan (its statutorily/contractually required contribution), 2) the employer's actual contributions, the difference between the actual and actuarially determined contributions (its statutorily/contractually required contributions), and 3) a ratio of the actual contributions divided by covered-employee payroll.

Defined Benefit Pension Plan Schedule

	Measurement Date June 30, 2016	Measurement Date June 30, 2015	Measurement Date June 30, 2014
City's Proportionate Share of Net Pension Liability			
City's proportion of net pension liability	0.17041%	0.16839%	0.14606%
City's proportionate share of net pension liability	$ 17,312,229	$ 11,558,421	$ 9,088,772
City's covered-employee payroll	$ 4,506,698	$ 4,527,362	$ 4,236,936
City's proportionate share of net pension liability as a percentage of its covered-employee payroll	384.14%	255.30%	214.51%
Plan fiduciary net position as a percentage of the total pension liability	77.71%	78.40%	79.82%
Schedule of City's Contributions			
Contractually required contribution	$ 1,213,139	$ 1,091,041	$ 840,335
Contributions in relation to the contractually required contribution	(1,213,139)	(1,091,041)	(840,335)
Contribution deficiency (excess)	$ -	$ -	$ -
City's covered-employee payroll	$ 4,506,698	$ 4,527,362	$ 4,236,936
Contributions as a percentage of covered-employee payroll	26.92%	24.10%	19.83%

3. OTHER POST-EMPLOYMENT BENEFITS SCHEDULE OF FUNDING PROGRESS (LAST FIVE FISCAL YEARS)

Actuarial Valuation						
Valuation Date	Value of Assets	Entry Age Accrued	Unfunded Liability	Funding Ratio	Annual Covered Payroll	Unfunded Liability as % of Payroll
2013	$ -	$ 5,488,829	$ 5,488,829	0%	$ 4,491,412	122%
2014	$ -	$ 5,488,829	$ 5,488,829	0%	$ 4,236,936	130%
2015	$ -	$ 5,488,829	$ 5,488,829	0%	$ 4,527,362	121%
2016	$ -	$ 5,556,251	$ 5,556,251	0%	$ 4,506,698	123%
2017	$ -	$ 5,556,251	$ 5,556,251	0%	$ 4,620,961	120%

SUPPLEMENTAL INFORMATION

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The following three disclosures are being provided as supplemental information to the financial statements.

1. Major Funds Budgetary Comparison Schedules (pages 70 – 71)

GASB 34 requires budgetary comparison schedules be presented as required supplementary information for the General Fund and for major governmental funds that have a legally adopted annual budget. Budgetary comparison schedules for the enterprise funds (listed below) are presented in this section as supplemental information:

	Page
Proprietary Funds:	
Recreation Fund	70
Wastewater Fund	71

These schedules are presented with the budgetary basis amounts and then reconciled to the Accounting Principles Generally Accepted in the United States of America (USGAAP) basis. Budgetary amounts are on the cash basis. The basis adjustments for prepaid expenses and compensated absences convert the amounts to the accrual (USGAAP) basis. The capital outlay adjustment is necessary because these items are capitalized and depreciated over time. Principal payments reduce long-term debt. The City does not budget for depreciation; it is a non-cash expense.

2. Non-major Governmental Funds (pages 74 – 88)

All non-major funds are presented in the Fund Financial Statements as a total in one column entitled "Other Governmental Funds." Presented in this section are combining schedules for the following statements:

	Page
Balance Sheet	74 - 76
Statement of Revenues, Expenditures, and Changes in Fund Balances	77 - 79
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual	82 - 88

The schedules show separate totals for the special revenue funds, debt service fund, and capital projects funds as well as a grand total.

CITY OF SCOTTS VALLEY
SUPPLEMENTAL INFORMATION
ENTERPRISE FUND BUDGETARY SCHEDULE - RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2017
(unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Operating Revenues:				
Fees and Services	$ 990,000	$ 990,000	$ 1,010,276	$ 20,276
Total Operating Revenues	990,000	990,000	1,010,276	20,276
Operating Expenses:				
Salaries	583,431	583,431	618,394	(34,963)
Taxes and Benefits	226,203	226,203	232,942	(6,739)
Maintenance and Operations	102,300	102,300	85,114	17,186
Advertising	7,500	7,500	8,838	(1,338)
Professional and Contractual Services	120,000	120,000	108,900	11,100
Utilities and Communications	11,100	11,100	13,067	(1,967)
Insurance and Bonds	13,150	13,150	11,430	1,720
Total Operating Expenses	1,063,684	1,063,684	1,078,685	(15,001)
(Loss) from Operations	(73,684)	(73,684)	(68,409)	5,275
Transfers In (Out)	103,804	103,804	150,132	46,328
Change in Net Position (Budgetary Basis)	30,120	30,120	81,723	51,603
Basis Adjustments:				
OPEB Obligation	-	-	(31,301)	(31,301)
Pension Liability Obligation	-	-	(210,086)	(210,086)
Depreciation	-	-	(1,000)	(1,000)
Change in Net Position (USGAAP Basis)	$ 30,120	$ 30,120	(160,664)	$ (190,784)
Net Position - Beginning			(1,084,299)	
Net Position - End of Year			$ (1,244,963)	

CITY OF SCOTTS VALLEY
SUPPLEMENTAL INFORMATION
ENTERPRISE FUND BUDGETARY SCHEDULE - WASTEWATER FUND
FOR THE YEAR ENDED JUNE 30, 2017
(unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Operating Revenues:				
Fees and Services	$ 2,228,750	$ 2,228,750	$ 1,988,203	$ (240,547)
Total Operating Revenues	2,228,750	2,228,750	1,988,203	(240,547)
Operating Expenses:				
Salaries	513,977	513,977	547,588	(33,611)
Taxes and Benefits	443,776	443,776	430,648	13,128
Maintenance and Operations	594,591	594,591	798,224	(203,633)
Professional and Contractual Services	110,045	110,045	147,846	(37,801)
Utilities and Communications	321,000	321,000	377,694	(56,694)
Insurance and Bonds	66,422	66,422	50,678	15,744
Capital Outlay	332,510	332,510	105,899	226,611
Total Operating Expenses	2,382,321	2,382,321	2,458,577	(76,256)
(Loss) from Operations	(153,571)	(153,571)	(470,374)	(316,803)
Non-operating Revenues (Expenditures):				
Interest Income	7,100	7,100	13,145	6,045
Net Income before Contributions and Transfers	(146,471)	(146,471)	(457,229)	(310,758)
Capital Contributions-Connection Fees	50,000	50,000	58,280	8,280
Transfers In (Out)	(50,734)	(50,734)	(50,734)	-
Change in Net Position (Budgetary Basis)	(147,205)	(147,205)	(449,683)	(302,478)
Basis Adjustments:				
OPEB Obligation	-	-	(64,842)	(64,842)
Pension Liability Obligation	-	-	(1,008,492)	(1,008,492)
Capital Outlay	-	-	68,190	68,190
Depreciation	-	-	(783,270)	(783,270)
Change in Net Position (USGAAP Basis)	$ (147,205)	$ (147,205)	(2,238,097)	$ (2,090,892)
Net Position - Beginning			15,468,167	
Net Position - End of Year			$ 13,230,070	

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NON-MAJOR FUNDS FINANCIAL STATEMENTS

(Unaudited)

CITY OF SCOTTS VALLEY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds									
	Recycling	Gas Tax	Drainage Construction	Park and Recreation Facilities	Police Facility	Senior Center	Mt. Hermon Traffic Mitigation	Green Building Fees	Tree Replacement	Pinewood Estates Landscape Maintenance District
ASSETS										
Cash and Investments	$ 43,575	$205,849	$ 24,314	$ 488,005	$ 210,378	$ 1,741	$ 51,606	$ 288,948	$ 24,671	$ 10,248
Receivables:										
Due from other Governments	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Note Receivable	-	-	-	-	-	-	-	-	-	-
Restricted Assets										
Cash/Investments Held for Others	-	-	-	-	-	-	-	-	-	-
Total Assets	$ 43,575	$205,849	$ 24,314	$ 488,005	$ 210,378	$ 1,741	$ 51,606	$ 288,948	$ 24,671	$ 10,248
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts Payable	$ 2,410	$ -	$ -	$ -	$ -	$ 1,382	$ -	$ -	$ -	$ -
Accrued Liabilities	-	-	-	-	-	449	-	-	-	-
Due to other Funds	-	-	-	-	-	-	-	-	-	-
Total Liabilities	2,410	-	-	-	-	1,831	-	-	-	-
Fund Balances (Deficit):										
Restricted	41,165	205,849	24,314	488,005	210,378	-	-	288,948	24,671	10,248
Assigned	-	-	-	-	-	-	51,606	-	-	-
Unassigned	-	-	-	-	-	(90)	-	-	-	-
Total Fund Balances (Deficit)	41,165	205,849	24,314	488,005	210,378	(90)	51,606	288,948	24,671	10,248
Total Liabilities and Fund Balances (Deficit)	$ 43,575	$205,849	$ 24,314	$ 488,005	$ 210,378	$ 1,741	$ 51,606	$ 288,948	$ 24,671	$ 10,248

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CITY OF SCOTTS VALLEY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds								
	Skypark Landscape Maintenance District	Library Fees	SMIP Fees	Community Center Operations	Supplemental Law Enforcement Services	Surface Transportation Projects Grant	Police Development Fees	EDG - Revolving Loan Fund	Homeland Security Grant
ASSETS									
Cash and Investments	$ 495,591	$ 242,877	$ 25,718	$ 28,507	$ 136,478	$ 26,998	$ 165,495	$ 552	$ 869
Receivables:									
Due from other Governments	-	-	-	-	-	-	-	-	-
Other	-	-	-	13,140	-	-	-	-	-
Note Receivable	-	-	-	-	-	-	-	550,000	-
Restricted Assets									
Cash/Investments Held for Others	-	-	-	-	-	-	-	-	-
Total Assets	$ 495,591	$ 242,877	$ 25,718	$ 41,647	$ 136,478	$ 26,998	$ 165,495	$ 550,552	$ 869
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts Payable	$ 1,588	$ 2,284	$ -	$ 4,442	$ 51,134	$ -	$ -	$ -	$ -
Accrued Liabilities	-	-	-	306	-	-	-	-	-
Due to other Funds	-	-	-	-	-	-	-	-	1,171
Total Liabilities	1,588	2,284	-	4,748	51,134	-	-	-	1,171
Fund Balances (Deficit):									
Restricted	494,003	240,593	25,718	-	85,344	26,998	165,495	550,552	-
Assigned	-	-	-	36,899	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	(302)
Total Fund Balances (Deficit)	494,003	240,593	25,718	36,899	85,344	26,998	165,495	550,552	(302)
Total Liabilities and Fund Balances (Deficit)	$ 495,591	$ 242,877	$ 25,718	$ 41,647	$ 136,478	$ 26,998	$ 165,495	$ 550,552	$ 869

(Continued)

(Continued)

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CITY OF SCOTTS VALLEY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds			Debt Service Funds			
	Disability Compliance Fund	Library Facilities Fund	Total Special Revenue Funds	COP Debt Service	Pension Obligation Bonds	Total Debt Service Funds	Total Non-major Governmental Funds
ASSETS							
Cash and Investments	$ 3,765	$ 170,285	$2,646,470	$ 950,351	$ -	$ 950,351	$ 3,596,821
Receivables:							
Due from other Governments	-	-	-	-	-	-	$ -
Other	-	-	13,140	-	-	-	$ 13,140
Note Receivable	-	-	550,000	-	-	-	$ 550,000
Restricted Assets							
Cash/Investments Held for Others	-	-	-	-	-	-	$ -
Total Assets	$ 3,765	$ 170,285	$3,209,610	$ 950,351	$ -	$ 950,351	$ 4,159,961
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	$ -	$ -	$ 63,240	$ -	$ -	$ -	$ 63,240
Accrued Liabilities	-	-	755	-	-	-	$ 755
Due to other Funds	-	-	1,171	-	-	-	$ 1,171
Total Liabilities	-	-	65,166	-	-	-	$ 65,166
Fund Balances (Deficit):							
Restricted	-	170,285	3,052,566	-	-	-	$ 3,052,566
Assigned	3,765	-	92,270	950,351	-	950,351	$ 1,042,621
Unassigned	-	-	(392)	-	-	-	$ (392)
Total Fund Balances (Deficit)	3,765	170,285	3,144,444	950,351	-	950,351	$ 4,094,795
Total Liabilities and Fund Balances (Deficit)	$ 3,765	$ 170,285	$3,209,610	$ 950,351	$ -	$ 950,351	$ 4,159,961

(Concluded)

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CITY OF SCOTTS VALLEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds									
	Recycling	Gas Tax	Drainage Construction	Park and Recreation Facilities	Police Facility	Senior Center	Mt.Hermon Traffic Mitigation	Green Building Fees	Tree Replacement	Pinewood Estates Landscape Maintenance District
Revenues:										
Taxes and Assessments	$ 61,695	$ 233,848	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental Revenues	5,000	-	-	-	-	-	-	-	-	-
Fees and Services	-	-	12,732	104,743	23,486	72,023	-	125,539	2,010	6,120
Investment Earnings	169	3,118	173	3,036	1,309	41	338	1,613	158	59
Contributions	-	-	-	-	-	2,865	-	-	-	-
Miscellaneous Revenues	-	-	-	-	-	1,246	-	-	-	-
Total Revenues	66,864	236,966	12,905	107,779	24,795	76,175	338	127,152	2,168	6,179
Expenditures:										
Current:										
Public Safety	-	-	-	-	-	-	-	-	-	-
Planning and Building	-	-	-	-	-	-	-	2,420	930	-
Public Works	44,406	(5,333)	36	643	277	80,929	72	-	-	5,733
Capital Outlay	-	93,805	-	61,813	-	-	-	-	-	-
Debt Service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-	-
Total Expenditures	44,406	88,472	36	62,456	277	80,929	72	2,420	930	5,733
Excess of Revenues over (under) Expenditures	22,458	148,494	12,869	45,323	24,518	(4,754)	266	124,732	1,238	446
Other Financing Sources (Uses):										
Interfund Transfers In	-	-	-	-	-	-	-	-	-	-
Interfund Transfers (Out)	-	(355,244)	(8,728)	-	-	(625)	-	-	-	-
Net Other Sources (Uses)	-	(355,244)	(8,728)	-	-	(625)	-	-	-	-
Change in Fund Balances	22,458	(206,750)	4,141	45,323	24,518	(5,379)	266	124,732	1,238	446
Fund Balances - Beginning	18,707	412,599	20,173	442,682	185,860	5,289	51,340	164,216	23,433	9,802
Fund Balances - End of Year	$ 41,165	$ 205,849	$ 24,314	$ 488,005	$ 210,378	$ (90)	$ 51,606	$ 288,948	$ 24,671	$ 10,248

CITY OF SCOTTS VALLEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds								
	Skypark Landscape Maintenance District	Library Fees	SMIP Fees	Community Center Operations	Supplemental Law Enforcement Services	Surface Transportation Projects Grant	Police Development Fees	EDG - Revolving Loan Fund	Homeland Security Grant
Revenues:									
Taxes and Assessments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental Revenues	-	-	-	-	100,000	-	-	-	2,231
Fees and Services	41,751	11,885	15,200	115,655	-	-	-	-	-
Investment Earnings	3,184	1,565	129	558	592	177	1,082	4	3
Contributions	-	-	-	-	-	-	-	-	-
Miscellaneous Revenues	-	-	-	-	-	-	-	-	-
Total Revenues	44,935	13,450	15,329	116,213	100,592	177	1,082	4	2,234
Expenditures:									
Current:									
Public Safety	-	-	-	-	114	-	231	-	-
Planning and Building	-	-	26	-	-	-	-	1	-
Public Works	34,249	334	-	55,127	-	38	-	-	-
Capital Outlay	-	2,284	-	7,583	54,262	-	-	-	2,299
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-		-	-	-	-	-	-	-
Total Expenditures	34,249	2,618	26	62,710	54,376	38	231	1	2,299
Excess of Revenues over (under) Expenditures	10,686	10,832	15,303	53,503	46,216	139	851	3	(65)
Other Financing Sources (Uses):									
Interfund Transfers In	-	-	-	-	-	-	-	-	-
Interfund Transfers (Out)	-	-	-	(70,625)	-	-	-	-	-
Net Other Sources (Uses)	-	-	-	(70,625)	-	-	-	-	-
Change in Fund Balances	10,686	10,832	15,303	(17,122)	46,216	139	851	3	(65)
Fund Balances - Beginning	483,317	229,761	10,415	54,021	39,128	26,859	164,644	550,549	(237)
Fund Balances - End of Year	$ 494,003	$ 240,593	$ 25,718	$ 36,899	$ 85,344	$ 26,998	$ 165,495	$ 550,552	$ (302)

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CITY OF SCOTTS VALLEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

				Debt Service Funds			
	Disability Compliance Fund	Library Facilities Fund	Total Special Revenue Funds	COP Debt Service	Pension Obligation Bonds	Total Debt Service Funds	Total Non-major Governmental Funds
Revenues:							
Taxes and Assessments	$ -	$ -	$ 295,543	$ -	$ -	$ -	$ 295,543
Intergovernmental Revenues	-	177,674	284,905	-	-	-	284,905
Fees and Services	1,277	413	532,834	-	-	-	532,834
Investment Earnings	21	-	17,329	6,217	-	6,217	23,546
Contributions	-	-	2,865	-	-	-	2,865
Miscellaneous Revenues	-	-	1,246	-	-	-	1,246
Total Revenues	1,298	178,087	1,134,722	6,217	-	6,217	1,140,939
Expenditures:							
Current:							
Public Safety	-	-	345	-	-	-	345
Planning and Building	4	-	3,381	-	-	-	3,381
Public Works	-	21	216,532	-	-	-	216,532
Capital Outlay	-	7,781	229,827	-	-	-	229,827
Debt Service:							
Principal	-	-	-	-	325,000	325,000	325,000
Interest and Fiscal Charges	-	-	-	1,329	121,604	122,933	122,933
Total Expenditures	4	7,802	450,085	1,329	446,604	447,933	898,018
Excess of Revenues over (under) Expenditures	1,294	170,285	684,637	4,888	(446,604)	(441,716)	242,921
Other Financing Sources (Uses):							
Interfund Transfers In	-	-	-	-	446,604	446,604	446,604
Interfund Transfers (Out)	-	-	(435,222)	-	-	-	(435,222)
Net Other Sources (Uses)	-	-	(435,222)	-	446,604	446,604	11,382
Change in Fund Balances	1,294	170,285	249,415	4,888	-	4,888	254,303
Fund Balances - Beginning	2,471	-	2,895,029	945,463	-	945,463	3,840,492
Fund Balances - End of Year	$ 3,765	$ 170,285	$ 3,144,444	$ 950,351	$ -	$ 950,351	$ 4,094,795

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BUDGET TO ACTUAL
NON-MAJOR FUNDS
FINANCIAL STATEMENTS
(Unaudited)

CITY OF SCOTTS VALLEY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds											
	Recycling			Gas Tax			Drainage Construction			Park and Recreation Facilities		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:												
Taxes and Assessments	$ 53,500	$ -	$ (53,500)	$ 250,240	$ -	$ (250,240)	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental Revenues	5,000	61,695	56,695	-	233,848	233,848	-	-	-	-	-	-
Fees and Services	-	5,000	5,000	-	-	-	3,000	-	(3,000)	30,000	-	(30,000)
Investment Earnings	-	-	-	1,400	-	(1,400)	50	12,732	12,682	1,500	104,743	103,243
Contributions	-	169	169	-	3,118	3,118	-	173	173	-	3,036	3,036
Miscellaneous Revenues	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	58,500	66,864	8,364	251,640	236,966	(14,674)	3,050	12,905	9,855	31,500	107,779	76,279
Expenditures:												
Current:												
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-
Planning and Building	-	-	-	-	-	-	-	-	-	-	-	-
Public Works	58,500	-	58,500	26,500	-	26,500	-	-	-	-	-	-
Capital Outlay	-	44,406	(44,406)	115,725	(5,333)	121,058	-	36	(36)	70,000	643	69,357
Debt Service:												
Retirement of Principal	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	58,500	44,406	14,094	142,225	(5,333)	147,558	-	36	(36)	70,000	643	69,357
Excess of Revenues over (under) Expenditures	-	22,458	22,458	109,415	242,299	132,884	3,050	12,869	9,819	(38,500)	107,136	145,636
Other Financing Sources (Uses):												
Interfund Transfers In	-	22,458	22,458	-	148,494	148,494	-	12,869	12,869	-	45,323	45,323
Interfund Transfers (Out)	-	-	-	(150,000)	-	150,000	(13,000)	-	13,000	-	-	-
Net Other Sources (Uses)	-	22,458	22,458	(150,000)	148,494	298,494	(13,000)	12,869	25,869	-	45,323	45,323
Excess of Revenues and other Sources over (under) Expenditures and other Uses	$ -	44,916	$ 44,916	$ (40,585)	390,793	$ 431,378	$ (9,950)	25,738	$ 35,688	$ (38,500)	152,459	$ 190,959
Fund Balances - Beginning		18,707			412,599			20,173			442,682	
Fund Balances - End of Year		$ 63,623			$ 803,392			$ 45,911			$ 595,141	

(Continued)

CITY OF SCOTTS VALLEY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds											
	Police Facility			Senior Center			Mt. Hermon Traffic Mitigation			Green Building Fees		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:												
Taxes and Assessments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental Revenues	60,000	-	(60,000)	-	-	-	-	-	-	-	-	-
Fees and Services	5,000	-	(5,000)	68,000	-	(68,000)	-	-	-	25,800	-	(25,800)
Investment Earnings	580	23,486	22,906	50	72,023	71,973	170	-	(170)	430	125,539	125,109
Contributions	-	1,309	1,309	2,000	41	(1,959)	-	338	338	-	1,613	1,613
Miscellaneous Revenues	-	-	-	400	2,865	2,465	-	-	-	-	-	-
Total Revenues	65,580	24,795	(40,785)	70,450	74,929	4,479	170	338	168	26,230	127,152	100,921
Expenditures:												
Current:												
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-
Planning and Building	-	-	-	-	-	-	-	-	-	5,000	-	5,000
Public Works	-	-	-	85,020	-	85,020	-	-	-		2,420	(2,420)
Capital Outlay	60,000	277	59,723	-	80,929	(80,929)	-	72	(72)	-	-	-
Debt Service:												
Retirement of Principal	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	60,000	277	59,723	85,020	80,929	4,091	-	72	(72)	5,000	2,420	2,580
Excess of Revenues over (under) Expenditures	5,580	24,518	18,938	(14,570)	(6,000)	8,570	170	266	96	21,230	124,732	103,501
Other Financing Sources (Uses):												
Interfund Transfers In	-	24,518	24,518	-	(4,754)	(4,754)	-	266	266	-	-	-
Interfund Transfers (Out)	-	-	(623)	(625)	-	625	-	-	-	-	-	-
Net Other Sources (Uses)	-	24,518	23,895	(625)	(4,754)	(4,129)	-	266	266	-	-	-
Excess of Revenues and other Sources over (under) Expenditures and other Uses	$ 5,580	49,036	$ 42,833	$ (15,195)	(10,754)	$ 4,441	$ 170	532	$ 362	$ 21,230	124,732	$ 103,501
Fund Balances - Beginning		185,860			5,289			51,340			164,216	
Fund Balances - End of Year		$ 234,896			$ (5,465)			$ 51,872			$ 288,948	

(Continued)

CITY OF SCOTTS VALLEY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds											
	Tree Replacement			Pinewood Estates Landscape Maintenance			Skypark Maintenance District			Library Fees		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:												
Taxes and Assessments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental Revenues	-	-	-	-	-	-	-	-	-	-	-	-
Fees and Services	300	-	(300)	6,240	-	(6,240)	41,750	-	(41,750)	5,000	-	(5,000)
Investment Earnings	50	2,010	1,960	30	6,120	6,090	1,500	41,751	40,251	730	11,885	11,155
Contributions	-	158	158	-	59	59	-	3,184	3,184	-	1,565	1,565
Miscellaneous Revenues	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	350	2,168	1,818	6,270	6,179	(91)	43,250	44,935	1,685	5,730	13,450	7,720
Expenditures:												
Current:												
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-
Planning and Building	10,000	-	10,000	-	-	-	-	-	-	-	-	-
Public Works	-	930	(930)	10,600	-	10,600	32,000	-	32,000	-	-	-
Capital Outlay	-	-	-	-	5,733	(5,733)	-	34,249	(34,249)	-	334	(334)
Debt Service:												
Retirement of Principal	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	10,000	930	9,070	10,600	5,733	4,867	32,000	34,249	(2,249)	-	334	(334)
Excess of Revenues over (under) Expenditures	(9,650)	1,238	10,888	(4,330)	446	4,776	11,250	10,686	(564)	5,730	13,116	7,386
Other Financing Sources (Uses):												
Interfund Transfers In	-	-	-	-	446	446	-	10,686	10,686	-	10,832	10,832
Interfund Transfers (Out)	-	-	-	-	-	-	-	-	-	-	-	-
Net Other Sources (Uses)	-	-	-	-	446	446	-	10,686	10,686	-	10,832	10,832
Excess of Revenues and other Sources over (under) Expenditures and other Uses	$ (9,650)	1,238	$ 10,888	$ (4,330)	892	$ 5,222	$ 11,250	21,372	$ 10,122	$ 5,730	23,948	$ 18,218
Fund Balances - Beginning		23,433			9,802			483,317			229,761	
Fund Balances - End of Year		$ 24,671			$ 10,694			$ 504,689			$ 253,709	

(Continued)

CITY OF SCOTTS VALLEY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds											
	SMIP Fees			Community Center Operations			Supplemental Law Enforcement Services			Surface Transportation Projects Grant		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:												
Taxes and Assessments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental Revenues	-	-	-	-	-	-	100,000	-	(100,000)	-	-	-
Fees and Services	3,500	-	(3,500)	134,000	-	(134,000)	-	100,000	100,000	-	-	-
Investment Earnings	40	15,200	15,160	50	115,655	115,605	200	-	(200)	90	-	(90)
Contributions	-	129	129	-	558	558	-	592	592	-	177	177
Miscellaneous Revenues	-	-	-	75,000	-	(75,000)	-	-	-	-	-	-
Total Revenues	3,540	15,329	11,789	209,050	116,213	(92,837)	100,200	100,592	392	90	177	87
Expenditures:												
Current:												
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-
Planning and Building	4,050	-	4,050	-	-	-	-	114	(114)	-	-	-
Public Works	-	26	(26)	68,775	-	68,775	-	-	-	-	-	-
Capital Outlay	-	-	-	75,000	55,127	19,873	95,000	-	95,000	-	38	(38)
Debt Service:												
Retirement of Principal	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	4,050	26	4,024	143,775	55,127	88,648	95,000	114	94,886	-	38	(38)
Excess of Revenues over (under) Expenditures	(510)	15,303	15,813	65,275	61,086	(4,189)	5,200	100,478	95,278	90	139	49
Other Financing Sources (Uses):												
Interfund Transfers In	-	-	-	-	-	-	-	-	-	-	-	-
Interfund Transfers (Out)	-	-	-	(70,623)	-	70,623	-	-	-	-	-	-
Net Other Sources (Uses)	-	-	-	(70,623)	-	70,623	-	-	-	-	-	-
Excess of Revenues and other Sources over (under) Expenditures and other Uses	$ (510)	15,303	$ 15,813	$ (5,348)	61,086	$ 66,434	$ 5,200	100,478	$ 95,278	$ 90	139	$ 49
Fund Balances - Beginning		10,415			54,021			39,128			26,859	
Fund Balances - End of Year		$ 25,718			$ 115,107			$ 139,606			$ 26,998	

(Continued)

CITY OF SCOTTS VALLEY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds											
	Police Development Fees			EDG - Revolving Loan Fund			Homeland Security Grant			Disability Compliance Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:												
Taxes and Assessments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental Revenues	-	-	-	-	-	-	-	-	-	-	-	-
Fees and Services	-	-	-	-	-	-	-	2,231	2,231	1,000	-	(1,000)
Investment Earnings	550	-	(550)	-	-	-	-	-	-	-	1,277	1,277
Contributions	-	1,082	1,082	-	4	4	-	3	3	-	21	21
Miscellaneous Revenues	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	550	1,082	532	-	4	4	-	2,234	2,234	1,000	1,298	298
Expenditures:												
Current:												
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-
Planning and Building	-	231	(231)	-	-	-	-	-	-	400	-	400
Public Works	-	-	-	-	1	(1)	-	-	-	-	4	(4)
Capital Outlay	-	-	-	-	-	-	3,000	-	3,000	-	-	-
Debt Service:												
Retirement of Principal	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	-	231	(231)	-	1	(1)	3,000	-	3,000	400	4	396
Excess of Revenues over (under) Expenditures	550	851	301	-	3	3	(3,000)	2,234	5,234	600	1,294	694
Other Financing Sources (Uses):												
Interfund Transfers In	-	-	-	-	-	-	-	-	-	-	1,294	1,294
Interfund Transfers (Out)	-	-	-	-	-	-	-	-	-	-	-	-
Net Other Sources (Uses)	-	-	-	-	-	-	-	-	-	-	1,294	1,294
Excess of Revenues and other Sources over (under) Expenditures and other Uses	$ 550	851	$ 301	$ -	?	$ 3	$ (3,000)	2,234	$ 5,234	$ 600	2,588	$ 1,988
Fund Balances - Beginning		164,644			550,549			(237)			2,471	
Fund Balances - End of Year		$ 165,495			$ 550,552			$ 1,997			$ 5,059	

(Continued)

CITY OF SCOTTS VALLEY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds						Debt Service Funds					
	Library Facilities Fund			Totals - Special Revenue Funds			COP Debt Service			Pension Obligation Bonds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:												
Taxes and Assessments	$ -	$ -	$ -	$ 303,740	$ -	$ (303,740)	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental Revenues	-	-	-	165,000	295,543	130,543	-	-	-	-	-	-
Fees and Services	-	177,674	177,674	323,590	284,905	(38,685)	-	-	-	-	-	-
Investment Earnings	-	413	413	7,420	532,834	525,414	3,060	-	(3,060)	-	-	-
Contributions	-	-	-	2,000	17,329	15,329	-	6,217	6,217	-	-	-
Miscellaneous Revenues	-	-	-	75,400	2,865	(72,535)	-	-	-	-	-	-
Total Revenues	-	178,087	178,087	877,150	1,133,476	256,326	3,060	6,217	3,157	-	-	-
Expenditures:												
Current:												
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-
Planning and Building	-	-	-	19,450	345	19,105	-	-	-	-	-	-
Public Works	-	-	-	281,395	3,381	278,014	-	-	-	-	-	-
Capital Outlay	-	21	(21)	418,725	216,532	202,193	-	-	-	-	-	-
Debt Service:												
Retirement of Principal	-	-	-	-	-	-	-	-	-	325,000	-	325,000
Interest Expense	-	-	-	-	-	-	-	-	-	119,905	325,000	(205,095)
Total Expenditures	-	21	(21)	719,570	220,258	499,312	-	-	-	444,905	326,329	118,576
Excess of Revenues over (under) Expenditures	-	178,066	178,066	157,580	913,218	755,638	3,060	6,217	3,157	(444,905)	(326,329)	118,576
Other Financing Sources (Uses):												
Interfund Transfers In	-	170,285	170,285	-	271,138	271,138	-	4,888	4,888	444,905	446,604	1,699
Interfund Transfers (Out)	-	-	-	(234,248)	-	234,248	-	-	-	-	446,604	446,604
Net Other Sources (Uses)	-	170,285	170,285	(234,248)	271,138	505,386	-	4,888	4,888	444,905	893,208	448,303
Excess of Revenues and other Sources over (under) Expenditures and other Uses	$ -	348,351	$ 348,351	$ (76,668)	1,184,356	$1,261,024	$ 3,060	11,105	$ 8,045	$ -	566,879	$ 566,879
Fund Balances - Beginning		-			2,895,029			945,463			-	
Fund Balances - End of Year		$ 348,351			$4,079,385			$ 956,568			$ 566,879	

(Continued)

(Continued)

CITY OF SCOTTS VALLEY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Debt Service Funds					
	Totals - Debt Service Funds			Totals - Non-major Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes and Assessments	$ -	$ -	$ -	$ 303,740	$ -	$ (303,740)
Intergovernmental Revenues	-	-	-	165,000	295,543	130,543
Fees and Services	-	-	-	323,590	284,905	(38,685)
Investment Earnings	3,060	-	(3,060)	10,480	532,834	522,354
Contributions	-	6,217	6,217	2,000	23,546	21,546
Miscellaneous Revenues	-	-	-	75,400	2,865	(72,535)
Total Revenues	3,060	6,217	3,157	880,210	1,139,693	259,483
Expenditures:						
Current:						
Public Safety	-	-	-	-	-	-
Planning and Building	-	-	-	19,450	345	19,105
Public Works	-	-	-	281,395	3,381	278,014
Capital Outlay	-	-	-	418,725	216,532	202,193
Debt Service:						
Retirement of Principal	325,000	-	325,000	-	-	-
Interest Expense	119,905	325,000	(205,095)	-	325,000	(325,000)
Total Expenditures	444,905	326,329	118,576	719,570	546,587	172,983
Excess of Revenues over (under) Expenditures	(441,845)	(320,112)	121,733	160,640	593,106	432,466
Other Financing Sources (Uses):						
Interfund Transfers In	444,905	451,492	6,587	444,905	722,630	277,725
Interfund Transfers (Out)	-	446,604	446,604	(234,248)	446,604	680,852
Net Other Sources (Uses)	444,905	898,096	453,191	210,657	1,169,234	958,577
Excess of Revenues and other Sources over (under) Expenditures and other Uses	$ 3,060	577,984	$ 574,924	$ 371,297	1,762,340	$ 1,391,043
Fund Balances - Beginning		945,463			3,840,492	
Fund Balances - End of Year		$1,523,447			$ 5,602,832	

(Concluded)

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STATISTICAL SECTION

(Unaudited)

CITY OF SCOTTS VALLEY
NARRATIVE EXPLANATION OF STATISTICAL SECTION CATEGORIES

Financial Trends

The financial trends section provides information to assist the user in understanding and assessing how the City's financial position has changed over time. Tables 1 and 2 present information from the government-wide statements. Tables 3 and 4 present information from the fund financial statements.

Revenue Capacity Information

The revenue capacity information section provides information to assist the user in understanding and assessing the factors affecting the City's ability to generate its own-source revenues. Table 5 presents the assessed value of the residential, commercial and other property within the City. Table 6 presents the general property tax rate as well as tax rates from various school districts. Table 7 presents the top ten property tax payers. Table 8 presents the amount of property taxes levied and collected.

Debt Capacity Information

The debt capacity information section provides information to assist the user in understanding and assessing the City's debt burden and ability to issue additional debt. Table 9 presents the outstanding balance of all direct and overlapping government debt at fiscal year end. Table 10 presents the City's debt by type as well as total debt as a percentage of personal income and total debt per capita. The personal income is of the County of Santa Cruz because there is no information available for the City of Scotts Valley alone. Table 11 presents the maximum amount of debt the City can legally incur. Table 12 presents the coverage of pledged revenue sources to the total debt they service.

Demographic and Economic Information

The demographic and economic information section provides information to assist the user in 1) understanding the socioeconomic environment within which the City operates, and 2) to provide information that facilitates comparisons of financial statement information over time and among governments. Table 13 presents population and unemployment rate for the City of Scotts Valley as well as the population, personal income, and per capita income for the County of Santa Cruz. Table 14 presents the top ten employers in terms of number of employees.

Operating Information

The operating information section provides contextual information about the City's operations and resources to assist readers in using financial statement information to understand and assess the City's economic condition. Table 15 provides the number of full-time equivalent City employees. For example, two half-time employees would equal one full-time equivalent employee. Table 16 provides operating statistics for various city departments. Table 17 presents capital assets by city function.

CITY OF SCOTTS VALLEY
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

Table 1

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities:										
Net Investment in Capital Assets	$ 30,417,491	$ 30,686,650	$ 25,777,811	$ 25,257,926	$ 26,144,045	$ 22,507,403	$ 27,040,188	$ 21,970,018	$ 25,492,129	$ 18,859,445
Restricted	6,406,654	5,624,316	4,706,893	5,156,689	5,040,899	9,167,537	9,263,744	9,367,619	9,281,113	12,772,266
Unrestricted	(15,636,078)	(13,728,552)	(6,941,140)	1,067,845	1,132,287	4,841,149	2,572,631	7,131,967	5,087,217	7,812,758
Total Governmental Activities	$ 21,188,067	$ 22,582,414	$ 23,543,564	$ 31,482,460	$ 32,317,231	$ 36,516,089	$ 38,876,563	$ 38,469,604	$ 39,860,459	$ 39,444,469
Business-Type Activities:										
Net Investment in Capital Assets	$ 12,161,439	$ 12,877,519	$ 13,535,881	$ 14,021,485	$ 14,323,746	$ 14,717,231	$ 15,316,734	$ 15,934,291	$ 16,699,166	$ 17,181,967
Restricted	2,170,321	2,150,421	2,155,781	2,298,653	2,443,372	2,298,653	2,298,653	2,271,452	2,239,903	5,366,589
Unrestricted	(2,308,944)	(644,072)	(269,661)	1,835,651	2,469,689	3,260,042	3,653,362	4,142,628	4,377,221	1,477,586
Total Business-Type Activities	$ 12,022,816	$ 14,383,868	$ 15,422,001	$ 18,155,789	$ 19,236,807	$ 20,275,926	$ 21,268,749	$ 22,348,371	$ 23,316,290	$ 24,026,142
Primary Government:										
Net Investment in Capital Assets	$ 42,578,930	$ 43,564,169	$ 39,313,692	$ 39,279,411	$ 40,467,791	$ 37,224,634	$ 42,356,922	$ 42,191,295	$ 36,041,412	$ 36,041,412
Restricted	8,576,975	7,774,737	6,862,674	7,455,342	7,484,271	11,466,190	11,562,397	11,521,016	18,138,855	18,138,855
Unrestricted	(17,945,022)	(14,372,624)	(7,210,801)	2,903,496	3,601,976	8,101,191	6,225,993	9,464,438	9,290,344	9,290,344
Total Primary Government	$ 33,210,883	$ 36,966,282	$ 38,965,565	$ 49,638,249	$ 51,554,038	$ 56,792,015	$ 60,145,312	$ 63,176,749	$ 63,470,611	$ 63,470,611

CITY OF SCOTTS VALLEY
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

Table 2

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
Governmental Activities										
General Government	$ 2,801,847	$ 1,905,906	$ 1,841,382	$ 1,942,629	$ 1,813,920	$ 5,563,325	$ 1,616,506	$ 1,810,197	$ 1,696,526	$ 1,594,392
Public Safety	6,609,761	5,332,955	4,614,596	4,432,039	4,590,667	4,855,212	4,545,261	4,478,827	4,341,735	3,776,900
Planning & Building	1,690,507	1,223,947	927,748	804,651	3,157,314	1,185,758	1,177,840	1,324,567	1,567,761	1,791,231
Public Works	4,104,603	3,352,397	3,025,535	2,951,185	2,924,033	2,961,167	2,964,358	2,893,508	3,073,540	2,816,823
Redevelopment	-	-	-	-	-	-	3,036,341	4,262,521	3,015,135	3,320,907
Interest on Long-Term Debt and Fiscal Agent Charges	575,795	508,274	515,679	712,066	627,398	967,148	1,327,314	1,089,220	769,873	959,441
Total Governmental Activities Expense	15,782,513	12,323,479	10,924,940	10,842,570	13,113,332	15,532,610	14,667,620	15,858,840	14,464,570	14,259,694
Business-Type Activities										
Wastewater	4,209,282	2,987,794	2,721,258	2,812,627	2,765,435	3,291,469	2,767,101	2,699,018	2,667,765	2,696,078
Recreation Programs	1,321,072	1,125,041	1,002,901	988,782	930,671	1,410,728	1,082,101	1,014,510	1,058,100	1,001,179
Total Business-Type Activities Expense	5,530,354	4,112,835	3,724,159	3,801,409	3,696,106	4,702,197	3,849,202	3,713,528	3,725,865	3,697,257
Total Primary Government Expense	$ 21,312,867	$ 16,436,314	$ 14,649,099	$ 14,643,979	$ 16,809,438	$ 20,234,807	$ 18,516,822	$ 19,572,368	$ 18,190,435	$ 17,956,951
Program Revenues:										
Governmental Activities										
Charges for Services										
Planning and Building fees	$ 1,352,630	$ 481,578	$ 684,540	$ 461,104	$ 405,476	$ 366,747	$ 263,223	$ 404,389	$ 241,972	$ 358,411
Police fees	33,023	39,246	35,756	24,781	27,800	46,587	44,752	42,941	41,880	44,288
Senior Center / Community Ctr	187,678	176,620	154,877	131,248	126,627	126,143	113,109	95,281	86,674	91,390
Public Works fees	413,312	286,999	120,999	89,839	137,427	99,328	66,082	68,962	83,842	72,987
Redevelopment	-	-	-	-	-	-	20,759	44,767	-	-
Other activities	314,261	163,755	109,741	185,953	203,234	240,540	42,810	54,805	15,843	20,822
Operating Grants and Contributions	362,647	502,181	595,858	612,003	498,658	670,329	551,923	570,137	785,195	609,797
Capital Grants and Contributions	471,761	189,924	1,153,630	646,290	439,962	344,033	2,644,693	1,585,890	529,291	1,155,665
Total Gov'tal Activities Program Revenue	3,135,312	1,840,303	2,855,401	2,151,218	1,839,184	1,893,707	3,747,351	2,867,172	1,784,697	2,353,360
Business-Type Activities										
Charges for Services										
Wastewater fees	1,988,203	1,968,900	1,868,388	1,789,141	1,606,806	1,636,584	1,658,676	1,649,206	1,786,907	1,750,667
Recreational program fees	1,010,276	981,434	962,819	832,749	737,035	810,703	853,043	811,764	888,210	986,920
Operating Grants and Contributions	-	86,720	-	-	-	-	-	-	-	-
Capital Grants and Contributions	58,280	28,989	78,371	59,964	171,084	137,245	20,326	18,204	56,526	54,344
Total Business-Type Activities Program Revenues	3,056,759	3,066,043	2,909,578	2,681,854	2,514,925	2,584,532	2,532,045	2,479,174	2,731,643	2,791,931
Total Primary Gov't Program Revenues	$ 6,192,071	$ 4,906,346	$ 5,764,979	$ 4,833,072	$ 4,354,109	$ 4,478,239	$ 6,279,396	$ 5,346,346	$ 4,516,340	$ 5,145,291

CITY OF SCOTTS VALLEY
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

Table 2 (concluded)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net (Expense) Revenue										
Governmental Activities	$ (12,647,201)	$ (10,483,176)	$ (8,069,539)	$ (8,691,352)	$(11,274,148)	$ (13,638,903)	$ (10,920,269)	$ (12,991,668)	$ (12,679,873)	$(11,906,334)
Business-Type Activities	(2,473,595)	(1,046,792)	(814,581)	(1,119,555)	(1,181,181)	(2,117,665)	(1,317,157)	(1,234,354)	(994,222)	(905,326)
Total Primary Government Net Expense	$ (15,120,796)	$ (11,529,968)	$ (8,884,120)	$ (9,810,907)	$(12,455,329)	$ (15,756,568)	$ (12,237,426)	$ (14,226,022)	$ (13,674,095)	$(12,811,660)
General Revenues and Other Changes in Net Position										
General Activities										
Taxes										
Sales tax	$ 3,289,289	$ 3,534,523	$ 3,156,258	$ 2,234,797	$ 1,976,580	$ 1,887,496	$ 2,108,247	$ 2,105,107	$ 2,987,902	$ 3,189,364
Property tax	1,757,571	1,313,578	1,821,109	1,738,055	1,855,084	2,143,174	5,677,178	6,051,637	6,212,728	6,204,821
Franchise fees	994,614	972,951	948,949	798,928	798,514	770,730	809,404	791,649	784,264	764,895
Transient Occupancy Tax	1,218,063	1,011,432	1,058,996	926,199	780,648	712,605	569,684	543,946	520,153	723,257
Utility users tax	747,585	694,552	654,411	637,547	602,892	600,478	628,824	631,493	705,936	753,020
Other taxes	438,564	529,092	460,091	397,325	372,313	345,945	340,697	336,638	343,261	407,406
Vehicle-in-lieu fee	1,019,933	960,758	897,721	839,118	828,062	840,480	902,756	898,579	928,568	919,817
Investment Earnings	29,248	38,666	81,574	20,406	60,497	85,866	43,869	117,998	312,945	680,783
Miscellaneous	1,110,461	466,529	588,801	294,999	444,698	450,130	453,954	416,946	442,690	517,475
Special Item: Sale of Property	746,924	-	-	-	-	-	-	-	-	-
Transfers	(99,398)	(55)	(10,936)	(30,793)	(134,929)	(1,111,294)	(207,385)	(228,180)	(142,584)	(40,630)
Total Governmental Activities	11,252,854	9,522,026	9,656,974	7,856,581	7,584,359	6,725,610	11,327,228	11,665,813	13,095,863	14,120,208
Business-Type Activities										
Investment Earnings	13,145	8,604	5,842	7,744	7,133	13,548	30,150	38,255	141,786	303,237
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	99,398	55	10,936	30,793	134,929	1,111,294	207,385	228,180	142,584	40,630
Total Business-Type Activities	112,543	8,659	16,778	38,537	142,062	1,124,842	237,535	266,435	284,370	343,867
Total Primary Government	$ 11,365,397	$ 9,530,685	$ 9,673,752	$ 7,895,118	$ 7,726,421	$ 7,850,452	$ 11,564,763	$ 11,932,248	$ 13,380,233	$ 14,464,075
Extraordinary Gain	$ -	$ -	$ -	$ -	$ -	$ 4,552,819	$ -	$ -	$ -	$ -
Change in Net Position										
Governmental Activities	$ (1,394,347)	$ (961,150)	$ 1,587,435	$ (834,771)	$ (3,689,789)	$ (2,360,474)	$ 406,959	$ (1,325,855)	$ 415,990	$ 2,213,874
Business-Type Activities	(2,361,052)	(1,038,133)	(797,803)	(1,081,018)	(1,039,119)	(992,823)	(1,079,622)	(967,919)	(709,852)	(561,459)
Total Primary Government	$ (3,755,399)	$ (1,999,283)	$ 789,632	$ (1,915,789)	$ (4,728,908)	$ (3,353,297)	$ (672,663)	$ (2,293,774)	$ (293,862)	$ 1,652,415

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CITY OF SCOTTS VALLEY
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

Table 3

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Restricted	$ 99,356	$ 99,003	$ 98,920	$ 211,940	$ 433,352	$ 433,346	$ 433,369	Represented below per GASB 54		
Unassigned	4,131,884	2,896,849	2,830,280	1,507,677	1,434,328	2,719,892	6,316,586			
Reserved	Pre-GASB 54 balances stated above							$ 4,119,674	$ 4,098,189	$ 4,032,305
Unreserved								1,593,968	2,696,262	2,930,374
Total General Fund	$ 4,231,240	$ 2,995,852	$ 2,929,200	$ 1,719,617	$ 1,867,680	$ 3,153,238	$ 6,749,955	$ 5,713,642	$ 6,794,451	$ 6,962,679
All Other Governmental Funds										
Restricted	$ 5,264,677	$ 4,464,158	$ 4,471,522	$ 4,882,321	$ 4,734,977	$ 7,081,826	$ 8,830,375	Represented below per GASB 54		
Assigned	1,042,621	1,058,584	1,031,061	1,025,646	1,297,844	1,474,699	1,762,356			
Unassigned	(79,691)	(86,638)	(68,502)	(61,445)	(65,610)	(78,617)	(4,553,072)			
Reserved	Pre-GASB 54 balances stated above							$ 6,864,865	$ 4,194,717	$ 950,471
Unreserved, reported in										
Special revenue funds								5,367,094	5,253,192	11,850,607
Capital project funds								379,662	148,031	-
Debt service funds								(1,055,384)	(1,525,775)	(1,543,793)
Total All Other Governmental Funds	$ 6,227,607	$ 5,436,104	$ 5,434,081	$ 5,846,522	$ 5,967,211	$ 8,477,908	$ 6,039,659	$ 11,556,237	$ 8,070,165	$ 11,257,285

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CITY OF SCOTTS VALLEY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
LAST TEN FISCAL YEARS

Table 4

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Taxes and Assessments	$ 9,380,314	$ 9,362,093	$ 9,444,126	$ 8,052,339	$ 7,598,884	$ 7,748,024	$ 11,447,535	$ 11,776,466	$ 12,953,976	$ 13,347,407
Intergovernmental Revenues	299,363	152,753	1,062,025	352,004	110,828	217,028	228,618	1,154,106	538,448	979,568
Fees and Services	2,096,718	1,192,986	1,285,952	1,183,852	1,187,315	1,018,433	621,447	838,973	676,894	737,500
Fines and Forfeitures	37,680	35,411	70,470	41,731	54,438	57,815	51,001	98,056	63,080	89,098
Investment Earnings	572,308	54,860	92,967	24,865	68,205	97,544	71,123	158,550	423,821	908,992
Contributions, Non-Governement	23,546	2,306	19,911	2,167	46,003	14,340	18,902	16,883	14,484	60,979
Facility/Building Rental	32,760	44,910	22,500	30,000	32,400	32,100	30,000	30,000	5,300	-
Miscellaneous Revenues	1,379,630	517,064	525,360	473,808	613,979	542,296	3,534,381	718,131	342,816	386,329
Total Revenues	13,822,319	11,362,383	12,523,311	10,160,766	9,712,052	9,727,580	16,003,007	14,791,165	15,018,819	16,509,873
Expenditures:										
Current:										
General Government	2,216,039	1,942,389	1,814,779	1,850,794	1,763,970	5,407,571	1,475,238	1,723,271	1,612,901	1,701,720
Public Safety	4,960,057	4,927,713	4,511,889	4,223,936	4,297,153	4,495,974	4,193,222	4,135,205	4,002,014	3,604,995
Planning and Building	1,333,628	1,182,716	929,264	756,737	4,214,913	1,133,940	1,438,042	1,287,042	1,479,113	1,833,919
Public Works	1,712,060	1,979,404	1,753,952	1,753,449	1,696,000	1,668,457	1,705,250	1,715,856	1,723,742	1,673,248
Capital Outlay	1,180,411	446,373	1,902,961	764,110	524,019	687,698	6,819,604	6,193,587	5,291,225	624,415
Tax Increment Pass-Through	-	-	-	-	-	-	3,036,003	4,262,521	3,015,135	3,320,907
Debt Service										
Principal	145,000	465,000	445,000	4,995,000	290,353	262,871	405,568	398,457	391,914	380,232
Interest and Finance Charges	544,245	350,058	357,388	354,808	586,970	745,957	1,202,960	871,365	715,539	841,371
Bond Issuance Costs	-	-	-	304,891	-	158,332	-	360,606	-	-
Total Expenditures	12,091,440	11,293,653	11,715,233	15,003,725	13,373,378	14,560,800	20,275,887	20,947,910	18,231,583	13,980,807
Excess(Deficit) of Revenues over (under) Expenditures	1,730,879	68,730	808,078	(4,842,959)	(3,661,326)	(4,833,220)	(4,272,880)	(6,156,745)	(3,212,764)	2,529,066
Other Financing Sources (Uses):										
Operating Transfers In	1,170,222	725,455	1,228,612	1,316,588	900,381	4,965,711	3,405,217	7,444,742	1,024,512	1,274,041
Operating Transfers Out	(834,398)	(725,510)	(1,239,548)	(1,347,381)	(1,035,310)	(6,077,005)	(3,612,602)	(7,672,922)	(1,167,096)	(1,314,671)
Proceeds from Debt	-	-	-	4,605,000	-	4,460,000	-	8,760,000	-	-
Premium on Debt Issued	-	-	-	-	-	-	-	30,188	-	-
Sale of Real Property	746,924	-	-	-	-	-	-	-	-	-
Net Other Sources (Uses)	1,082,748	(55)	(10,936)	4,574,207	(134,929)	3,348,706	(207,385)	8,562,008	(142,584)	(40,630)
Extraordinary Gain	-	-	-	-	-	326,046	-	-	-	-
Change in Fund Balances	$ 2,813,627	$ 68,675	$ 797,142	$ (268,752)	$ (3,796,255)	$ (1,158,468)	$ (4,480,265)	$ 2,405,263	$ (3,355,348)	$ 2,488,436
Debt Services as a Percentage of Noncapital Expenditures	6%	8%	8%	38%	7%	7%	12%	9%	9%	9%

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CITY OF SCOTTS VALLEY
ASSESSED VALUES OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Residential Property	Commercial and Other Property	Total Taxable Assessed Value	(1) General Tax Rate
2008	1,405,242,945	733,500,977	2,138,743,922	1.00%
2009	1,505,236,463	683,266,714	2,188,503,177	1.00%
2010	1,438,965,976	689,493,889	2,128,459,865	1.00%
2011	1,435,266,066	655,264,432	2,090,530,498	1.00%
2012	1,413,942,688	642,128,306	2,056,070,994	1.00%
2013	1,414,040,184	598,441,394	2,012,481,578	1.00%
2014	1,483,067,171	564,469,568	2,047,536,739	1.00%
2015	1,627,120,418	571,942,811	2,199,063,229	1.00%
2016	1,753,326,658	601,424,458	2,354,751,116	1.00%
2017	1,850,625,172	647,799,289	2,498,424,461	1.00%

(1) Property tax rates are limited to $1.00 per $100.00 assessed valuation based on a June 1978 state constitutional amendment (Proposition 13). The tax rate (1%) is levied by the County and apportioned to local agencies according to a formula prescribed by the State legislature.

The City's share of the 1% property tax rate for its own General Fund is less than 6.5%. The City established a Redevelopment Agency in 1980. The Agency's Redevelopment Plan was adopted in November 1990. The City's General Fund does not receive any property tax from the tax revenues generated above the base year amount (tax increment revenue). The Agency entered into pass-through agreements with various governmental entities. Approximately 47% of the total tax increment revenue is paid out per these agreements. Another 20% is restricted for low and moderate income housing purposes. California state law eliminated redevelopment agencies effective February 1, 2012. The former tax increment revenue is being collected by the County of Santa Cruz and distributed to the successor redevelopment agencies to the extent of their enforceable obligations. Any revenue collected in excess of the amount of enforceable obligations is distributed to the taxing entities in the same proportion that they receive property taxes.

Source: Santa Cruz County Assessor

CITY OF SCOTTS VALLEY
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year	(1) General Tax Rate	Overlapping Rates: Scotts Valley Unified School District	Overlapping Rates: Cabrillo Community College District
2008	1.000%	0.043%	0.030%
2009	1.000%	0.043%	0.033%
2010	1.000%	0.045%	0.036%
2011	1.000%	0.038%	0.062%
2012	1.000%	0.038%	0.062%
2013	1.000%	0.038%	0.062%
2014	1.000%	0.038%	0.062%
2015	1.000%	0.038%	0.062%
2016	1.000%	0.038%	0.062%
2017	1.000%	0.038%	0.062%

(1) See explanation on Table 5.

Source: Santa Cruz County Treasurer / Tax Collector

CITY OF SCOTTS VALLEY
PRINCIPAL PROPERTY TAX PAYERS
LAST TEN FISCAL YEARS

Table 7

	2017			2016			2015			2014			2013		
Taxpayer	Assessed Valuation (in thousands)	Rank	Percentage of Total Assessed Valuation	Assessed Valuation (in thousands)	Rank	Percentage of Total Assessed Valuation	Assessed Valuation (in thousands)	Rank	Percentage of Total Assessed Valuation	Assessed Valuation (in thousands)	Rank	Percentage of Total Assessed Valuation	Assessed Valuation (in thousands)	Rank	Percentage of Total Assessed Valuation
A7PP HSV, LLC	$ 39,063	1	1.92%	$ 11,527	7	0.57%	$ 11,853	5	0.58%	$ -	-	-	$ -	2	0.00%
FIT Ren Oak Tree Villa, LLC	27,163	2	1.33%	26,787	1	1.32%	21,241	1	1.04%	21,293	2	1.05%	21,359	2	1.05%
Graham Family Trust	15,303	3	0.75%	15,073	2	0.74%	-	-	-	-	-	-	-	-	-
Granite Creek Business Center	13,949	4	0.69%	14,683	3	0.72%	12,751	4	0.63%	12,751	4	0.63%	12,751	7	0.63%
Comcast	13,609	5	0.67%	-	-	-	-	-	-	-	-	-	-	-	-
American Yiluen Dev & Holdings	13,210	6	0.65%	13,012	5	0.64%	-	-	-	-	-	-	-	-	-
1440 DEVCO, LLC	13,091	7	0.64%	-	-	-	11,015	7	0.54%	10,125	8	0.50%	-	-	-
Broughton Land LLC	12,537	8	0.62%	12,450	6	0.61%	11,538	6	0.57%	10,662	5	0.52%	10,843	9	0.53%
Gilbert Trustees	12,058	9	0.59%	-	-	-	-	-	-	-	-	-	-	-	-
Ow, David L. Trustee, et al.	10,590	10	0.52%	10,431	8	0.51%	10,227	9	0.50%	10,180	7	0.50%	9,981	10	0.49%
Ritchie, T	-	-	-	13,713	4	0.67%	-	-	-	-	-	-	-	-	-
Bethany College of Assemblies	-	-	-	10,374	9	0.51%	-	-	-	-	-	-	-	-	-
Threshold Enterprises	-	-	-	10,239	10	0.50%	-	-	-	-	-	-	-	-	-
Scotts Valley Associates	-	-	-	-	-	-	16,514	2	0.81%	16,444	3	0.81%	16,118	3	0.79%
LBUBS 2004-Enterprise Way LP	-	-	-	-	-	-	15,250	3	0.75%	29,628	1	1.46%	33,522	1	1.65%
Scarborough, Nena, TC, ETAL	-	-	-	-	-	-	10,357	8	0.51%	10,521	6	0.52%	15,116	4	0.74%
S & A Ito Family Partnership	-	-	-	-	-	-	9,604	10	0.47%	9,560	9	0.47%	-	-	-
Sammie Rae Abitbol, LLC	-	-	-	-	-	-	-	-	-	8,129	10	0.40%	-	-	-
Appenrodt Living Trust	-	-	-	-	-	-	-	-	-	-	-	0.00%	14,063	5	0.69%
CCMS 2005-CD1 La Madrona LP	-	-	-	-	-	-	-	-	-	-	-	-	13,805	6	0.68%
Santa Cruz-Monterey-Merced	-	-	-	-	-	-	-	-	-	-	-	-	11,124	8	0.55%
Seagate Technology, LLC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aviza Technology	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General Elec Cr Equities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FPA Scotts Valley Assoc, LP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5550 Scotts Valley Dr, LLC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Top Ten Totals	$170,573		8.37%	$138,289		6.79%	$130,350		6.40%	$139,293		6.86%	$158,682		7.80%

Note: Dollar amounts are in thousands.

Source: Santa Cruz County Assessor

CITY OF SCOTTS VALLEY
PRINCIPAL PROPERTY TAX PAYERS
LAST TEN FISCAL YEARS

Taxpayer	2012 Assessed Valuation (in thousands)	2012 Rank	2012 Percentage of Total Assessed Valuation	2011 Assessed Valuation (in thousands)	2011 Rank	2011 Percentage of Total Assessed Valuation	2010 Assessed Valuation (in thousands)	2010 Rank	2010 Percentage of Total Assessed Valuation	2009 Assessed Valuation (in thousands)	2009 Rank	2009 Percentage of Total Assessed Valuation	2008 Assessed Valuation (in thousands)	2008 Rank	2008 Percentage of Total Assessed Valuation
FIT Ren Oak Tree Villa, LLC	$ -	-	-	$ -	-	-	$ -	-	-	$ -	-	-	$ -	-	-
FIT Ren Oak Tree Villa, LLC	21,371	3	1.04%	25,263	3	1.21%	24,623	3	1.22%	24,140	3	1.14%	23,667	3	1.15%
Graham Family Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Granite Creek Business Center	12,751	8	0.64%	12,751	7	0.61%	12,751	8	0.62%	12,751	7	0.60%	12,751	7	0.62%
Comcast	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
American Yiluen Dev & Holdings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1440 DEVCO, LLC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Broughton Land LLC	10,719	10	0.54%	-	-	-	-	-	-	-	-	-	-	-	-
Gilbert Trustees	-	-	-	-	-	-			-		-	-		-	-
Ow, David L. Trustee, et al.	-	-	-	9,712	10	0.46%	9,735	10	0.48%	9,544	10	-	-	-	-
Ritchie, T	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bethany College of Assemblies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Threshold Enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Scotts Valley Associates	14,179	4	0.71%	14,085	5	0.67%	14,068	5	0.69%	13,792	4	0.65%	13,522	4	0.65%
LBUBS 2004-Enterprise Way LP	67,779	1	3.42%	67,335	1	3.22%	67,514	1	3.33%	66,226	1	3.13%	65,035	1	3.15%
Scarborough, Nena, TC, ETAL	12,776	7	0.64%	12,727	8	0.61%	12,758	7	0.63%	10,482	9	0.49%	10,276	9	0.50%
S & A Ito Family Partnership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sammie Rae Abitbol, LLC	24,185	2	1.22%	-	-	-	-	-	-	-	-	-	-	-	-
Appenrodt Living Trust	13,646	5	0.69%	-	-	-	-	-	-	-	-	-	-	-	-
CCMS 2005-CD1 La Madrona LP	13,340	6	0.67%	13,329	6	0.64%	13,331	6	0.66%	13,046	6	0.62%	12,803	6	0.62%
Santa Cruz-Monterey-Merced Man	10,906	9	0.55%	-	-	-	-	-	-	-	-	-	-	-	
Seagate Technology, LLC	-	-	-	44,316	2	2.12%	40,461	2	2.00%	40,124	2	1.89%	39,581	2	1.92%
Aviza Technology	-	-	-	14,871	4	0.71%	13,075	4	0.65%	13,677	5	0.65%	13,408	5	0.65%
General Elec Cr Equities	-	-	-	10,825	9	0.52%	11,861	9	0.59%	-	-	0.00%	-	-	0.00%
FPA Scotts Valley Assoc, LP	-	-	-	-	-	-	-	-	-	11,628	8	0.55%	11,400	8	0.55%
5550 Scotts Valley Dr, LLC	-	-	-	-	-	-	-	-	-	-	-	0.45%	9,754	10	0.47%
Top Ten Totals	$201,652		10.12%	$225,214		10.77%	$220,177		10.87%	$215,410		10.17%	$212,197		10.28%

Note: Dollar amounts are in thousands.

Source: Santa Cruz County Assessor

CITY OF SCOTTS VALLEY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	(1) Taxes Levied	(2) Current Collections	Percent of Levy Collected
2008	780,367	780,367	100%
2009	760,707	760,707	100%
2010	759,512	759,512	100%
2011	737,523	737,523	100%
2012	722,279	722,279	100%
2013	737,021	737,021	100%
2014	847,061	847,061	100%
2015	899,215	899,215	100%
2016	852,270	852,270	100%
2017	903,233	903,233	100%

(1) Levies include real and personal property.

(2) Beginning with the 1993-94 fiscal year, the County of Santa Cruz began distributing 100% of the property taxes assessed under a method of property tax distribution called the Teeter Plan. Therefore, the City collects only current levies; all delinquent levies and penalties are collected by the County.

Source: City of Scotts Valley Finance Department

CITY OF SCOTTS VALLEY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2017

2016-17 Assessed Valuation $ 2,498,424,461

	Total Debt June 30, 2017	Percentage Applicable (1)	City's Share of Direct and Overlapping Debt June 30, 2017
Overlapping Debt:			
Cabrillo Joint Community College District	$ 115,229,915	6.020%	$ 7,428,742
Scotts Valley Unified School District	28,320,000	64.942%	18,391,574
Santa Cruz High School District	33,799,048	0.0004%	135
Santa Cruz County General Fund Obligations	75,800,000	6.064%	4,596,512
Santa Cruz County Office of Education Certificates of Participation	9,910,000	6.064%	600,942
Scotts Valley Unified School District Certificates of Participation	3,430,000	64.942%	2,227,511
Total Overlapping Debt	266,488,963		33,245,416
City Direct Debt:			
City of Scotts Valley Certificates of Participation			5,450,588
City of Scotts Valley Pension Ogbligations			3,010,000
City of Scotts Valley Water District Installment Note			100,000
Total Direct Debt			8,560,588
Combined Total Debt			$ 41,806,004 (2)

Ratios to 2016-17 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.33%
Total Direct Debt	0.34%
Combined Total Debt	1.67%

Source: California Municipal Statistics, Inc.

NOTE: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

(1) The precentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable precentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

CITY OF SCOTTS VALLEY
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Table 10

Fiscal Year	Governmental Activities					Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	Certificates of Participation	Revenue Bonds	Tax Allocation Bonds	Pension Obligation Bond	Installment Notes	Installment Notes			
2008	7,485	-	6,215	-	140	-	13,840	2.39%	1,186
2009	7,378	-	5,935	-	135	-	13,448	2.28%	1,142
2010	7,264	8,760	5,655	-	130	-	21,809	3.79%	1,844
2011	7,154	8,760	5,365	-	125	-	21,404	4.46%	1,798
2012	6,045	-	-	4,460	-	-	10,505	2.12%	902
2013	5,936	-	-	4,280	-	-	10,216	2.02%	875
2014	5,856	-	-	3,970	-	-	9,826	1.92%	836
2015	5,649	-	-	3,655	110	-	9,414	1.83%	801
2016	5,512	-	-	3,335	105	-	8,952	1.74%	749
2017	5,451	-	-	3,010	100	-	8,561	1.66%	705

Notes: Dollar amounts are in thousands, except for per capita.
See note (3) on Table 12 regarding the above Revenue Bonds.
Details of the City's outstanding debt can be found in Note 5 to the financial statements.
The City of Scotts Valley has no general bonded debt.

Source: City of Scotts Valley Finance Department

CITY OF SCOTTS VALLEY
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Table 11

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Assessed Valuation	$ 2,498	$ 2,355	$ 2,199	$ 2,047	$ 2,035	$ 2,056	$ 2,091	$ 2,128	$ 2,189	$ 2,139
Redevelopment Incremental Valuation	-	-	-	-	-	-	(499)	(531)	(551)	(529)
Net Assessed Valuation	$ 2,498	$ 2,355	$ 2,199	$ 2,047	$ 2,035	$ 2,056	$ 1,592	$ 1,597	$ 1,638	$ 1,610
Debt Limit (15%)	$ 375	$ 353	$ 330	$ 307	$ 305	$ 308	$ 239	$ 240	$ 246	$ 242
Total Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	$ 375	$ 353	$ 330	$ 307	$ 305	$ 308	$ 239	$ 240	$ 246	$ 242

Note: Amounts are in millions.

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Source: Santa Cruz County Assessor's Office

CITY OF SCOTTS VALLEY
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Table 12

Fiscal Year	Special Assessment Bonds			
	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest	
2008	1,025,292	590,000	535,055	0.91
2009	772,923	585,000	402,918	0.78
2010	1,167,710	540,000	368,813	1.28
2011	1,009,856	580,000	429,098	1.00
2012	1,133,951	605,000	369,952	1.16
2013	1,273,669	725,400	256,505	1.30
2014	799,962	755,400	220,848	0.82
2015	416,039	220,000	185,588	1.03
2016	398,619	225,000	177,623	0.99
2017	414,002	230,000	167,948	1.04

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Source: City of Scotts Valley Finance Department

CITY OF SCOTTS VALLEY
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Table 13

Fiscal Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2008	11,574	579,276	50,050	3.4%
2009	11,671	590,278	50,576	5.4%
2010	11,771	575,904	48,926	5.1%
2011	11,903	480,203	40,343	5.5%
2012	11,641	494,836	42,508	4.8%
2013	11,678	504,723	43,220	4.1%
2014	11,954	510,603	42,714	4.3%
2015	11,928	514,860	43,164	4.3%
2016	11,945	524,067	43,812	4.7%
2017	12,143	532,443	44,459	4.6%

Source: (1) California State Department of Finance
(2) U.S. Bureau of Econominic Analysis (BEA). Figures are for the preceding calendar year (e.g. Fiscal Year 2014 is 2013 calendar year data). Some prior period numbers were revised by the BEA and have been restated here.
(3) California Employment Development Department

CITY OF SCOTTS VALLEY
PRINCIPAL EMPLOYERS
LAST TEN FISCAL YEARS

Table 14

	2017			2016			2015			2014			2013		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Threshold Enterprises, LTD	573	1	11.49%	621	1	10.63%	503	1	10.63%	503	1	10.69%	388	1	8.62%
Central Coast Alliance	372	2	7.46%	325	2	6.02%	285	2	6.02%	241	3	5.12%	210	4	4.67%
Fox Racing Shox	278	3	5.57%	276	3	5.49%	260	3	5.49%	243	2	5.17%	217	3	4.82%
Bay Photo Lab	226	4	4.53%	201	4	4.25%	201	4	4.25%	226	4	4.80%	220	2	4.89%
Bell Sports, Inc	154	5	3.09%	166	6	2.96%	140	6	2.96%	158	6	3.36%	161	6	3.58%
Universal Audio, Inc.	119	6	2.39%	133	7	2.13%	101	7	2.13%	86	8	1.83%	81	7	1.80%
Zero Motorcycles	102	7	2.04%	98	8	1.75%	83	8	1.75%	72	10	1.53%	-	-	-
The Camp	83	8	1.66%	77	9	1.58%	75	9	1.58%	74	9	1.57%	72	9	1.60%
Nob Hill Foods	63	9	1.26%	-	-	-	-	-	-	-	-	-	-	-	-
Oak Tree Villa SHP	61	10	1.22%	73	10	1.54%	73	10	1.54%	-	-	-	72	10	1.60%
Seagate Technology	-	-	-	184	5	3.78%	179	5	3.78%	189	5	4.02%	177	5	3.93%
Hilton -Scotts Valley	-	-	-	-	-	-	-	-	-	98	7	2.08%	-	-	-
Comcast Cable	-	-	-	-	-	-	-	-	-	-	-	-	74	8	1.64%
Embarcardero Technologies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Safeway Stores, Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aviza	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SV Unified School District	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Xyratex International	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surfcontrol	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borland Software Corporation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rainmaker Systems, Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nokia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	2,031		40.71%	2,154		40.13%	1,900		40.13%	1,890		40.17%	1,672		37.15%

Source: City of Scotts Valley Finance Department

CITY OF SCOTTS VALLEY
PRINCIPAL EMPLOYERS
LAST TEN FISCAL YEARS

Table 14 (Concluded)

	2012			2011			2010			2009			2008		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Threshold Enterprises, LTD	402	1	9.71%	392	2	7.73%	430	2	7.93%	548	2	10.42%	541	2	9.27%
Central Coast Alliance	180	2	4.35%	160	3	3.16%	145	3	2.67%	146	4	2.78%	125	6	2.14%
Fox Racing Shox	130	5	3.14%	75	7	1.48%	75	8	1.38%	-	-	-	-	-	-
Bay Photo Lab	-	-	-	-	3	-	-	3	-	-	4	-	-	-	-
Bell Sports, Inc	136	4	3.29%	135	4	2.66%	132	4	2.43%	-	-	-	-	-	-
Universal Audio, Inc.	71	8	1.71%	72	8	1.42%	-	-	-	-	-	-	65	10	1.11%
Zero Motorcycles	-	-	-	-		-	-	-	-	-	-	-	-	-	-
The Camp	68	10	1.6	-		-	73	9	1.35%	75	7	1.43%	83	7	1.42%
Nob Hill Foods	-	-	-	-		-	68	10	1.25%	74	9	1.41%	66	9	1.13%
Oak Tree Villa SHP	-	-	-	67	9	1.32%	-	-	-	85	6	1.62%	-	-	-
Seagate Technology	177	3	4.28%	627	1	12.37%	847	1	15.62%	880	1	16.73%	872	1	14.94%
Hilton -Scotts Valley	80	6	1.93%	-		-	-	-	-	-	-	-	-	-	-
Comcast Cable	76	7	1.84%	75	6	1.48%	78	7	1.44%	74	8	1.41%	-	-	-
Embarcardero Technologies	70	9	1.69%	77	5	1.52%	87	6	1.60%	111	5	2.11%	-	-	-
Safeway Stores, Inc.	-	-	-	67	10	1.32%	-	-	-	73	10	1.39%	74	8	1.27%
Aviza	-	-	-	-		-	91	5	1.68%	259	3	4.92%	327	3	5.60%
SV Unified School District	-	-	-	-		-	-	-	-	-	-	-	222	4	3.80%
Xyratex International	-	-	-	-		-	-	-	-	-	-	-	140	5	2.40%
Surfcontrol	-	-	-	-		-	-	-	-	-	-	-	-	-	-
Borland Software Corporation	-	-	-	-		-	-	-	-	-	-	-	-	-	-
Rainmaker Systems, Inc.	-	-	-	-		-	-	-	-	-	-	-	-	-	-
Nokia	-	-	-	-		-	-	-	-	-	-	-	-	-	-
Total	1,390		33.57%	1,747		34.46%	2,026		37.35%	2,325		44.19%	2,515		43.09%

CITY OF SCOTTS VALLEY
FULL-TIME EQUIVALENT CITY EMPLOYEES
LAST TEN FISCAL YEARS

Table 15

Function / Program	Fiscal Year 2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government										
Legislative	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Administration	1.50	1.50	1.50	1.50	1.50	1.50	1.10	1.10	1.35	1.25
Finance	2.85	2.85	2.85	3.35	3.35	3.35	4.35	4.35	5.25	5.35
Police										
Officers	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
Dispatch and Support	8.00	8.00	8.00	8.00	8.00	8.00	8.50	8.50	9.00	9.00
Planning	3.00	3.00	3.50	3.50	3.50	3.50	3.30	3.30	3.30	3.30
Building	-	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Works										
Engineering	4.00	3.10	3.30	3.30	3.30	3.30	3.50	3.50	3.50	3.50
Street Maintenance	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.00
Vehicle Maintenance	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.00
Park Maintenance	1.30	1.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	3.00
Building Maintenance	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.00
Wastewater Treatment Plant	6.15	7.05	7.05	6.35	7.35	7.35	7.35	7.35	7.35	7.35
Recreation	5.70	5.00	5.00	5.00	5.00	6.00	7.00	7.00	7.00	7.00
Redevelopment/Affordable Housing	-	-	-	-	-	-	1.90	1.90	1.75	1.75
Total	56.70	56.00	58.70	58.50	59.50	60.50	64.50	64.50	66.00	66.00

Source: City of Scotts Valley Annual Budget
Full-time equivalent employees are presented net of positions frozen by City Council for budget saving purposes.

CITY OF SCOTTS VALLEY
CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS

Table 16

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Emergency Vehicles	15	15	15	15	15	15	15	15	15	14
Public Works:										
Streets (miles)	35	35	35	35	35	35	35	35	35	35
Streetlights	212	212	212	212	212	212	212	212	212	212
Traffic Signals	16	16	16	16	16	16	16	16	16	16
Senior Center	1	1	1	1	1	1	1	1	1	1
Community Center	1	1	1	1	1	1	1	1	1	1
Wastewater										
Treatment Plant	1	1	1	1	1	1	1	1	1	1
Recreation										
Parks / Playgrounds	6	6	6	6	6	6	6	6	6	6
Soccer Fields	3	3	3	3	3	3	3	3	3	3
Tennis Courts	4	4	4	4	4	4	4	4	4	4

Source: Various City Departments

CITY OF SCOTTS VALLEY
OPERATING INDICATORS BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS

Table 17

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government										
Number of Citizen Complaints Received	23	23	16	9	19	14	15	27	50	34
Police										
Calls for Service	15,711	15,163	14,504	15,656	15,533	13,732	17,601	16,933	18,481	15,508
Number of Citations Written	911	1,193	858	948	1,290	1,299	1,690	1,847	2,435	2,238
Number of Arrests	472	509	484	518	540	535	617	427	556	550
Planning										
Planning Applications Submitted	109	112	112	93	81	101	95	75	45	47
Lot Line Adjustment Apps Processed	-	-	-	-	-	-	-	-	1	-
Building										
Number of Building Inspections	1,945	3,766	3,299	1,373	1,122	727	654	719	880	1,328
Building Permits Submitted	454	402	334	332	295	251	233	228	393	332
Building Permits Issued	367	382	334	285	285	227	204	223	253	364
Public Works										
Building Permit Applications Processed	62	58	59	28	25	17	30	27	229	111
Encroachment Permits Processed	64	43	24	25	20	36	31	17	21	19
Transportation Permits Processed	84	67	38	17	55	37	47	45	91	97
Sewer Allocations Issued	6	10	42	17	49	7	1	-	-	9
Subdivision Maps Recorded	1	2	1	4	2	-	3	3	1	2
Wastewater Treatment Plant (all amounts in thousands of gallons)										
Total Flow	251,869	253,914	288,294	287,580	305,680	325,770	370,691	306,412	326,700	335,767
Highest Average Daily Flow	1,394	865	843	882	1,060	1,113	1,083	1,084	1,185	1,061
Lowest Average Daily Flow	506	508	771	707	737	788	725	732	794	858

Source: Various City departments

AGENDA ITEM 1
DATE: 1-17-2018

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: January 17, 2018

TO: Honorable Mayor and City Council

FROM: Jenny D. Haruyama, City Manager

SUBJECT: **ORAL PRESENTATION: KATHERINE O'DEA, EXECUTIVE DIRECTOR, SAVE OUR SHORES**

AGENDA ITEM 2
DATE: 1-17-2018

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: January 17, 2018

TO: Honorable Mayor and City Council

FROM: Jenny D. Haruyama, City Manager

SUBJECT: **ORAL PRESENTATION: BARRY SCOTT, FRIENDS OF THE RAIL TRAIL (FORT)**

AGENDA ITEM 3
DATE: 1-17-2018

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: January 17, 2018

TO: Honorable Mayor and City Council

FROM: Jessica Kahn, Civil Engineer

APPROVED: Jenny D. Haruyama, City Manager

SUBJECT: **APPROVE AGREEMENT FOR PROFESSIONAL SERVICES WITH NCE TO UPDATE THE CITY'S STORM DRAINAGE MASTER PLAN AND AUTHORIZE A BUDGET EXPENDITURE ADJUSTMENT IN THE AMOUNT OF $130,000**

SUMMARY OF ISSUE

The City is required to operate the storm drain system in compliance with the Small Municipal Separate Storm Sewer Systems (MS4) Permit (referred to as "general permit"), as regulated by the Central Coast Regional Water Quality Control Board (Water Quality Order No 2013-0001- DWQ).

In April 2015, the State Water Resources Control Board (State Water Board) adopted an Amendment to the Water Quality Control Plan collectively referred to as the "Trash Amendments." Broadly, the Trash Amendments require significant new efforts to reduce discharges of trash from storm drain systems for all municipal agencies in the Central Coast region, including the City of Scotts Valley.

The Trash Amendments require control of trash discharges from the following "Priority Land Uses" (PLUs):

- Industrial
- Commercial
- High-density residential (10 or more dwelling units/acre)
- Mixed urban
- Public transportation stations, including bus stations and stops

The Trash Amendments specify two different compliance options, or "tracks"; both include installing Full Capture Systems. The term "Full Capture System" is used to describe structural controls that have screen or net openings no larger than five millimeters and are sized to treat the flow rate associated with a 1-year, 1-hour storm. The small opening size is intended to remove small trash items like cigarette butts.

Track 1 requires the installation, operation, and maintenance of Full Capture Systems that treat runoff from the PLUs in the City. Track 2 requires installation, operation, and maintenance of any combination of Full Trash Capture Systems, Multi-Benefit Projects, other Treatment Controls, and/or Institutional Controls. Permittees choosing Track 2 must demonstrate that the approach will achieve a cumulative load reduction equal to Track 1.

New State Water Board Mandate (13383 Order)

On June 1, 2017, the City received a letter from the State Water Board requiring the City to submit a method to comply with the statewide Trash Amendments. The letter, entitled "Water Code Section 13383 Order to Submit Method to Comply with Statewide Trash Provisions," is attached. The City was required to select one compliance method and submit a Preliminary Jurisdictional Map including watersheds and drainage areas, land uses and priority trash areas by September 1, 2017. Staff selected Track 1 for compliance, with the confirmation of the Water Board that the City has ability to change to Track 2 at a later date.

Track 1 provides a clear path to compliance: full capture devices are installed, the City certifies their installation, and compliance is achieved.

The City is required to submit an implementation plan by December 1, 2018 including the proposed locations of all Full Capture Systems and where any combination of controls will be implemented that will achieve Full Capture.

After submittal of the implementation plan, the City will have approximately 10 years (at 10% progress per year) to complete installation of Full Capture Systems in identified locations based upon inclusion of the Trash Amendment into the City's new MS4 Permit (still under development but expected to be effective in 2018). The latest that installation would need to be complete in all identified locations would be December 2030.

An update to the Storm Drainage Master Plan is needed to accurately evaluate compliance with the Trash Amendments and have an accurate assessment of the City's storm drain system and future needs. The purpose of a Storm Drainage Master Plan is to provide an accurate assessment of existing infrastructure to safely provide safe passage of flood waters with minimal damage to property and to provide a framework for the planning of capital improvement projects to mitigate any areas where improved flood protection is found to be warranted.

The City last studied its cumulative drainage impact in 1989. Since that time, significant improvements in computer modeling have provided an enhanced tool to assist agencies with review of cost-effective techniques to calculate effects on residential and commercial properties. This project will provide a comprehensive Storm Drainage Master Plan that will guide the upgrade, expansion, and rehabilitation of the full storm drain system contained within the City while meeting the requirements of the State Water Board.

Storm Drainage Master Plan Update - Project Solicitation & Scope

Staff solicited competitive proposals from qualified consulting firms to prepare the Storm Drainage Master Plan Update. The City received proposals from Schaaf & Wheeler and NCE. Staff interviewed both firms. Based on the proposals and interviews, staff selected NCE as the firm most qualified to perform the work.

NCE has provided storm drainage master plan and storm water permit compliance services for many entities in the region. The combination of knowledge of the regulatory process and drainage systems makes NCE the ideal consultant to complete this project.

The major components of the Storm Drain Master Plan Update scope are described below:

1. Field work/modeling for both Storm Drain CIP and Trash Compliance
2. Master Plan Update
3. Trash Amendment Compliance Plan

FISCAL IMPACT

This project was not included in the FY 2017/18 CIP as it was not anticipated that full Storm Drain Master Plan update would be needed to achieve compliance with the Trash Amendments. This was determined after staff received the 13383 Order from the State Water Board detailing requirements for compliance last year. This project should begin before the implementation of the FY 2018/19 CIP as it will take several months to complete, and a detailed compliance plan is due to the State Water Board on December 1, 2018.

The total contract cost of approximately $130,000 and can be funded through appropriations from the General Fund and two scheduled CIP drainage projects. Approximately $23,200 is available from the General Fund due a Property Tax Administrative Fee reimbursement as a result of the 2015 state-wide TEA Court case settlement. The remaining 106,800 will come from appropriated drainage construction impact fees for two non-critical drainage projects – repairs to the Sunset Terrace storm drain will be completed in-house and drainage improvements on Estrella Drive will be deferred, evaluated, and prioritized through the Drainage Master Plan Update process.

Once the Storm Drainage Master Plan is completed, using the state estimate calculation, it is anticipated that the City will need to spend $660,000 - $944,000 in one time capital improvements over a 10-year period. Competitive grant funding may be available to offset future costs. Additionally, these capital projects for both the new trash amendments and stormwater general permit will require ongoing compliance, generating annual maintenance costs estimated to be $90,000 annually.

Potential grant funded projects may include diverting storm water to the Wastewater Plant and recharging treated water to the underground aquifer, adding valuable effort to mitigating drought effects. Staff would pursue a partnership with the Scotts Valley Water District for this purpose.

STAFF RECOMMENDATION

It is recommended that the City Council consider and take the following actions:

1. Authorize a budget expenditure appropriation in the amount of $23,200 from the General Fund and $106,800 from Fund 7, Drainage Construction.

2. Approve the Agreement for Professional Services with NCE for the Storm Drainage Master Plan Update and authorize the City Manager to execute the agreement.

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CITY OF SCOTTS VALLEY
AGREEMENT FOR PROFESSIONAL SERVICES

This Agreement for Professional Services ("Agreement") is made and entered into as of **January 17, 2018**, by and between the City of Scotts Valley, a municipal corporation, hereinafter referred to as "CITY", and **NCE**, hereinafter referred to as "CONSULTANT".

RECITALS

A. CITY desires to retain Consultant for certain professional services as set forth in this Agreement.

B. CONSULTANT is specially trained, experienced and competent to perform the special services which will be required by this Agreement.

C. CONSULTANT possesses the skill, ability, background, certification and knowledge to provide the services described in this Agreement on the terms and conditions described herein.

NOW, THEREFORE, in consideration of the recitals and the mutual promises contained herein, CITY and CONSULTANT agree as follows:

AGREEMENT

1. **Employment of CONSULTANT**: CITY agrees to, and hereby does, retain and employ CONSULTANT to perform the professional services as outlined in the Scope of Work attached hereto and incorporated herein as Exhibit "A". CONSULTANT'S work product shall be performed pursuant to generally accepted standards of practice in effect at the time of performance.

2. **Responsible Personnel**: CITY has relied upon the professional training and ability of CONSULTANT to perform the services hereunder as a material inducement to enter into this Agreement. Primary personnel responsible for the completion of the work described in this Agreement shall be **Jason Drew, Principal, whose address is P.O. Box 1760, Zephyr Cove, NV 89448; telephone: (775) 588-2505; fax (775) 588-2607; Email: JDrew@ncenet.com.**

3. **Scope of Work:** CONSULTANT shall perform the services as specified in Exhibit A in a professional manner.

4. **Time of Performance:** The services of CONSULTANT are to commence upon execution of this Agreement and shall continue until all authorized work is approved by the CITY. All such work shall be completed no later than **October 1, 2018**. Time is of the essence in the performance of this Agreement. No waiver by either party hereto of the nonperformance or any breach of any term, provision, or condition of this Agreement, or any default hereunder shall be considered to be or operate as a waiver of any subsequent nonperformance, breach or default.

5. **Compensation:** CONSULTANT shall accept compensation for services performed as

set forth in Section 3 in an amount not to exceed **$129,840**. Such compensation shall be paid upon the completion of the services set forth in Section 3.

Payments to CONSULTANT shall be made upon invoices submitted by CONSULTANT to CITY for review and approval. Invoices will be paid by CITY within a reasonable time after said approved invoices are received.

6. **Indemnity:** CONSULTANT shall hold harmless, indemnify and defend CITY, its elective and appointive boards, commissions, officers, agents, servants, volunteers, and employees from and against any and all claims, costs, damages, liability, losses, or suits (including court costs and attorney fees) for personal injury (including death), property damage and any other damages of any sort whatsoever, arising out of, or alleged to have arisen out of, the willful or negligent acts, errors, or omissions of CONSULTANT or CONSULTANT'S contractors, subcontractors, agents, or employees in the performance of this Agreement. This indemnity shall not apply to a) claims brought by CONSULTANT for default of this Agreement, or (b) claims brought by CITY or any third party where the underlying injury or damage is finally determined by a court of competent jurisdiction to arise solely from the negligent or willful misconduct of CITY. As to claims for professional liability only, Consultant's obligation to defend CITY is limited to the extent to which its professional liability insurance policy will provide such defense costs.

CITY shall hold harmless and indemnify CONSULTANT from any damage which may be caused to the CITY's computer network system.

7. **Termination:** This Agreement may be terminated by the CITY immediately for cause or by either party without cause upon fifteen days' written notice of termination. Upon termination, CONSULTANT shall be entitled to compensation for services performed up to the effective date of termination.

CONSULTANT shall accept, for itself, as full payment for services rendered and all work to be done and performed hereunder and in complete satisfaction of all claims against CITY by reason of voluntary abandonment or suspension of work or termination of the Agreement, the sum determined on an hourly basis in accordance with the provisions of this Agreement, or any modification or amendment thereto, plus all direct expenses incurred, including those expenses incurred which are directly attributable to the incomplete portion of the work which could not be canceled.

In the event of termination, CONSULTANT shall deliver as a condition to the payment of the compensation provided for above, or otherwise make available to CITY, all research data, reports, estimates, summaries, and other such information and materials as may have been accumulated by CONSULTANT in performing this Agreement, whether completed or in process in accordance with Section 8 of this Agreement.

8. **Documents:** Notes, studies, charts, computations, electronic files, and other data and information obtained by CONSULTANT for this project shall, upon receipt of payment for services rendered, be made available to CITY by CONSULTANT at CITY'S request and shall become the property of CITY. In the event CITY alters the document, CITY agrees CONSULTANT shall have no responsibility whatsoever for any claim arising out of, or alleged to have risen out of, use of the altered document,

All plans, studies, documents, charts, computations, and electronic files prepared by and for CONSULTANT, its officers, employees and agents and subcontractors in the course of implementing this Agreement, except working notes and internal documents, shall become the property of the CITY upon payment to CONSULTANT for such work, and the CITY shall have the sole right to use such materials in its discretion without further compensation to CONSULTANT or to any other party. CONSULTANT shall, at CONSULTANT'S expense, provide such reports, plans, studies, documents and other writings to CITY upon written request.

9. **Independent Contractor:** CONTRACTOR is an independent contractor retained by CITY to perform the work described herein. ALL personnel employed by CONSULTANT are not and shall not be deemed to be employees of CITY. CONSULTANT shall obtain no rights to retirement benefits or other benefits which accrue to CITY'S employees, and CONSULTANT hereby expressly waives any claim it may have to such rights. CONSULTANT shall comply with all state and federal laws pertaining to employment and compensation of its employees and its agents, including the provision of Workers' Compensation.

10. **Licenses:** CONSULTANT represents and warrants to CITY that it has all licenses, permits, qualifications, insurance and approvals of whatsoever nature which are legally required of CONSULTANT to practice its profession. CONSULTANT represents and warrants to CITY that CONSULTANT shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Agreement, any licenses, permits, insurance and approvals which are legally required of CONSULTANT to practice its profession. Consultant shall maintain a City of Scotts Valley business license.

11. **Assignment:** The parties recognize that a substantial inducement to CITY for entering into this Agreement is the professional reputation, experience and competence of CONSULTANT. Assignments of any or all rights, duties or obligations of the CONSULTANT under this Agreement will be permitted only with the express consent of the CITY. CONSULTANT shall not subcontract any portion of the work to be performed under this Agreement without the written authorization of the CITY. If the CITY consents to such subcontract, CONSULTANT shall be fully responsible to CITY for all acts or omissions of the subcontractor. Nothing in this Agreement shall create any contractual relationship between CITY and subcontractor nor shall it create any obligation on the part of the CITY to pay or to see to the payment of any monies due to any such contractor other than as otherwise required by law.

12. **Binding on Successors:** This Agreement is binding on the heirs, successors and assigns of the parties hereto.

13. **Amendment:** This Agreement may be amended, modified or changed by the parties, provided that said Agreement, modification or change is in writing and approved by the authorized representative of the parties.

14. **Applicable Law and Attorney's Fees:** This Agreement shall be construed and enforced in accordance with the laws of the State of California, and any action brought relating to this Agreement shall be held exclusively in a state court in the County of Santa Cruz. Should any legal action be brought by a party for breach of this Agreement or to enforce any provision of the

Agreement, the prevailing party of such action shall be entitled to recover its reasonable litigation expenses, including attorney fees.

15. **Entire Agreement:** This Agreement contains the entire understanding between the parties with respect to the subject matter herein. There are no representations, agreements or understandings, whether oral or written, between or among the parties relating to the subject matter of this Agreement which are not fully expressed herein. The drafting and negotiation of this Agreement have been participated in by each of the parties and/or their counsel, and for all purposes this Agreement shall be deemed to have been drafted jointly by all parties.

16. **Waiver:** Waiver of a breach or default under this Agreement shall not constitute a continuing waiver of a subsequent breach of the same or any other provision under this agreement.

17. **Severability:** If any term or portion of this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or otherwise unenforceable, the remaining provisions of this Agreement shall continue in full force and effect.

WITNESS WHEREOF this Agreement is executed by CITY and by CONSULTANT on this **17th day of January, 2018**, at Scotts Valley, California.

CONSULTANT:	CITY OF SCOTTS VALLEY:
_____	_____
By: Jason Drew, Principal NCE	Jenny D. Haruyama, City Manager
APPROVED AS TO FORM:	ATTEST:
_____	_____
Kirsten M. Powell, City Attorney	Tracy A. Ferrara, City Clerk

Exhibit A
Description and Scope of Work
Storm Drain Master Plan Update

City of Scotts Valley
Storm Drain Master Plan Update & Trash Compliance
Scope of work

Task 1 - Project Management/Coordination

Upon receipt of the Notice to Proceed (NOP) NCE will facilitate an initial conference call with the City of Scott's Valley (City) Point of Contact (POC) to review the project goals and scope, outline a detailed schedule, and identify key project team members. NCE will prepare and submit a Draft schedule prior to the initial conference call for City review. Following the call NCE will update the schedule to reflect comments from the City. This scope includes up to two additional updates to the schedule during the life of the project.

At the conclusion of the project, NCE will prepare for and present the Storm Drain Master Plan Update, prioritized CIP list and Trash Compliance Memo to the City Council. All other meetings associated with the project are accounted for in the respective tasks below.

NCE's Project Manager will provide the City's POC progress updates with monthly invoices and facilitate informal project progress calls as necessary.

Deliverables:

- Draft and Final Project schedule with up to two updates
- Initial Conference Call Agenda and Summary
- Monthly progress updates with invoices
- Presentation to the City Council

Task 2 – Project Delivery Planning

NCE will obtain and review readily available existing information. NCE will then facilitate a technical kickoff meeting with the City's POC and other key staff to confirm data needs and accuracy requirements for both modeling of the storm drain system and trash compliance. During the meeting, NCE will also facilitate discussions about trash compliance approaches, the storm drain geodatabase framework and flood prone and/or areas of hydraulic concern to focus the data collection and hydraulic analysis. The outcome of the meeting will be documented in a Draft Project Delivery Memo (PDM). The Draft will be submitted to the City for review and comment. A conference call will be held with the City to discuss the Draft PDM. NCE will obtain, review and integrate the comments as appropriate to develop the Final PDM for delivery to the City.

NCE anticipates the PDM will include the following sections:

Data Accuracy Determination and Evaluation - definition of storm drain data accuracy requirements, evaluation of existing data to meet accuracy requirements, and an outline of new data to be collected during field assessments (Task 3). This will include a determination of whether existing data meets the City's accuracy requirements and can be integrated into the new geodatabase, how that data integration will occur, or if it is more cost-effective to collect new spatial and attribute data.

Proposed Stormdrain Dataset– presentation of the proposed framework and structure of the storm drain dataset (geodatabase). It will be important to define, with City input, how the storm drain geodatabase will be organized as this will be an extremely useful tool for the City moving forward.

Hot Spot Delineation – determination of the flood prone areas in the City and where storm drain is not adequate or produces flooding.

Land Use Classification – refinement of the PLUs using available data and input from City on how lands were actually developed compared with how they were zoned. Outline of land use for input into the hydraulic model.

Data Collection – definition of the various storm drain features that will be encountered, methods for accurate field measurements and data collection, high priority areas to focus the data collection, what attributes will be collected at each feature, and accuracy requirements for each feature type. This will ensure consistent field data collection and provide a resource for City staff moving forward.

Data Management – description of the process for managing the geodatabase including how information will be backed-up, saved, and how data collection will be tracked in real-time.

Modeling – description of the steps necessary to prepare, test, and run the model simulations of the storm drain and overland flow. This process will be developed in collaboration with City staff.

QA/QC Procedures – discussion of the three levels of QA/QC (producer, secondary review, QC review) plus presentation of a QA/QC project checklist to ensure the accuracy requirements.

Mapping & Reporting – description in detail which maps will be prepared and how they can benefit City staff and decision makers.

Trash Compliance Plan – outline of methods to identify FTC areas, site FTC devices, and develop cost estimates for FTC.

Deliverables:

- Draft and Final PDM Memo
- Technical Kickoff Meeting Agenda and Summary
- Draft PDM Conference Call Agenda and Summary

Task 3 – Data Collection

The PDM will serve as the guide for the data collection effort. The final approach to data collection will be developed as part of Task 2. The NCE team will use a Trimble Geo7X unit (or similar GPS receiver and mobile device) to collect the spatial and attribute data for the storm drain features. The specific survey location at each feature (e.g., top of grate, top of curb, manhole rim, or other location) will be determined during the technical kickoff meeting and will be documented in the PDM. These data will be populated into an ESRI ArcGIS geodatabase and will undergo a QA/QC process to determine the accuracies obtained for each point. If the spatial data do not meet the project requirements, these data will be flagged for subsequent follow-up survey.

Collection of data for the entire City will require more resources than are available for this project so as noted in Task 2, NCE will work with the City to identify high priority areas including those with hydraulic concern and or where trash compliance is required. NCE will collect data for up to 350 assets with a goal to achieve vertical and horizontal accuracy within 0.5 feet and 1.0 feet, respectively.

Our field crews will visit each storm drain feature within the high priority areas to collect the spatial and detailed attribute data. The existing storm drain data will be pre-loaded into a reference geodatabase for comparison during data collection so efforts are not duplicated and so we make full use of the data. A map book will be created that separates the City into discrete areas, so areas assessed in the field are marked off at the end of each day to avoid duplicate data collection. This approach will help the field technicians track their progress as they move through the City.

Deliverables:

- Included in Task 4

Task 4 –Analysis and Modeling

The analysis and modeling will take advantage of existing data and will be performed at a level that will meet the City's requirements for both the Storm Drain Master Plan Update and Trash Compliance Memo for the identified high priority areas.

Task 4A – Hydrologic Analysis and Hydraulic Modeling

NCE will complete hydrologic and hydraulic models at the level of detail necessary to provide an assessment of the overall drainage and the storm drain system in high priority areas. Drainage areas will be delineated based on existing drainage infrastructure, topographic mapping, and storm drain outfall locations and will consider prior drainage studies. The hydrologic analysis will follow methods outlined in the City of Scotts Valley Standard Details to calculate peak flows associated with the 10-year and 100-year return intervals. Hydraulic analyses will be performed on two scales; detailed and generalized. The detailed analysis, estimated for approximately 30% of the City, will be performed for prioritized elements of the City's storm drain system and will

focus on areas that are identified in Task 2 as being flood prone, critical to the trash compliance, and/or of hydraulic concern. The detailed analysis will include determination of hydraulic gradelines using pressurized flow analysis through storm drains and 2D hydraulic analysis of overland flow paths. The generalized analysis will focus on the remaining areas of the City and will provide open channel flow depths of main trunk lines of storm drain and major channels and an estimation of overland flow limits. For storm drains outletting to Federal Emergency Management Agency (FEMA) mapped creeks, water surface elevations (WSEL) from the Santa Cruz County Flood Insurance Study (FIS) will be used as downstream boundary conditions. NCE does not propose any updates to the FEMA FIS as part of this project. NCE plans to use the Environmental Protection Agency (EPA) Storm Water Management Model (SWMM) for the hydraulic modeling of storm drain and XPStorm and/or the U.S. Army Corps of Engineers HEC-RAS 1D/2D for modeling of open channels and areas of overland flooding.

The detailed model simulation results, pertinent existing data, and the more generalized analysis results will be integrated into a holistic view of storm drain performance that will serve as the basis for identifying problems and developing storm drain upgrade scenarios, as well as provide the backdrop for FTC design. Upon completion of the hydrologic and hydraulic analyses, NCE will facilitate a web meeting with the City to discuss the modeling results and problem areas as well as identify potential solutions and begin the generation of the CIP list. The hydrologic and hydraulic results will be presented in the Draft and Final Master Plan Update, along with model input and output data.

The results of the hydraulic analyses will include:

- Profiles of storm drain systems and open channel systems showing water surface elevations of flood events representing the 10- and 100-year return intervals; mapping of overland flows arising from storm drain and creek overflows from the 10- and 100-year return interval flood events. Detailed study areas will include water surface elevations; generalized study areas will include approximate delineation.

Deliverables:

- Maps and figures showing the results of the hydrologic and hydraulic analyses in pdf format to be submitted to the City prior to Hydrology/Hydraulics meeting
- Hydrology/Hydraulics Web Meeting Agenda and Summary

Task 4B – Trash Compliance Analysis
Refine Priority Land Uses (PLU) and Identify Low Trash Generating Areas

Using GIS and field data NCE will identify parcels which are currently noted as PLUs that should be reclassified as non-PLU. This will be done by comparing zoning vs actual land use data and, where appropriate, assignment of PLU areas to non-jurisdictional. NCE will generate a list of potential areas to reclassify as non-PLU and facilitate a discussion with City staff to confirm these locations. NCE will prepare a brief memo and map updates to document the proposed PLU changes along with the justification for their removal. These will be the basis of facilitating communication with the Central Coast Regional Water Quality Control Board (CCRWQCB) to discuss the changes either through conference calls, web meetings or in person meetings. A

summary will be prepared to document the communications and concurrence from the CCRWQCB. Concurrently, NCE will work with the City to identify PLU areas that are not likely to produce trash. These areas are low priority for siting full trash capture devices and may be candidates for more cost-effective compliance methods. They will be further evaluated during the FTC field work below.

Deliverables:

- Draft PLU map with non-PLU areas removed and non-trash-production areas highlighted
- Draft and Final Memo on proposed PLU changes
- Conference Call, Web Meeting or In Person Meeting with CCRWQCB (up to two)
- CCRWQCB Discussion Summary

Identify Candidate FTC Locations

NCE will identify candidate locations for siting full trash capture (FTC) devices within the remaining PLUs. This is done with a simple iterative process that includes GIS analysis and mapping followed by field investigations. Critical to this process is to identify if any locations are already treated by full trash capture. NCE will provide a map (can be provided in digital or hard copy format) and guidance on what constitutes Full Trash Capture to City engineering and road maintenance staff to be used in marking potential existing FTCs. NCE will verify these devices and then remove the associated PLUs from further analysis.

For the remaining areas, NCE will use existing data showing storm drainage catchments, and field data collected as part of this project to identify the location and type of FTC devices (High Flow Capacity, or Catch Basin Inserts) that treat the largest area considering constraints such as drainage, flooding, and access for maintenance. Proposed locations for the install of FTCs, and areas treated will be included in a Draft updated baseline map for City review. NCE will also document, if encountered, any locations where implementing FTC devices is not viable (no maintenance access, flow restrictions will cause flooding, etc.) or where PLUs in the City are low or non-trash producing areas and alternative compliance may be a more cost effective option. NCE will then facilitate a web meeting with the City to discuss the Draft map and comments. NCE will incorporate City feedback into the updated baseline map.

Deliverables:

- FTC Web Meeting Agenda and Summary (To be held in conjunction with H&H web meeting)
- Updated Baseline Map

Task 5 –Draft and Final Storm Drain Master Plan Update and Trash Compliance Memo

Task 5A – Storm Drain Master Plan Update

NCE will prepare a prioritized list of capital improvement projects, stemming from the problems identified and quantified in Task 4. After discussion and confirmation of project areas with the City, NCE will iteratively model alternative solutions to the identified problems. NCE will then

facilitate a discussion with the City about the results of alternative modeling to refine potential solutions and prepare a draft CIP project list. After a draft CIP project list is compiled, a web meeting will be held with the City for verification.

The update to the Storm Drain Master Plan will present the results of the hydrologic, hydraulic, and alternative solution analyses. It will include a summary and assessment of the storm drain and creek system, modeling results, analysis of the performance of the proposed CIP infrastructure, and future considerations. Additionally, up to 5 project areas will be identified as high priority for which NCE will prepare CIP project sheet. The CIP projects sheets will include a short project description (narrative and simplified figure), justification, public benefit narratives, estimated preliminary construction costs and estimated maintenance costs. The Draft Storm Drain Master Plan will be prepared and submitted to the City for review and comment. NCE will than facilitate a meeting to discuss the Draft prior to preparing and submitting the Final.

Deliverables:

- Draft and Final prioritized CIP list
- CIP Web Meeting Agenda and Summary
- Draft and Final Storm Drain Master Plan Update
- Draft Storm Drain Master Plan Meeting Agenda & Summary

Task 5B – Trash Compliance Implementation Plan

A Draft Trash Compliance Memo will be prepared and submitted to the City for review and comment. The Plan will present existing storm drain network information, locations and coverage provided by existing FTC devices, the preliminary proposed locations for new FTC devices, an implementation schedule, preliminary cost estimates (capital and O&M) and the updated Base Map. The purpose of this Memo is to provide the City with straightforward guidance on where devices would be installed, by when, and approximately how much it would cost. If locations exist where FTC is not viable or there are PLUs which are identified as low or non-trash producing areas, recommendations for next steps will be included in the Memo. NCE will then facilitate a meeting with the City to discuss the Draft (will be held in conjunction with the Draft Storm Drain Master Plan Update) prior to preparing and submitting the Final Memo.

Deliverables:

- Draft and Final Trash Compliance Memo including Updated Jurisdictional Map
- Trash Compliance Memo Meeting Agenda and Summary (In conjunction with Draft Storm Drain Master Plan Meeting)

Date

[zAddressee]
Address
Address

WATER CODE SECTION 13383 ORDER TO SUBMIT METHOD TO COMPLY WITH STATEWIDE TRASH PROVISIONS; REQUIREMENTS FOR TRADITIONAL SMALL MUNICIPAL SEPARATE STORM SEWER SYSTEM (MS4) PERMITTEES

Dear «Contact»

On April 7, 2015, the State Water Resources Control Board (State Water Board) adopted statewide Trash Provisions[1] to address the pervasive impacts trash has on the beneficial uses of our surface waters. Throughout the state, trash is typically generated on land and transported to surface water, predominantly through MS4 discharges. These discharges from Phase II MS4s are regulated through a statewide general permit (Phase II MS4 Permit) [2] pursuant to section 402(p) of the Federal Clean Water Act.

The Trash Provisions establish a statewide water quality objective for trash and a prohibition of trash discharge, or deposition where it may be discharged, to surface waters of the State. For Phase II MS4 permittees that have regulatory authority over Priority Land Uses,*[3] the Trash Provisions require implementation of the prohibition through requirements incorporated into the Phase II MS4 Permit and/or through monitoring and reporting orders, by **June 2, 2017.** The State Water Board does not anticipate amending the existing Phase II MS4 Permit within the time frame specified by the Trash Provisions. Therefore, the initial steps in planning for the implementation of the Trash Provisions are required through this Order in accordance with Water Code section 13383, as specified in the Trash Provisions,[4] and as further authorized by Clean Water Act section 308(a) and 40 Code of Federal Regulations part 122.41(h). The implementation plans submitted in response to this Order are subject to approval by the State Water Board and appropriate Regional Water Quality Control Board (Regional Water Board).

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[1] Amendment to the Water Quality Control Plan for Ocean Waters of California to Control Trash (Ocean Plan) and Part 1 Trash Provisions of the Water Quality Control Plan for Inland Surface Waters, Enclosed Bays, And Estuaries Of California (ISWEBE Plan) to be adopted by the State Water Board. Documents may be downloaded from our website at http://www.waterboards.ca.gov/water_issues/programs/trash_control/documentation.shtml .

[2] National Pollutant Discharge Elimination System (NPDES) General Permit for Waste Discharge Requirements for Storm Water Discharges from Small Municipal Separate Storm Sewer Systems (MS4s), Order No. 2013-0001-DWQ, NPDES No. CAS000004.

[3] All terms marked with an asterisk '*' are defined in Enclosure, *Trash Provisions Glossary*.

[4] Chapter IV.A.5.a.(1)B of the ISWEBE Plan and Chapter III.L.4.a.(1)B of the Ocean Plan.

This Order is issued to implement federal law. The water quality objective established by the Trash Provisions serves as a water quality standard federally mandated under Clean Water Act section 303(c) and the federal regulations. (33 U.S.C. § 1312, 40 C.F.R. § 131.) This water quality standard was specifically approved by U.S. EPA following adoption by the State Water Board and approval by the Office of Administrative Law. This Order requests information necessary for municipal permittees to plan for implementation of actions to achieve the water quality standard for trash. Further, the water quality standard expected to be achieved pursuant to the Trash Provisions may allow each water body impaired by trash and already on the Clean Water Act section 303(d) list to be removed from the list, or each water body subsequently determined to be impaired by trash to not be placed on the list, obviating the need for the development of a total maximum daily load (TMDL) for trash for each of those water bodies. (33 U.S.C. § 1313(d); 40 C.F.R. § 130.7.) In those cases, the specific actions that will be proposed by the municipal permittees in response to this Order substitute for some or all of the actions that would otherwise be required consistent with waste load allocations in a trash TMDL. (40 C.F.R. § 122.44, subd. (d)(1)(vii)(B).) This Order nevertheless allows municipal permittees to select specific proposed actions to meet the federal requirements.

Non-municipal MS4 permittees, referred to as non-traditional MS4 permittees, are not subject to this Order. Non-traditional MS4 permittees generally do not have significant areas of Priority Land Uses under their authority. Therefore, this Order is not being issued to non-traditional MS4 permittees. Non-traditional MS4 permittees that generate substantial amounts of trash[5] may be issued a separate Water Code section 13383 Order with requirements for Priority Land Uses and/or any additional specific land uses within their jurisdiction.

The Trash Provision requires Phase II MS4 permittees with regulatory authority over Priority Land Uses to select a method of compliance with the trash prohibition. Through this Order, the State Water Board requires Phase II traditional MS4 permittees to determine and report their selection of either the following Track 1 or Track 2 compliance methods:[6]

1. **Track 1:** Install, operate, and maintain Full Capture Systems* for the storm drain network that capture runoff from the Priority Land Uses in their jurisdiction.

   Phase II MS4 permittees that select the Track 1 compliance method may discover that there are locations within their storm drain network where full capture systems cannot be implemented, or are better implemented within another land use area. The Trash Provisions allow a Phase II MS4 permittee with regulatory authority over Priority Land Uses to request, from the appropriate Regional Water Board Executive Officer, to substitute one or more Priority Land Uses with equivalent alternate land uses*[7] within the MS4 permittee's jurisdiction.

2. **Track 2:** Install, operate, and maintain any combination of Full Capture Systems, Multi-Benefit Projects,* other Treatment Controls,* and/or Institutional Controls* within either the jurisdiction of the MS4 permittee or the jurisdiction of the MS4 permittee and contiguous MS4 permittees. The MS4 permittee may determine the locations or land uses within its jurisdiction to implement any combination of controls. Permittees choosing Track 2 must

[5] Chapter IV.A.3.d of ISWEBE Plan or Chapter III.L.2.d of the Ocean Plan.

[6] Chapter IV.A.3.a. of the ISWEBE Plan and Chapter III.L.2.a. of the Ocean Plan.

[7] See definition of Priority Land Uses in enclosed *Trash Provisions Glossary*.

demonstrate that the approach[8] will achieve Full Capture System Equivalency.*

To ensure the compliance method selection is completed accurately, the State Water Board, through this Order, requires the traditional Phase II MS4 permittees to complete and submit the following:

1. **Jurisdictional Maps.** Traditional Phase II MS4 permittees must develop jurisdictional maps identifying Priority Land Use areas, the corresponding storm drain network and associated drainage areas, and proposed locations for certified Full Capture System installations.

   Permittees selecting the Track 1 compliance method and are proposing alternative land uses shall identify the alternative land uses on the jurisdictional map and the corresponding priority land uses being substituted.

   Permittees selecting the Track 2 compliance method may determine the locations or land uses within their jurisdictions to implement any combination of controls that achieve Full Capture System Equivalency. Therefore, the permittee shall also identify on the jurisdictional maps the selected locations or land uses where a combination of controls, which are identified in Track 2 above, will be implemented to achieve Full Capture System Equivalency.

   The State Water Board recognizes that field surveys may be necessary to ensure the accuracy of jurisdictional map development. Therefore, this Order requires Phase II MS4 permittees to provide preliminary jurisdictional maps within three months from the date of this Order, and final jurisdictional maps within eighteen months from the date of this Order.

   These jurisdictional maps will assist review of the compliance method selection by the State Water Board and Regional Water Boards and also support development of appropriate permit requirements in a future Phase II MS4 permit reissuance.

2. **Trash Assessments.** Traditional Phase II MS4 permittees that elect the Track 2 compliance method must conduct and submit trash assessments to identify existing levels of trash generation.

   Through this Order, the State Water Board directs Traditional Phase II MS4 permittees selecting Track 2, at a minimum, to conduct a trash assessment of the Priority Land Use areas, even if they subsequently select other locations or land uses within their jurisdiction to implement any combination of controls that meet Full Capture System Equivalency. If proposing to select locations or land uses other than Priority Land Uses, the permittee must also assess trash levels at those locations or land uses and provide a justification demonstrating that the selected locations or land uses generate trash at rates that are equivalent to or greater than the Priority Land Uses. State or Regional Water Board

[8] The MS4 permittee may determine which controls to implement to achieve compliance with the Full Capture System Equivalency. It is, however, the State Water Board's expectation that the MS4 permittee will elect to install Full Capture Systems where such installation is not cost-prohibitive. (Chapter IV.A.3.a.(2) of the ISWEBE Plan and Chapter III.L.2.a.(2) of the Ocean Plan).

approval may be based on the proposed trash assessments and corresponding justification.[9]

The Trash Provisions provide two example trash assessment approaches for permittees to demonstrate Full Capture System Equivalency when a permittee selects the Track 2 compliance method. Phase II MS4 permittees may use alternative methods to demonstrate Full Capture System Equivalency. One alternative method currently implemented in the San Francisco Bay region is the Visual Trash Assessment Approach, an accepted assessment approach based on on-land visual trash assessments.[10] A description of the Visual Trash Assessment Approach[11] is enclosed in this Order and may be used by Phase II MS4 permittees to meet the requirement for a baseline assessment.

Information resulting from the trash assessments is necessary to develop appropriate requirements and provisions in the future Phase II MS4 Permit reissuance, including:
(1) Establishing a baseline for compliance tracking and determinations,
(2) Establishing interim milestones to demonstrate progress towards 100 percent compliance with the Trash Provisions within 10 years of the effective date of the implementing permit,[12]
(3) Evaluating the permittees' planned implementation of Full Capture System Equivalency, and in
(4) Approving the implementation plan.

Permittees that select the Track 1 compliance method through implementation of certified Full Capture Systems in all storm drains that capture runoff from all Priority Land Use areas are not required to conduct trash assessments. Through the Track 1 compliance method, the State Water Board provides a streamlined compliance pathway with annual progress reporting of Full Capture System installation.

3. Implementation Plan. The implementation plan required by this Order in clause 3 below is subject to approval by the State Water Board Executive Director and/or the corresponding Regional Water Board Executive Officer.[13] A request for an equivalent alternative land use identified on the jurisdictional map, section 1 above, must be submitted within the implementation plan and approved by the Regional Water Board Executive Officer prior to installation and implementation of certified Full Capture Systems or Full Capture System Equivalency trash controls.

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[9] In accordance with Permitting Authority's discretional authority under Chapter IV.A.3.d. of the ISWEBE Plan or Chapter III.L.2.d. of the Ocean Plan.

[10] The State Water Board-funded an evaluation (through Proposition 84 grant funds) of the on-land visual trash assessment method as part of the Tracking California's Trash project conducted by the Bay Area Stormwater Management Agencies Association (BASMAA). The evaluation concluded that if visual assessments were conducted consistent with the protocol, the method could reliably establish baseline trash levels and detect progress in reducing trash in MS4 discharges over time.

[11] See Enclosure, *Recommended Trash Assessment Minimum Level of Effort.*

[12] Chapter IV.A.5.a.(2) and (3) of ISWEBE Plan or Chapter III.L.4.a.(2) and (3) of the Ocean Plan.

[13] Chapter IV.A.5.a.(1)B of the ISWEBE Plan or Chapter III.L.4.a.(1)B of the Ocean Plan

Pursuant to Water Code section 13383, **IT IS HEREBY ORDERED THAT,** as a Permittee of the statewide Phase II MS4 permit, you shall:

1. By **September 1, 2017**, submit electronically via SMARTS:[14]
   a. A letter to State Water Board identifying the permittee's selected compliance option, (Track 1 or Track 2) as defined in this Order; and

   b. A preliminary jurisdictional map(s) identifying the following:

      i. Priority Land Use areas discharging to the storm drain network ; and
      ii. The corresponding storm drain network that receives discharges from Priority Land Use areas.

2. Permittees Selecting Track 1: By **December 1, 2018**, submit electronically via SMARTS, an updated jurisdictional map(s) identifying the following:

   i. All Priority Land Use areas discharging to the storm drain network;
   ii. The corresponding storm drain network;
   iii. Proposed locations of all certified Full Capture Systems[15] and,
   iv. Proposed equivalent alternative land uses, documentation demonstrating that the substitution of equivalent alternative land uses has been approved by the appropriate Regional Water Board Executive Officer, and corresponding storm drainage network, if applicable.

3. Permittees Selecting Track 2: By **December 1, 2018,** submit electronically via SMARTS, the following:

   i. An updated jurisdictional map(s) identifying the following:
      a) All Priority Land Use areas and selected locations and land uses, other than the Priority Land Uses area, discharging to the storm drain network;
      b) The corresponding storm drain network; and
      c) Proposed locations of all certified Full Capture Systems and where any combination of controls will be implemented that will achieve Full Capture System Equivalency;
      d) Trash levels, using the methodology described in the attached recommended Visual Trash Assessment Approach or other equivalent trash assessment methodology, for all Priority Land Uses, and for other selected locations or land uses within the MS4s jurisdiction if proposing to implement any combination of controls in locations other than Priority Land Uses; **and**

[14] SMARTS stands for Storm Water Multiple Application and Report Tracking System and is an online database for dischargers to electronically file their permit documents. It can be accessed at: https://smarts.waterboards.ca.gov/smarts/faces/SwSmartsLogin.xhtml

[15] A list of Certified Full Capture Systems is located at: http://www.waterboards.ca.gov/water_issues/programs/stormwater/municipal.shtml

ii. An Implementation Plan that includes the following:

a) The rationale for how the selected combination of controls will achieve Full Capture System Equivalency;
b) The rationale for how Full Capture System Equivalency will be demonstrated;
c) If using a methodology other than the attached recommended Visual Trash Assessment Approach to determine trash levels, a description of the methodology used and rationale of how the alternative methodology is equivalent to the recommended Visual Trash Assessment Approach; and
d) If proposing to select locations or land uses other than Priority Land Uses, a rationale demonstrating that the alternative land uses generate trash at rates that are equivalent to or greater than the Priority Land Uses.

The Legally Responsible Person identified in SMARTS must sign and certify all submittals required by this Order, with the following certification:

> *"I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations."*

Failure to comply with this Order, or falsifying any information provided therein, may result in enforcement action including civil liabilities for late or inadequate reports consistent with Water Code section 13385.

Questions regarding this Order or any requests for assistance should be directed to Mr. Leo Cosentini of the Division of Water Quality at (916) 341-5524 or leo.cosentini@waterboards.ca.gov.

Sincerely,

Thomas Howard
Executive Director

Enclosures (3): Trash Policy Implementation Procedure Flowchart
Trash Provisions Glossary
Recommended Trash Assessment Minimum Level of Effort

cc: [see next page]

cc: [via email]

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City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: January 18, 2017

TO: Honorable Mayor and City Council

FROM: Tracy A. Ferrara, City Clerk

APPROVED: Jenny D. Haruyama, City Manager

SUBJECT: **2018 INTERJURISDICTIONAL COMMITTEE, STANDING LOCAL COMMITTEE, AND PROJECT SPECIFIC SUBCOMMITTEE APPOINTMENTS**

SUMMARY OF ISSUE

Each year, the newly appointed Mayor selects individual Council Members to serve on Interjursidictional Committees, Standing Local Committees, and Project Specific Subcommittees. The 2017 Council Member Committee/Subcommittee appointments are attached for your information.

As a reminder, standing local committees are publicly noticed committee meetings that fall under the Brown Act (open government laws) and are open to the public. Project specific subcommittee meetings are not subject to Brown Act and therefore are not open to the public and do not require advance notice. This is because project specific subcommittee meetings are of a limited duration and meet infrequently. These subcommittees will be formed for one year or less depending on the subject matter. Typically, these meetings include the appointed council representative, staff, and if needed, external individuals depending on the project.

FISCAL IMPACT

There is no fiscal impact associated with this action.

STAFF RECOMMENDATION

It is recommended that the Mayor provide direction regarding his 2018 Interjurisdictional Committee, Standing Local Committee and Project Specific Subcommittee appointments and the Council approve those appointments.

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2017 Interjurisdictional Committee, Standing Local Committee, and
Project Specific Subcommittee Appointments …….. 2

2017 COMMITTEE APPOINTMENTS
INTERJURISDICTIONAL/STANDING LOCAL/PROJECT SPECIFIC

INTERJURISDICTIONAL COMMITTEES				
COMMITTEE	**REPRESENTATIVE/ ALTERNATE**	**MEETING DAYS**	**MEETING TIME**	**MEETING LOCATION**
Criminal Justice Council *CM Lind also serves on the Executive Committee	Lind/Dilles	3rd Thursday Monthly	3:00 - 5:00 pm	Santa Cruz SO
Criminal Justice Council Executive Committee	Lind	2nd Thursday Monthly	Noon - 1:00 pm	Santa Cruz SO
Santa Cruz County Regional Transportation Comm http://sccrtc.org/meetings/commission/agendas/	Johnson/Lind	1st & 3rd Thursdays Monthly	9:00 am	Location varies
Santa Cruz METRO https://www.scmtd.com/en/agency-info/board/board-meeting-schedule	Lind	4th Friday Monthly	8:30 am	Location varies
Santa Cruz County Integrated Waste Management Local Task Force http://dpw.co.santa-cruz.us/Home/RecyclingSolidWaste/Recycling/LocalTaskForce.aspx	Dilles/Hamby	1st Thursday Mar / Sep / Dec	3:00 - 5:00 pm	Santa Cruz
City/School District Joint Committee	Reed/Johnson	1st Wednesday Bi-Monthly	4:30 pm	Alternates: City / School District
AMBAG http://www.ambag.org/	Aguilar/Dilles	2nd Wednesday	6:00 pm	Monterey
LAFCO http://www.santacruzlafco.org/	Lind	1st Wednesday 6 x per year	10:00 am - Noon	Board of Supervisors
City Selection Committee	Mayor	2nd Wednesday Bi-Monthly	12:15 pm	Location varies
League of California Cities http://www.cacities.org/	Aguilar	Annual schedule	Varies	Location varies
Hazardous Materials Advisory Commission	Ron Whittle	N/A	N/A	N/A

INTERJURISDICTIONAL COMMITTEES				
COMMITTEE	**REPRESENTATIVE/ ALTERNATE**	**MEETING DAYS**	**MEETING TIME**	**MEETING LOCATION**
Highway 17 Access Management Plan Project Development Team http://www.ca-hwy17amp.org/app_pages/view/19#project	Dilles			
Arts Council of Santa Cruz County http://www.artscouncilsc.org/	Lind	Quarterly		Tannery Arts Center
Seniors Advisory Council http://www.seniorscouncil.org/	Dilles/Lind	3rd Wednesday Monthly	10:00 am - Noon	Aptos, Watsonville, or San Benito County.
~~Santa Margarita Ground Water Basin Advisory Committee http://svwd.org/resources-information/santa-margarita-groundwater-basin-advisory-committee~~	~~Lind/Dilles~~	~~2nd Wednesday May / November~~	~~4:00 pm~~	~~SV Water District~~
Santa Margarita Groundwater Agency Joint Powers Authority http://smgwa.org/meetings/	Lind/Dilles			Santa Margarita Community Room at the Scotts Valley Water District, 2 Civic Center Dr, Scotts Valley, 95066
Monterey Bay Community Power JPA	Appt in 2019	--	--	--
Santa Cruz County Consolidated Oversight Board (1 rep and 2 alternates) Nominations submitted to City Select Committee	Effective July 2018			
Library Financing Authority	Reed	January / July		Santa Cruz
Library Facilities Financing Authority and Library Joint Powers Authority Board	City Manager	1st Thursday Monthly	9:00 - 11:30 am	Santa Cruz
Library Advisory Commission	Ellen Campos	N/A	N/A	N/A

STANDING LOCAL CITY COUNCIL COMMITTEES		
COMMITTEES	**REPRESENTATIVES**	**MEETING DATE**
Traffic Safety Committee *The purpose of the Traffic Safety Subcommittee is to review and analyze traffic safety issues and concerns raised by residents, and if necessary make recommendations to the City Council.*	Lind/Aguilar	As needed
Economic Development Committee *The purpose of the Economic Development Committee is to provide guidance on matters specifically related to business attraction, retention, and expansion, and commercial development within the City. The Committee's recommendations are subject to confirmation by the City Council.*	Johnson/Reed	As needed
Affordable Housing Committee *The purpose of the Affordable Housing Committee is to discuss the City's terms and requirements for affordable housing per the Scotts Valley Municipal Code (SVMC) Section 14.01.030 as it relates to new residential development. The Committee's recommended terms are subject to confirmation by the City Council.*	Aguilar/Lind	As needed

PROJECT SPECIFIC CITY COUNCIL SUBCOMMITTEES Limited Duration – One Year		
SUBCOMMITTEES	**REPRESENTATIVES**	**MEETING DATE**
Town Center Subcommittee *The purpose of the Town Center Subcommittee is to provide guidance regarding development of the Town Center and negotiations with applicable developers. The Subcommittee's recommendations are subject to confirmation by the City Council.*	Johnson/Reed	As needed
Glenwood Open Space Subcommittee *The purpose of the Glenwood Open Space Subcommittee is to provide feedback regarding the proposed Glenwood Open Space Master Plan and make recommendations to the City Council.*	Aguilar/Reed	As needed
Budget Subcommittee *The purpose of the Budget Subcommittee is to provide general guidance regarding budget-related matters, including but not limited to: the development of the annual budget, reserve policies, and budget stabilization strategies. The Subcommittee makes recommendation to the City Council as needed, and is comprised of the Mayor and Vice Mayor.*	Mayor/Vice Mayor	As needed
Sign Subcommittee *The purpose of the Sign Subcommittee is to provide guidance regarding the update of the City's sign ordinance and regulations, and makes recommendations to the City Council as needed.*	Dilles/Lind	As needed
Library Facilities Upgrade Subcommittee *The purpose of the Library Facilities Upgrade Subcommittee is to provide guidance to the Council regarding Scotts Valley library facility improvements funded by net special taxes and bond proceeds via the Santa Cruz Public Library Facilities Financing Authority (LFFA) Community Facilities District (CFD).*	Reed/Johnson	As needed

AGENDA ITEM 5
DATE: 1-17-2018

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: January 17, 2018

TO: Honorable Mayor and City Council

FROM: Jenny D. Haruyama, City Manager

SUBJECT: **APPOINT ONE COUNCIL MEMBER AND TWO ALTERNATES TO BE CONSIDERED TO SERVE ON THE SANTA CRUZ COUNTY CONSOLIDATED REDEVELOPMENT OVERSIGHT BOARD**

SUMMARY OF ISSUE

In September 2015, the State of California approved Senate Bill 107 (SB 107) which guides the final technical steps in the dissolution of local redevelopment agencies. SB 107 makes several changes related to Oversight Boards. The legislation calls for counties with more than one Oversight Board to be consolidated into only one Oversight Board. In Santa Cruz County, the five Oversight Boards shall be consolidated into one and staffed by the County of Santa Cruz with oversight by the Auditor-Controller's Office. The Council Member/Board Member selected to serve on the Santa Cruz County Consolidated Redevelopment Oversight Board will be decided by the City Selection Committee pursuant to Section 50270 of the Government Code.

The consolidated Oversight Board will have authority to oversee and direct the Successor Agencies to wind down activities and liquidate the assets of the former redevelopment agencies. The attached letter reflects the composition of the Santa Cruz Consolidated Redevelopment Oversight Board and recommended attributes that may assist appointing agencies in identifying a potential appointee and alternates.

FISCAL IMPACT

There is no fiscal impact associated with this appointment.

STAFF RECOMMENDATION

It is recommended that the Council consider appointing one Council Member and two Council Member alternates to be considered to serve on the Santa Cruz County Consolidated Redevelopment Oversight Board.

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Letter from Auditor-Controller's Office requesting appointment of Oversight Board Members for Santa Cruz County Redevelopment Oversight Board Consolidation ….. 2

COUNTY OF SANTA CRUZ

EDITH DRISCOLL
AUDITOR-CONTROLLER-TREASURER-TAX COLLECTOR
701 OCEAN STREET, SUITE 100, SANTA CRUZ, CA 95060-4073
(831) 454-2500 FAX (831) 454-2660

Laura Bowers, Chief Deputy Auditor-Controller

November 6, 2017

To: All Appointing Agencies within County of Santa Cruz

From: Laura Bowers
Chief Deputy Auditor-Controller

Subject: APPOINTMENTS OF OVERSIGHT BOARD MEMBERS FOR SANTA CRUZ COUNTY REDEVELOPMENT OVERSIGHT BOARD CONSOLIDATION

The Auditor-Controller-Treasurer-Tax Collector's Office is requesting that appointing agencies formally appoint one member and two alternates to the Consolidated Redevelopment Oversight Board by January 31, 2018.

In September 2015, the State of California approved Senate Bill No. 107 (SB107) which guides the final technical steps in the dissolution of local redevelopment agencies. SB107 makes several changes related to Oversight Boards. The legislation calls for counties with more than one Oversight Board (i.e., Santa Cruz County) to be consolidated into only one Oversight Board. In Santa Cruz County, the five Oversight Boards shall be consolidated into one and staffed by the County of Santa Cruz, with oversight by the Auditor-Controller's office.

The Consolidated Oversight Board will have the authority to oversee and direct the Successor Agencies to wind down activities and expeditiously liquidate the assets of the former redevelopment agencies.

Pursuant to SB107, the Consolidated Oversight Board will be appointed as follows:

(1) One member may be appointed by the County Board of Supervisors.
(2) One member may be appointed by the City Selection Committee established pursuant to Section 50270 of the Government Code.
(3) One member may be appointed by the Independent Special District Selection Committee established pursuant to Section 56332 of the Government Code, for the types of special districts that are eligible to receive property tax revenues pursuant to Section 34188.
(4) One member may be appointed by the County Superintendent of Education to represent schools if the superintendent is elected. If the County Superintendent of Education is appointed, then the appointment made pursuant to this paragraph shall be made by the County Board of Education.
(5) One member may be appointed by the Chancellor of the California Community Colleges to represent community college districts in the county.
(6) One member of the public may be appointed by the County Board of Supervisors.
(7) One member may be appointed by the recognized employee organization representing the largest number of Successor Agency employees in the county.

Please share this information with all appropriate management and staff. In addition, please consider nominating individuals that have previously and effectively served on Oversight Boards, should they possess the desired qualifications. We need to process the Consolidated Oversight Board appointments as soon as possible, so we would like to have a list of potential candidates by January 31, 2018.

As potential Consolidated Oversight Board appointees are identified, please forward the names and contact information to me at laura.bowers@santacruzcounty.us. We will assume that any potential Consolidated Oversight Board appointees submitted will be approved to serve on an Consolidated Oversight Board should they be selected.

If you have any questions, please contact me at (831) 454-2684.

cc: Edith Driscoll, Auditor-Controller-Treasurer-Tax Collector