A G E N D A

Meeting of the
Scotts Valley City Council

Date: February 15, 2017
Time: 6:00 p.m.

CITY OF SCOTTS VALLEY	**MEETING LOCATION**	**POSTING**: The agenda was posted
1 Civic Center Drive Scotts Valley, CA 95066 (831) 440-5602	City Council Chambers 1 Civic Center Drive Scotts Valley, CA 95066	2-10-17 at City Hall, SV Senior Center, SV Library and on the Internet at www.scottsvalley.org.

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

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 item may do so by raising their hand to be recognized by the Mayor.)

A. Approve City Council meeting minutes of 2-1-17

B. Approve check register – 2-6-17

C. Approve Resolution No. 1927.1, approving parcel map, MLD16-002, APN 021-021-36 (Scotts Valley Partners)

D. Approve second reading and adoption of Ordinance No. 192 authorizing the implementation of a Community Choice Energy program in Scotts Valley

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. 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.)

PUBLIC HEARING (To be heard at 6:30 p.m.)

2. Consideration of Planning Commission recommendation of approval to the City Council of the "Polo Ranch" 6-unit affordable housing Planned Development on a vacant lot at 4303-A Scotts Valley Drive / APN 022-902-12 (Planning Dept. File Nos. MND12-001, PD10-003, LD00-002, U00-002, and DR00-014) (Planning/Edwards)

   ➜ Open public hearing
   ➜ Close public hearing
   ➜ Approve Resolution No. 1830.4
   ➜ Approve first reading and introduction of Ordinance No. 16-ZC-217.2
   ➜ Approve Resolution No. 1830.5

3. Consider changes to facility rental fees for the Scotts Valley Community Center and the Scotts Valley Senior Center (Recreation/Kard)

   ➜ Open public hearing
   ➜ Close public hearing
   ➜ Approve Resolution No. 1593.20

REGULAR AGENDA
(For Regular Agenda items following the public hearing. Regularly scheduled subjects of discussion on the Regular Agenda include:)

4. Mid-Year Financial Review and Budget Direction for Fiscal Year 2017/18 Annual Budget (City Manager Haruyama / Financial Consultant Steve Toler)

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.

M I N U T E S

Meeting of the
Scotts Valley City Council

Date: February 1, 2017

POSTING:
The agenda was posted on 1-24-17
at City Hall, the SV Senior Center, and
the SV Library, by the City Clerk.

CALL TO ORDER 6:00 p.m.

PLEDGE OF ALLEGIANCE and **MOMENT OF SILENCE**

ROLL CALL

Present:	Mayor Johnson	City Manager Haruyama
	Vice Mayor Reed	City Attorney Powell
	Council Member Aguilar	Interim Police Chief Walpole
	Council Member Dilles	Public Wks Director Hamby
	Council Member Lind	Acting Community Development Director Bateman
		City Clerk Ferrara

COMMITTEE REPORTS

VM Reed reported that the Library Financing Authority met last week to review the budget and revenue projections for the library system.

VM Reed reported that the Joint City/School Committee met and reviewed three issues, which included the impact of development on the School District and the City, revenue measures, and emergency response.

CM Lind reported that the Santa Cruz Metropolitan Transit District (SCMTD) Board met and they are beginning budget sessions for the next fiscal year. She stated that she will be serving on the budget committee.

CM Lind reported that LAFCO met and they are moving forward with staff recommendation to pursue a report on consolidation of fire services in the county.

CM Lind reported that the Santa Cruz County Conference and Visitors Bureau has released their 2017 Visit Santa Cruz County magazine has been released.

CITY MANAGER REPORT

CITY MANAGER

Library Director Susan Nemitz, announced that the Santa Cruz Public Library has reorganized public services into three geographic regions and has subsequently hired three new Regional Managers (Librarian III). Their decision was difficult because they were fortunate to interview 12 very strong and talented candidates for these positions.

The new Regional Managers will be responsible for services in their assigned areas.

Jessica Goodman is a former Santa Cruz Public Library employee who is currently a Library Services Manager at Palo Alto Library. She will be in charge of North County, which includes: Branciforte, Downtown, Garfield Park.

Heather Norquist is an experienced Santa Cruz Public Library youth services librarian currently working as a youth services selector. She will be in charge of Mid-County, which includes: Aptos, Capitola, LaSelva Beach, Live Oak.

Laura Whaley has had a variety of Santa Cruz Public Library experience in branches and programming and is interested in facilities management. She will be in charge of the Valleys, which includes: Boulder Creek, Felton, Scotts Valley.

The Library feels that this is a very strong team and they are excited about the future with them. Heather and Laura should begin their duties on February 25 and then Jessica will join the Library in March.

PUBLIC COMMENT

Wendy Brannan, SV resident, expressed concerns about emergency plans at schools and the location of the mobile Caltrans sign on Highway 17 when the road is closed.

CM Aguilar stated that the City’s Emergency Operations Plan was updated in 2015 and is available on the Scotts Valley Police Department website.

ALTERATIONS TO
CONSENT AGENDA

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

Consent Agenda:

A. Approve City Council meeting minutes of 1-18-17
B. Approve check register – 1-13-17, 1-23-17, 1-30-17
C. Approve Non-Collection of City Facility Rental Fees:
   (1) Approve the non-collection of City facility fees, including rental fees, refundable deposits, and cleaning fees for the Scotts Valley Unified School District and School Fundraising Group events as outlined in the matrix included with the staff report; and
   (2) Authorize the City Manager to enter into an Interim Agreement with the Scotts Valley Unified School District regarding the current use of its respective facilities and if necessary, make non-policy, administrative changes to the Agreement
D. Approve Amended and Restated Joint Exercise of Power Agreement for the Libraries Facilities Financing Authority (LFFA) and a Joint Community Facilities Agreement and authorize the City Manager to execute the agreements
E. Approve lease agreement between the City of Scotts Valley and the Scotts Valley Community Theater Guild, extending the milestones in Section 3.02, Termination, by six months from the date of the milestones in the terminated agreement dated April 6, 2016

ALTERATIONS TO
REGULAR AGENDA

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

REGULAR AGENDA

1. **Consideration of comments from the ADA Accessibility Committee regarding the City of Scotts Valley updated ADA Transition Plan**

   Acting CDD Bateman presented the written staff report and responded to questions from Council. He stated that Kendra Kannegaard, Chair of the City's ADA Accessibility Committee, was available at the meeting for any questions from Council.

   Wendy Brannan, SV resident, requested that all City facilities be included in the ADA Transition Plan, including the modulars at the two school sites used for childcare and the park facilities that were not included in the Plan.

   CM Aguilar requested that the City look into hiring an Engineer in an effort to consolidate similar items that may be able to be addressed more efficiently at one time.

   Kendra Kannegaard, Chair of the City's ADA Accessibility Committee, thanked the City and the Council for their support on this plan and offered the assistance and expertise of the ADA Accessibility Committee throughout the process of the implementation of the Transition Plan.

M/S: Aguilar/Dilles
To accept the ADA Transition Plan comments and recommendations from the ADA Accessibility Committee and to incorporate the facilities that were not included in the Transition Plan through the Capital Improvement Plan (CIP) budget process.
Carried 5/0 (AYES: Aguilar, Dilles, Johnson, Lind, Reed)

2. **Consider approval of Resolution No. 1924.1 establishing the Monterey Bay Community Power Authority and approving the City of Scotts Valley as a founding member of the Authority, introduction of Ordinance No. 192 authorizing the implementation of a Community Choice Energy program in Scotts Valley, and direct staff to move forward with discussions with the County regarding the City of Scotts Valley's share of the credit guarantee**

CM Haruyama presented the written staff report and responded to questions from Council. She stated that Gine Johnson, County of Santa Cruz, was available to respond to questions from Council.

Gine Johnson, County of Santa Cruz, spoke regarding the program and responded to questions from Council.

Robert Aldana, SV resident, asked some questions regarding Community Power.

Gine Johnson responded that there is no start-up fee to move to Community Power, outreach includes a website at www.mbcommunitypower.org, the community marketing and outreach will be comprehensive so everyone understands their choices in vendor and product, and there will not be a loss of PG&E jobs in this area with the implementation of Community Power.

Joy Hinz, SV resident, spoke in support of the Community Power program and asked some questions about how manufactured home parks will be notified, depending on ownership of the parks, so that they can also see a benefit.

M/S: Aguilar/Lind
To approve Resolution No. 1924.1 approving the Joint Powers Agreement establishing the Monterey Bay Community Power (MBCP) Authority, authorizing the Mayor to execute the agreement on behalf of the City of Scotts Valley and adopting California Environmental Quality Act (CEQA) exemption findings.
Carried 5/0 (AYES: Aguilar, Dilles, Johnson, Lind, Reed)

M/S: Aguilar/Dilles
To approve the first reading and introduction of Ordinance No. 192 authorizing implementation of a Community Choice Aggregation Program, and waive the reading thereof.
Carried 5/0 (AYES: Aguilar, Dilles, Johnson, Lind, Reed)

M/S: Aguilar/Lind

To direct staff to move forward with discussions with the County of Santa Cruz regarding the City of Scotts Valley's share of the credit guarantee.
Carried 5/0 (AYES: Aguilar, Dilles, Johnson, Lind, Reed)

3. **Consider appointment of Council Member and alternate to serve as representatives on the Ad-Hoc Homelessness Governance Study Committee**

CM Haruyama presented the written staff report and responded to questions from Council.

M/S: Aguilar/Reed
To appoint Council Member Aguilar to serve as the City of Scotts Valley representative on the Ad-Hoc Homelessness Governance Study Committee and Council Member Dilles to serve as her alternate.
Carried 5/0 (AYES: Aguilar, Dilles, Johnson, Lind, Reed)

4. **Future Council agenda items**

None.

ADJOURNMENT The meeting adjourned at 7:35 p.m.

Approved: ______________________________
Randy Johnson, Mayor

Attest:______________________________
Tracy A. Ferrara, City Clerk

CONSENT AGENDA ITEM B
DATE: 2-15-2017

Report Selection:

RUN GROUP... 020617 COMMENT... 02/06/2017

DATA-JE-ID	DATA COMMENT
W-02062017-198	02/06/2017

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			
003123	A T &T	109512	02/06/17	374.44
003457	ADAMS/TROY	109513	02/06/17	30.00
000620	ALVAREZ/TONY	109514	02/06/17	20.00
001009	ARD/KRISTIN	109515	02/06/17	30.00
003048	ARROWHEAD SCIENTIFIC, IN	109516	02/06/17	108.31
000097	AT&T	109517	02/06/17	153.38
000614	BATTERIES PLUS	109518	02/06/17	296.08
001373	BAY TREE, LLC	109519	02/06/17	3,620.38
001822	BC LABORATORIES INC.	109520	02/06/17	557.00
001593	BENEDICT DDS/NANETTE	109521	02/06/17	160.00
000107	BIRT/DUSTIN	109522	02/06/17	20.00
000500	BOLANOS/DORENE	109523	02/06/17	20.00
000018	BRINK'S TROPHY SHOPPE	109524	02/06/17	41.32
000772	CABRILLO COLLEGE STROKE	109525	02/06/17	1,423.00
001633	CAL-WEST LIGHTING & SIGN	109526	02/06/17	6,000.00
003521	CARD SERVICE CENTER	109527	02/06/17	3,330.12
002091	COMCAST	109528	02/06/17	145.62
001283	CULWELL/CHRIS	109529	02/06/17	1,100.00
002060	DUKE'S ROOT CONTROL INC	109530	02/06/17	4,653.65
001362	DUNCAN AUTO TECH	109531	02/06/17	927.76
001537	DYNAMIC PRESS	109532	02/06/17	56.57
001257	EBRAHIMIAN DDS/MARK	109533	02/06/17	244.00
001828	GONZALES/GABE	109534	02/06/17	20.00
001053	GOVERNMENT FINANCE OFFIC	109535	02/06/17	190.00
000057	HACH COMPANY	109536	02/06/17	2,562.45
001873	HARRIS/BUCK	109537	02/06/17	1,300.00
001424	HEDRICK DDS MS APC/JOHN	109538	02/06/17	1,100.00
000615	HOHMANN/PATRICK J.	109539	02/06/17	20.00
001308	JOHNSON DDS/BRETT	109540	02/06/17	917.50
001903	JONES/KIMARIE	109541	02/06/17	267.20
000409	LC ACTION POLICE SUPPLY	109542	02/06/17	46.64
001030	LEAGUE OF CA CITIES	109543	02/06/17	150.00
000569	LIFE ASSIST	109544	02/06/17	35.60
000284	LOGAN & POWELL, LLP	109545	02/06/17	14,280.00
003321	LOPEZ/RENE	109546	02/06/17	20.00
003403	MAR-KEN INTERNATIONAL PO	109547	02/06/17	845.00
001591	MARKELL/ROD	109548	02/06/17	1,974.00
002078	METRO MOBILE COMMUNICATI	109549	02/06/17	74.68
003171	MICHALAK/GENE	109550	02/06/17	110.00
001964	MILROY/JUSTIN	109551	02/06/17	1,100.00
000967	MONTEREY BAY SYSTEMS	109552	02/06/17	553.96
003368	MT HERMON VETERINARY CLI	109553	02/06/17	35.20
000323	NBS GOVERNMENT FINANCE G	109554	02/06/17	1,422.40
001787	PETRINI'S GARDENING SERV	109555	02/06/17	75.00
003323	POMPETTE/NICOLE	109556	02/06/17	20.00
001233	PORTER DDS MS/BRENT J	109557	02/06/17	979.45
001097	PRODESSE PROPERTY GROUP	109558	02/06/17	3,523.52
001917	PURE VALLEY WATER, INC	109559	02/06/17	178.81

BANK	VENDOR	CHECK#	DATE	AMOUNT	
BA	GENERAL CHECKING ACCOUNT				
000463	RALEY'S	109560	02/06/17	367.06	
000135	SAN LORENZO VALLEY WATER	109561	02/06/17	34.00	
001544	SANTA CRUZ COUNTY CONFER	109562	02/06/17	46,281.51	
000319	SCOTTS VALLEY CAR WASH	109563	02/06/17	158.82	
002053	STEPFORD	109564	02/06/17	5,240.00	
001589	TELECOMMUNICATIONS	109565	02/06/17	500.00	
000153	THOMSON REUTERS-WEST	109566	02/06/17	548.10	
001366	U.S. BANCORP OFFICE	109567	02/06/17	715.51	
000899	VISTA CENTER FOR THE BLI	109568	02/06/17	518.50	
003008	WILLIAMS/JESSE	109569	02/06/17	20.00	
	GENERAL CHECKING ACCOUNT			109,496.54	***

BANK	VENDOR	CHECK#	DATE	AMOUNT
REPORT TOTALS:				109,496.54

RECORDS PRINTED - 000080

GL540R

FUND RECAP:

FUND	DESCRIPTION	DISBURSEMENTS
001	GENERAL	77,801.94
004	RECREATION	499.05
010	WASTEWATER OPERATIONS	8,263.73
011	TERTIARY TREATMENT PLANT	237.37
019	AFFORDABLE HOUSING	1,974.00
023	SVRDA SUCCESSOR AGENCY	7,343.90
028	SENIOR CENTER	72.00
050	PINEWOOD EST LNDSCP MAINT DT	34.00
090	SV DRIVE A REDEMPTION	1,422.40
112	DENTAL INS INTERNAL SERV	5,848.15
150	GENERAL CAPITAL IMPROVEMENTS	6,000.00
TOTAL ALL FUNDS		109,496.54

BANK RECAP:

BANK	NAME	DISBURSEMENTS
BA	GENERAL CHECKING ACCOUNT	109,496.54
TOTAL ALL BANKS		109,496.54

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: February 15, 2017

TO: Honorable Mayor and City Council

FROM: Ken Anderson, City Engineer

APPROVED: Jenny D. Haruyama, City Manager

SUBJECT: **PARCEL MAP MLD16-002 SCOTTS VALLEY PARTNERS MINOR LAND DIVISION APN 021-021-36**

SUMMARY OF ISSUE

On November 16, 2016, the City Council approved a subdivision of 3 lots from one existing 167, 305 square foot commercial parcel located at 104 and 106 Whispering Pines Drive, and 203 Mount Hermon Road, MLD16-002 APN 021-021-36. Staff has reviewed the conditions of approval and special mitigation measures and found that all necessary conditions and mitigations have been completed prior to the filing of the map.

FISCAL IMPACT

There is no fiscal impact to the General Fund. $2,474 was collected upon application intake to cover applicable City costs, including surveyor work, Planning and Public Works staff time related to the parcel map process.

STAFF RECOMMENDATION

It is recommended that Council approve Resolution No. 1927.1, approving parcel map, MLD16-002, APN 021-021-36.

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RESOLUTION NO. 1927.1

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SCOTTS VALLEY APPROVING THE PARCEL MAP FOR SCOTTS VALLEY PARTNERS LAND DIVISION MLD16-002, APN 021-021-36

WHEREAS, a parcel map for that certain property located at 104 and 106 Whispering Pines, and 203 Mount Hermon Road has been filed with the City Engineer of the City of Scotts Valley (the “Map”); and

WHEREAS, the City Engineer endorses said Map and said Map complies with the provisions of the Government of Code Section 66410, et. Seq., and with the provisions of Ordinance No. 64 of the City of Scotts Valley:

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

1. That the City Council of the City of Scotts Valley hereby finds that the proposed subdivision, together with the provisions of its design and improvement, is in conformance with the parcel map conditions.
2. That the parcel map, MLD16-002 at 104 and 106 Whispering Pines, and 203 Mount Hermon Road is hereby approved.

The above and foregoing Resolution was duly and regularly adopted by the City Council of the City of Scotts Valley at a regular meeting held on the 15th day of February, 2017 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Approved: ____________________________
Randy Johnson, Mayor

Attest: ____________________________
Tracy Ferrara, City Clerk

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: February 15, 2017

TO: Honorable Mayor and City Council

FROM: Jenny Haruyama, City Manager

SUBJECT: **MONTERERY BAY COMMUNITY POWER (MBCP): SECOND READING AND APPROVAL OF ORDINANCE NO. 192 AUTHORIZING THE IMPLEMENTATION OFA COMMUNITY CHOICE ENERGY PROGRAM**

SUMMARY OF ISSUE

At their meeting of February 1, 2017, the City Council took the following actions to participate in Monterey Bay Community Power (MBCP):

1. Adoption of Resolution No. 1924.1 establishing the Monterey Bay Community Power Authority and approving the City of Scotts Valley as a founding member of the Authority;
2. First reading and introduction of Ordinance No. 192 authorizing the implementation of a Community Choice Energy program in Scotts Valley;
3. Directed staff to move forward with discussions with the County regarding the City of Scotts Valley's share of the credit guarantee.

The City Council must now hold the second reading and adoption of Ordinance No. 192 authorizing the implementation of a Community Choice Energy program in Scotts Valley. This ordinance shall be in full force and effective thirty (30) days after its adoption. Municipalities who adopt resolutions and ordinances will be invited to attend MBCP's inaugural Board meeting in late April, 2017.

The goals of MBCP are to reduce greenhouse gas emissions, provide electric power and other forms of energy to customers at competitive prices in the Monterey, Santa Cruz and San Benito County region. In addition, the program seeks to reduce energy consumption, stimulate the local economy by creating local jobs and promote long-term electric rate stability and reliability for the residents of the tri-county area.

The Monterey Bay Community Power JPA will be composed of jurisdictions within the Monterey, Santa Cruz and San Benito counties who have passed a JPA resolution and the required CCE ordinance by February 2017. The JPA will be formed in April 2017 and will begin providing electrical service to customers in Spring 2018. The governing board structure will include a Policy Board composed of elected officials who will provide guidance/approval in the areas of strategic planning and goal setting, passage of Agency budget and customer rates, and large capital expenditures outside the typical power procurement required to provide electrical service. It will also include a separate Operations

Board composed of senior executive staff who will provide oversight and support to the Chief Executive Officer on matters pertaining to the provision of electrical service to customers in the region, focusing on the routine, day-to-day operations of the Agency.

The JPA governing Board will consist of 11 seats, allocated by population size as outlined below. Shared board seats will be determined through the Mayors and Council Members' city selection process in their respective counties, with a term of two years. Directors may be reappointed and serve multiple terms.

Five jurisdictions with 50,000+ populations will have a permanent seat on the Board. Pending passage of aforementioned JPA resolution and CCE ordinance, these are: 1) Santa Cruz County, 2) Monterey County, and the cities of 3) Salinas, 4) Watsonville and 5) Santa Cruz. Additionally, the County of San Benito will have a permanent seat on the Board in recognition of the large geographical area it represents. The remaining five shared/rotating seats will be allocated as follows:

- One (1) seat for Santa Cruz County small cities (Scotts Valley and Capitola)
- Three (3) seats for Monterey County small cities, shared within each region:
  Peninsula Cities (Monterey, Carmel, Pacific Grove);
  Coastal Cities (Marina, Sand City, Del Rey Oaks, Seaside);
  Salinas Valley Cities (Gonzales, Greenfield, King City, Soledad);
- One (1) seat for San Benito County small cities (San Juan Bautista and Hollister)

With respect to the rotating seat for Santa Cruz small cities, City Selection Committee of the County of Santa Cruz took action at its Wednesday, January 25, 2017 meeting and selected Capitola to rotate first into the CCE Board seat and attend the inaugural board meeting in April 2017. At the end of Capitola's two-year term, Scotts Valley will appoint a Council representative and alternate and rotate into the seat in April 2019.

FISCAL IMPACT

The City will be required to provide some portion of a credit guarantee to support the pre-revenue start up loan of up to $3 million. The credit guarantee requirement is anticipated to be removed within one to two years after implementation. This amount is negotiable between the County and the City of Scotts Valley, and is estimated to be no more than $137,500.

STAFF RECOMMENDATION

It is recommended that Council approve the second reading and adoption of Ordinance No. 192 authorizing the implementation of a Community Choice Energy program in Scotts Valley.

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ORDINANCE NO. 192

**AN ORDINANCE OF THE CITY COUNCIL
OF THE CITY OF SCOTTS VALLEY
AUTHORIZING IMPLEMENTATION OF A
COMMUNITY CHOICE AGGREGATION PROGRAM**

The City Council of the City of Scotts Valley does ordain as follows:

SECTION 1. FINDINGS. The City Council finds as follows:

WHEREAS, Monterey Bay Community Power has investigated options to provide electric services to customers within the tri-county region of Monterey, Santa Cruz and San Benito Counties (Tri-County Region), including incorporated and unincorporated areas, with the intent of achieving greater local control and involvement over the provision of electric services, competitive electric rates, the development of clean, local, renewable energy projects, reduced greenhouse gas emissions, and the wider implementation of energy conservation and efficiency projects and programs; and

WHEREAS, Monterey Bay Community Power prepared a Feasibility Study for a community choice aggregation ("CCA") program in the Tri-County Region with the cooperation of the cities and counties under the provisions of the Public Utilities Code section 366.2. The Feasibility Study shows that implementing a community choice aggregation program would provide multiple benefits, including:

- Providing customers a choice of power providers;
- Increasing local control and involvement in and collaboration on energy rates and other energy-related matters;
- Providing more stable long-term electric rates that are competitive with those provided by the incumbent utility;
- Reducing greenhouse gas emissions arising from electricity use within San Mateo County;
- Increasing local renewable generation capacity;
- Increasing energy conservation and efficiency projects and programs;
- Increasing regional energy self-sufficiency;
- Improving the local economy resulting from the implementation of local renewable and energy conservation and efficiency projects; and

WHEREAS, the Joint Powers Agreement creating the Monterey Bay Community Power Authority ("Authority") will govern and operate the CCA program on behalf of its member jurisdictions. Under the Joint Powers Agreements, cities within the Tri-County Region may participate in the Monterey Bay Community Power CCA program by adopting the resolution and ordinance required by Public Utilities Code section 366.2. Cities choosing to participate in the CCA program will have membership on the Board of Directors of the Authority as provided in the Joint Powers Agreements; and

WHEREAS, the Authority will enter into Agreements with electric power suppliers and other service providers, and based upon those Agreements the Authority will be able to provide power to residents and businesses at rates that are competitive with those of the incumbent utility ("PG&E"). Once the California Public Utilities Commission approves the implementation plan created by the Authority, the Authority will provide service to customers within the unincorporated areas of the tri-county region of Monterey, Santa Cruz and San Benito Counties and within the jurisdiction of those cities therein who have chosen to participate in the CCA program; and

WHEREAS, under Public Utilities Code section 366.2, customers have the right to opt-out of a CCA program and continue to receive service from the incumbent utility. Customers who wish to continue to receive service from the incumbent utility will be able to do so; and

WHEREAS, on February 1, 2017 the City Council held a public hearing at which time interested persons had an opportunity to testify either in support or opposition to implementation of the Monterey Bay Community Power CCA program in the City of Scotts Valley; and

NOW, THEREFORE, the City Council of the City of Scotts Valley does ordain as follows:

Section 1. The above recitations are true and correct and material to this Ordinance.

Section 2. **AUTHORIZATION TO IMPLEMENT A COMMUNITY CHOICE AGGREGATION PROGRAM**. Based upon the forgoing, and in order to provide businesses and residents within the City of Scotts Valley with a choice of power providers and with the benefits described above, the City Council of the City of Scotts Valley ordains that it shall implement a community choice aggregation program within its jurisdiction by participating as a group with the other counties and cities as described above in the Community Choice Aggregation program of the Monterey Bay Community Power Authority, as generally described in the Joint Powers Agreement approved through Resolution No. 1924.1.

Section 3. **SEVERABILITY**. In the event any section, clause or provision of this ordinance shall be determined invalid or unconstitutional, such section, clause or provision shall be deemed severable and all other sections or portions hereof shall remain in full force and effect. It is the intent of the City Council that it would have adopted all other portions of this ordinance irrespective of any such portion declared to be invalid or unconstitutional.

Section 4. **ENVIRONMENTAL DETERMINATION**. This ordinance is exempt from the requirements of the California Environmental Quality Act ("CEQA") pursuant to the CEQA Guidelines, as it is not a "project" as it has no potential to result in a direct or reasonably foreseeable indirect physical change to the environment because energy will be transported through existing infrastructure (14 Cal. Code Regs. § 15378(a)). Further, this ordinance is exempt from CEQA as there is no possibility that this ordinance or its implementation would have a significant effect on the environment (14 Cal. Code Regs. § 15061(b)(3)). This ordinance is also categorically exempt because it is an action taken by a regulatory agency to assume the maintenance, restoration, enhancement or protection of the environment (14 Cal. Code Regs. § 15308). The City Manager's Office shall cause a Notice of Exemption to be filed as authorized by CEQA and the CEQA guidelines.

Section 5. **PUBLICATION**. This ordinance shall be in full force and effective thirty (30) days after its adoption. Prior to the expiration of fifteen days from the date of adoption, this Ordinance shall be published in at least three (3) public places.

Section 6. **EFFECTIVE DATE**. This ordinance was introduced on the 1st day of February, 2017, and was adopted on 15th day of February, 2017, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:______________________________
Randy Johnson, Mayor

ATTEST:

____
Tracy A. Ferrara, City Clerk

APPROVED AS TO FORM:

____
Kirsten Powell, City Attorney

JOINT EXERCISE OF POWERS AGREEMENT RELATING TO AND CREATING THE

Monterey Bay Community Power Authority

OF

Monterey, Santa Cruz, and San Benito Counties

This Joint Exercise of Powers Agreement, effective on the date determined by Section 2.1, is made and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Sections 6500 et seq.) of the California Government Code relating to the joint exercise of powers among the Parties set forth in Exhibit B, establishes the Monterey Bay Community Power Authority ("Authority"), and is by and among the Counties of Monterey, Santa Cruz, and San Benito who become signatories to this Agreement ("Counties") and those cities and towns within the Counties of Monterey, Santa Cruz, and San Benito who become signatories to this Agreement, and relates to the joint exercise of powers among the signatories hereto.

RECITALS

A. The Parties share various powers under California law, including but not limited to the power to purchase, supply, and aggregate electricity for themselves and customers within their jurisdictions.

B. In 2006, the State Legislature adopted AB 32, the Global Warming Solutions Act, which mandates a reduction in greenhouse gas emissions in 2020 to 1990 levels. The California Air Resources Board is promulgating regulations to implement AB 32 which will require local governments to develop programs to reduce greenhouse gas emissions.

C. The purposes for entering into this Agreement include:

   a. Reducing greenhouse gas emissions related to the use of power in Monterey, Santa Cruz, and San Benito Counties and neighboring regions;

b. Providing electric power and other forms of energy to customers at affordable rates that are competitive with the incumbent utility;

c. Carrying out programs to reduce energy consumption;

d. Stimulating and sustaining the local economy by lowering electric rates and creating local jobs as a result of MBCP's CCE program.

e. Promoting long-term electric rate stability and energy security and reliability for residents through local control of electric generation resources.

D. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to solar, wind, and geothermal energy production. The purchase of renewable power and greenhouse gas-free energy sources will be the desired approach to decrease regional greenhouse gas emissions and accelerate the State's transition to clean power resources to the extent feasible.

a. It is further desired to establish a short term and long-term energy portfolio that prioritizes the use and development of State, local and regional renewable resources and carbon free resources.

b. In compliance with State law and in alignment with the Authority's desire to stimulate the development of local renewable power, the Authority shall draft an Integrated Resource Plan that includes a range of local renewable development potential in the Monterey Bay Region and plans to incorporate local power into its energy portfolio as quickly as is possible and economically feasible.

E. The Parties desire to establish a separate public Authority, known as the Monterey Bay Community Power Authority, under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) ("Act") in order to collectively study, promote, develop, conduct, operate, and manage energy programs.

F. The Parties anticipate adopting an ordinance electing to implement through the Authority a common Community Choice Aggregation (CCA) program, an electric service enterprise available to cities and counties pursuant to California Public Utilities Code Sections 331.1(c) and 366.2. The first priority of the Authority will be the consideration of those actions necessary to implement the CCA Program.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Parties as follows:

ARTICLE 1: DEFINITIONS AND EXHIBITS

1.1 Definitions. Capitalized terms used in the Agreement shall have the meanings specified in Exhibit A, unless the context requires otherwise.

1.2 Documents Included. This Agreement consists of this document and the following exhibits, all of which are hereby incorporated into this Agreement.

Exhibit A: Definitions
Exhibit B: List of the Parties
Exhibit C: Regional Allocations

ARTICLE 2: FORMATION OF MONTEREY BAY COMMUNITY POWER AUTHORITY

2.1 Effective Date and Term. This Agreement shall become effective and "Monterey Bay Community Power Authority" shall exist as a separate public Authority on the date that this Agreement is executed by at least three Initial Participants from the Counties of Monterey, Santa Cruz, and San Benito and the municipalities within those counties, after the adoption of the ordinances required by Public Utilities Code Section 366.2(c)(12). The Authority shall provide notice to the Parties of the Effective Date. The Authority shall continue to exist, and this Agreement shall be effective, until this Agreement is terminated in accordance with Section 6.4, subject to the rights of the Parties to withdraw from the Authority.

2.2 Formation. There is formed as of the Effective Date a public Authority named the Monterey Bay Community Power Authority. Pursuant to Sections 6506 and 6507 of the

Act, the Authority is a public Authority separate from the Parties. Pursuant to Sections 6508.1 of the Act, the debts, liabilities or obligations of the Authority shall not be debts, liabilities or obligations of the individual Parties unless the governing board of a Party agrees in writing to assume any of the debts, liabilities or obligations of the Authority. A Party who has not agreed to assume an Authority debt, liability or obligation shall not be responsible in any way for such debt, liability or obligation even if a majority of the Parties agree to assume the debt, liability or obligation of the Authority. Notwithstanding Section 7.4 of this Agreement, this Section 2.2 may not be amended unless such amendment is approved by the governing board of each Party.

2.3 Purpose. The purpose of this Agreement is to establish an independent public Authority in order to exercise powers common to each Party to study, promote, develop, conduct, operate, and manage energy, energy efficiency and conservation, and other energy-related programs, and to exercise all other powers necessary and incidental to accomplishing this purpose. Without limiting the generality of the foregoing, the Parties intend for this Agreement to be used as a contractual mechanism by which the Parties are authorized to participate in the CCA Program, as further described in Section 4.1. The Parties intend that other agreements shall define the terms and conditions associated with the implementation of the CCA Program and any other energy programs approved by the Authority.

2.4 Powers. The Authority shall have all powers common to the Parties and such additional powers accorded to it by law. The Authority is authorized, in its own name, to exercise all powers and do all acts necessary and proper to carry out the provisions of this Agreement and fulfill its purposes, including, but not limited to, each of the following powers, subject to the voting requirements set forth in Section 3.7 through 3.7.1:

. 2.4.1 to make and enter into contracts;

. 2.4.2 to employ agents and employees, including but not limited to a Chief Executive Officer;

. 2.4.3 to acquire, contract, manage, maintain, and operate any buildings, infrastructure, works, or improvements;

. 2.4.4 to acquire property by eminent domain, or otherwise, except as limited under Section 6508 of the Act, and to hold or dispose of any property; however, the Authority shall not exercise the power of eminent domain within the jurisdiction of a Party without approval of the affected Party's governing board;

. 2.4.5 to lease any property;

. 2.4.6 to sue and be sued in its own name;

. 2.4.7 to incur debts, liabilities, and obligations, including but not limited to loans from private lending sources pursuant to its temporary borrowing powers such as Government Code Sections 53850 et seq. and authority under the Act;

. 2.4.8 to form subsidiary or independent corporations or entities if necessary, to carry out energy supply and energy conservation programs at the lowest possible cost or to take advantage of legislative or regulatory changes;

. 2.4.9 to issue revenue bonds and other forms of indebtedness;

. 2.4.10 to apply for, accept, and receive all licenses, permits, grants, loans or other aids from any federal, state, or local public agency;

. 2.4.11 to submit documentation and notices, register, and comply with orders, tariffs and agreements for the establishment and implementation of the CCA Program and other energy programs;

. 2.4.12 to adopt Operating Rules and Regulations;

. 2.4.13 to make and enter into service agreements relating to the provision of services necessary to plan, implement, operate and administer the CCA Program and other energy programs, including the acquisition of electric power supply and the provision of retail and regulatory support services; and

. 2.4.14 to permit additional Parties to enter into this Agreement after the Effective Date and to permit another entity authorized to be a community choice aggregator to designate the Authority to act as the community choice aggregator on its behalf.

2.5 Limitation on Powers. As required by Government Code Section 6509, the power of the Authority is subject to the restrictions upon the manner of exercising power possessed by the City of Santa Cruz and any other restrictions on exercising the powers of the authority that may be adopted by the board.

2.6 Compliance with Local Zoning and Building Laws and CEQA. Unless state or federal law provides otherwise, any facilities, buildings or structures located, constructed, or caused to be constructed by the Authority within the territory of the Authority shall comply with the General Plan, zoning and building laws of the local jurisdiction within which the facilities, buildings or structures are constructed and comply with the California Environmental Quality Act ("CEQA").

ARTICLE 3: GOVERNANCE AND INTERNAL ORGANIZATION

3.1 Boards of Directors. The governing bodies of the Authority shall consist of a Policy Board of Directors ("Policy Board") and an Operations Board of Directors ("Operations Board").

. 3.1.1 Both Boards shall consist of Directors representing any of the three Counties of Monterey, Santa Cruz, or San Benito that become a signatory to the Agreement and Directors representing any of the Cities or Towns within those counties that becomes a signatory to the Agreement ("Directors"). Each Director shall serve at the pleasure of the governing board of the Party who appointed such Director, and may be removed as Director by such governing board at any time. If at any time a vacancy occurs on the Board, a replacement shall be appointed to fill the position of the previous Director within 90 days of the date that such position becomes vacant.

. 3.1.2 Policy Board Directors must be elected members of the Board of Supervisors or elected members of the City or Town Council of the municipality that is the signatory to this Agreement. Jurisdictions may appoint an alternate to serve in the absence of its Director on the Policy Board. Alternates for the Policy Board must be members of the Board of Supervisors or members of the governing board of the municipality that is the signatory to this Agreement.

. 3.1.3 Operations Board Directors must be the senior executive/CountyAdministrative Officer of any County that is the signatory to this Agreement, or senior executive/City Manager from any municipality that is the signatory to this Agreement. Jurisdictions may appoint an alternate to serve in the absence of its Director on the Operations Board. Alternates for the Operations

Board must be administrative managers of the County or administrative managers of the governing board of the municipality that is the signatory to this Agreement.

. 3.1.4 Board seats will be allocated under the following formulas. Policy and Operations Board seats for founding JPA members (i.e. those jurisdictions that pass a CCA ordinance by February 28, 2017) will be allocated on a one jurisdiction, one seat basis until such time as the number of member jurisdictions exceeds eleven. Once the JPA reaches more than eleven member agencies, the Policy and Operations Boards' composition shall shift to a regional allocation based on population size. This allocation shall be one seat for each jurisdiction with a population of 50,000 and above, and shared seats for jurisdictions with populations below 50,000 allocated on a sub-regional basis, as set forth in Exhibit C. Notwithstanding the above, the County of San Benito shall be allotted one seat.

. 3.1.5 Shared board seats will be determined through the Mayors and Councilmembers' city selection process in their respective counties, with a term of two years. Directors may be reappointed, following the Mayors and Councilmembers' city selection process in their respective counties, and serve multiple terms. In the event of an established board seat transitioning to a shared seat due to the addition of a new party, the sitting Director will automatically be the first representative for that shared seat to ensure continuity and maintain experience.

3.2 Quorum. A majority of the appointed Directors shall constitute a quorum, except that less than a quorum may adjourn in accordance with law.

3.3 Powers and Functions of the Boards. The Boards shall exercise general governance and oversight over the business and activities of the Authority, consistent with this Agreement and applicable law. The Boards shall provide general policy guidance to the CCA Program.

. 3.3.1 The Policy Board will provide guidance/approval in the areas of strategic planning and goal setting, passage of Authority budget and customer rates, and large capital expenditures outside the typical power procurement required to provide electrical service.

. 3.3.2 The Operations Board will provide oversight and support to the Chief Executive Officer on matters pertaining to the provision of electrical service to customers in the region, focusing on the routine, day-to-day operations of the Authority.

. 3.3.3 Policy Board approval shall be required for any of the following actions, including but not limited to:

(a) The issuance of bonds, major capital expenditures, or any other financing even if program revenues are expected to pay for such financing;

(b) The appointment or removal of officers described in Section 3.9, subject to Section 3.9.3;

(c) The appointment and termination of the Chief Executive Officer;

(d) The adoption of the Annual Budget;

(e) The adoption of an ordinance;

(f) The setting of rates for power sold by the Authority and the setting of charges for any other category of service provided by the Authority;

(g) The adoption of the Implementation Plan;

(h) The selection of General Counsel, Treasurer and Auditor;

(i) The amending of this Joint Exercise of Powers Agreement; and

(j) Termination of the CCA Program.

. 3.3.4 Operations Board approval shall be required for the following actions, including but not limited to:

(a) The approval of Authority contracts and agreements, except as provided by Section 3.4.

(b) Approval of Authority operating policies and other matters necessary to ensure successful program operations.

3.3.5 Joint approval of the Policy and Operations Boards shall be required for the initiation or resolution of claims and litigation where the Authority will be the defendant, plaintiff, petitioner, respondent, cross complainant or cross petitioner, or intervenor; provided, however, that the Chief Executive Officer or General Counsel, on behalf of the Authority, may intervene in, become a party to, or file comments with respect to any proceeding pending at the California Public Utilities Commission, the Federal Energy Regulatory Commission, or any other administrative authority, without approval of the Boards as long as such action is consistent with any adopted Board policies.

3.4 Chief Executive Officer. The Authority shall have a Chief Executive Officer ("CEO"). The Operations Board shall present nomination(s) of qualified candidates to the Policy Board. The Policy Board shall make the selection and appointment of the CEO who will be an employee of the Authority and serve at will and at the pleasure of the Policy Board.

The CEO shall be responsible for the day-to-day operation and management of the Authority and the CCA Program. The CEO may exercise all powers of the Authority, including the power to hire, discipline and terminate employees as well as the power to approve any agreement if the total amount payable under the agreement falls within the Authority's fiscal policies to be set by the Policy Board, except the powers specifically set forth in Section 3.3 or those powers which by law must be exercised by the Board(s) of Directors. The CEO shall report to the Policy Board on matters related to strategic planning and goal setting, passage of Authority budget and customer rates, and large capital expenditures outside the typical power procurement required to provide electrical service. The CEO shall report to the Operations Board on matters related to Authority policy and the provision of electrical service to customers in the region, focusing on the routine, day-to-day operations of the Authority. It shall be the responsibility of the CEO to keep both Board(s) appropriately informed and engaged in the discussions and actions of each to ensure cooperation and unity within the Authority.

3.5 Commissions, Boards, and Committees. The Boards may establish any advisory committees they deem appropriate to assist in carrying out the CCA Program, other energy programs, and the provisions of this Agreement which shall comply with the requirements of the Ralph M. Brown Act. The Boards may establish rules, regulations, policies, bylaws or procedures to govern any such commissions, boards, or committees if the Board(s) deem it appropriate to appoint such commissions, boards or committees, and shall determine whether members shall be compensated or entitled to reimbursement for expenses.

3.6 Director Compensation. Directors shall serve without compensation from the Authority. However, Directors may be compensated by their respective appointing authorities. The Boards, however, may adopt by resolution a policy relating to the reimbursement by the Authority of expenses incurred by their respective Directors.

3.7 Voting. Except as provided in Section 3.7.1 below, actions of the Boards shall require the affirmative vote of a majority of Directors present at the meeting.

. 3.7.1. Special Voting Requirements for Certain Matters.

(a) Two-Thirds Voting Approval Requirements Relating to Sections 6.2 and 7.4. Action of the Board on the matters set forth in Section 6.2 (involuntary termination of a Party), or Section 7.4 (amendment of this Agreement) shall require the affirmative vote of at least two-thirds of Directors present.

(b) Seventy Five Percent Special Voting Requirements for Eminent Domain and Contributions or Pledge of Assets.

(i) A decision to exercise the power of eminent domain on behalf of the Authority to acquire any property interest other than an easement, right-of-way, or temporary construction easement shall require a vote of at least 75% of all Directors present.

(ii) The imposition on any Party of any obligation to make contributions or pledge assets as a condition of continued participation in the CCA Program shall require a vote of at least 75% of all Directors and the approval of the governing boards of the Parties who are being asked to make such contribution or pledge.

(iii) For purposes of this section, “imposition on any Party of any obligation to make contributions or pledge assets as a condition of continued participation in the CCA Program” does not include any obligations of a withdrawing or terminated party imposed under Section 6.3.

3.8 Meetings and Special Meetings of the Board. The Policy Board shall hold up to three regular meetings per year, with the option for additional or special meetings as determined by the Chief Executive Officer or Chair of the Policy Board after consultation with the Chief Executive Officer. The Operations Board shall hold at least eight meetings per year, with the option for additional or special meetings. The date, hour and place of each regular meeting shall be fixed by resolution or ordinance of the Board. Regular meetings may be adjourned to another meeting time. Special and Emergency Meetings of the Boards may be called in accordance with the provisions of California Government Code Sections 54956 and 54956.5. Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law. All meetings shall be conducted in accordance with the provisions of the Ralph M. Brown Act (California Government Code Sections 54950 et seq.).

3.9 Selection of Board Officers.

. 3.9.1 Policy Board Chair and Vice Chair. The Policy Board shall select, from among themselves, a Chair, who shall be the presiding officer of all Policy Board meetings, and a Vice Chair, who shall serve in the absence of the Chair. The Policy Board Chair and Vice Chair shall act as the overall Chair and Vice Chair for Monterey Bay Community Power Authority. The term of office of the Chair and Vice Chair shall continue for one year, but there shall be no limit on the number of terms held by either the Chair or Vice Chair. The office of either the Chair or Vice Chair shall be declared vacant and a new selection shall be made if:

(a) the person serving dies, resigns, is no longer holding a qualifying public office, or the Party that the person represents removes the person as its representative on the Board or;

(b) the Party that he or she represents withdraws from the Authority pursuant to the provisions of this Agreement

. 3.9.2 Operations Board Chair and Vice Chair. The Operations Board shall select, from among themselves, a Chair, who shall be the presiding officer of all Operations Board meetings, and a Vice Chair, who shall serve in the absence of the Chair. The term of office of the Chair and Vice Chair shall continue for one year, but there shall be no limit on the number of terms held by either the Chair or Vice Chair. The office of either the Chair or Vice Chair shall be declared vacant and a new selection shall be made if:

(a) the person serving dies, resigns, or is no longer the senior executive of the Party that the person represents or;

(b) the Party that he or she represents withdraws from the Authority pursuant to the provisions of this Agreement.

. 3.9.3 Secretary. Each Board shall appoint a Secretary, who need not be a member of the Board, who shall be responsible for keeping the minutes of all meetings of each Board and all other official records of the Authority. If the Secretary appointed is an employee of the Authority, that employee may serve as Secretary to both Boards.

. 3.9.4 The Policy Board shall appoint a qualified person to act as the Treasurer and a qualified person to act as the Auditor, neither of whom needs to be be a member of the Board. If the Board so designates, and in accordance with the provisions of applicable law, a qualified person may hold both the office of Treasurer and the office of Auditor of the Authority. Unless otherwise exempted from such requirement, the Authority shall cause an independent audit to be made by a certified public accountant, or public accountant, in compliance with Section 6505 of the Act. The Treasurer shall report directly to the Policy Board and shall comply with the requirements of treasurers of incorporated municipalities. The Board may transfer the responsibilities of Treasurer to any person or entity as the law may provide at the time. The duties and obligations of the Treasurer are further specified in Article 5.

3.10 Administrative Services Provider. The Board(s) may appoint one or more administrative services providers to serve as the Authority's agent for planning, implementing, operating and administering the CCA Program, and any other program approved by the Board, in accordance with the provisions of an Administrative Services Agreement. The appointed administrative services provider may be one of the Parties. An Administrative Services Agreement shall set forth the terms and conditions by which the appointed administrative services provider shall perform or cause to be performed all tasks necessary for planning, implementing, operating and administering the CCA Program and other approved programs. The Administrative Services Agreement shall set forth the term of the Agreement and the circumstances under which the Administrative Services Agreement may be terminated by the Authority. This section shall not in any way be construed to limit the discretion of the Authority to hire its own employees to administer the CCA Program or any other program. The Administrative Services Provider shall be either an employee or a contractor of the Authority unless a member agency is providing the service.

ARTICLE 4: IMPLEMENTATION ACTION AND AUTHORITY DOCUMENTS

4.1 Preliminary Implementation of the CCA Program.

. 4.1.1 Enabling Ordinance. To be eligible to participate in the CCA Program, each Party must adopt an ordinance in accordance with Public Utilities Code Section 366.2(c)(12) for the purpose of specifying that the Party intends to implement a CCA Program by and through its participation in the Authority.

. 4.1.2 Implementation Plan. The Policy Board shall cause to be prepared an Implementation Plan meeting the requirements of Public Utilities Code Section 366.2 and any applicable Public Utilities Commission regulations as soon after the Effective Date as reasonably practicable. The Implementation Plan shall not be filed with the Public Utilities Commission until it is approved by the Policy Board in the manner provided by Section 3.7.

. 4.1.3 Termination of CCA Program. Nothing contained in this Article or this Agreement shall be construed to limit the discretion of the Authority to terminate the implementation or operation of the CCA Program at any time in accordance with any applicable requirements of state law.

4.2 Authority Documents. The Parties acknowledge and agree that the affairs of the Authority will be implemented through various documents duly adopted by the Board(s) through resolution, including but not limited to the MBCP Implementation Plan and Operating Policies. The Parties agree to abide by and comply with the terms and conditions of all such documents that may be adopted by the Board(s), subject to the Parties' right to withdraw from the Authority as described in Article 6.

ARTICLE 5: FINANCIAL PROVISIONS

5.1 Fiscal Year. The Authority's fiscal year shall be 12 months commencing April 1 or the date selected by the Authority. The fiscal year may be changed by Policy Board resolution.

5.2 Depository.

5.2.1 All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with funds of any Party or any other person or entity.

5.2.2 All funds of the Authority shall be strictly and separately accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of the Authority shall be open to inspection by the Parties at all reasonable times. The Board(s) shall contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of the Authority, which shall be conducted in accordance with the requirements of Section 6505 of the Act.

5.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board(s) in accordance with its Operating Rules and Regulations. The Treasurer shall draw checks or warrants or make payments by other means for claims or disbursements not within an applicable budget only upon the prior approval of the Board(s).

5.3 Budget and Recovery of Costs.

5.3.1 Budget. The initial budget shall be approved by the Policy Board. The Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of the Authority shall be approved by the Policy Board in accordance with the Operating Rules and Regulations.

5.3.2 Funding of Initial Costs. The County of Santa Cruz has funded certain activities necessary to implement the CCA Program. If the CCA Program becomes operational, these Initial Costs paid by the County of Santa Cruz shall be included in the customer charges for electric services as provided by Section 5.3.3 to the extent permitted by law, and the County of Santa Cruz shall be reimbursed from the payment of such charges by customers of the Authority. Prior to such reimbursement, the County of Santa Cruz shall provide such documentation of costs paid as the Board may request. The Authority may establish a reasonable time period over which such costs are recovered. In the event that the CCA Program does not become operational, the County of Santa Cruz shall not be entitled to any reimbursement of the Initial Costs it has paid from the Authority or any Party.

. 5.3.3 CCA Program Costs. The Parties desire that all costs incurred by the Authority that are directly or indirectly attributable to the provision of electric, conservation, efficiency, incentives, financing, or other services provided under the CCA Program, including but not limited to the establishment and maintenance of various reserves and performance funds and administrative, accounting, legal, consulting, and other similar costs, shall be recovered through charges to CCA customers receiving such electric services, or from revenues from grants or other third-party sources.

. 5.3.4 Credit Guarantee Requirement. The Parties acknowledge that there will be a shared responsibility to provide some level of credit support (in the form of a letter of credit, cash collateral or interagency agreement) for Authority start-up and initial working capital as may be required by a third party lender. Guarantee requirements shall be released after program launch and as soon as possible under the terms of the third-party credit agreement(s). The credit guarantee will be distributed on a per-seat basis. Shared seat members will divide the credit guarantee among the cities sharing those seats. The term of the credit guarantee shall be the same term as specified in the banking agreement. Once a Party has made a credit guarantee, that guarantee shall remain in place until released, even if that Party withdraws from the Authority.

. 5.3.5 The County of Santa Cruz has agreed to provide initial administrative support on a cost reimbursement basis to the JPA once formed. This includes, but is not limited to, personnel, payroll, legal, risk management.

6.1 Withdrawal.

. 6.1.1 Right to Withdraw. A Party may withdraw its participation in the CCA Program, effective as of the beginning of the Authority's fiscal year, by giving no less than 6 months advance written notice of its election to do so, which notice shall be given to the Authority and each Party. Withdrawal of a Party shall require an affirmative vote of the Party's governing board.

. 6.1.2 Right to Withdraw After Amendment. Notwithstanding Section 6.1.1, a Party may withdraw its membership in the Authority following an amendment to this Agreement adopted by the Policy Board which the Party's Director voted against provided such notice is given in writing within thirty (30) days following the date of the vote. Withdrawal of a Party shall require an affirmative vote of the Party's governing board and shall not be subject to the six month advance notice provided in Section 6.1.1. In the event of such withdrawal, the Party shall be subject to the provisions of Section 6.3.

. 6.1.3 The Right to Withdraw Prior to Program Launch. After receiving bids from power suppliers, the Authority must provide to the Parties the report from the electrical utility consultant retained by the Authority that compares the total estimated electrical rates that the Authority will be charging to customers as well as the estimated greenhouse gas emissions rate and the amount of estimated renewable energy used with that of the incumbent utility. If the report provides that the Authority is unable to provide total electrical rates, as part of its baseline offering, to the customers that are equal to or lower than the incumbent utility or to provide power in a manner that has a lower greenhouse gas emissions rate or uses more renewable energy than the incumbent utility, a Party may, immediately after an affirmative vote of the Party's governing board, withdraw its membership in the Authority without any financial obligation, except those financial obligations incurred through the Party's share of the credit guarantee described in 5.3.4, as long as the Party provides written notice of its intent to withdraw to the Authority Board no more than fifteen business days after receiving the report. Costs incurred prior to withdrawal will be calculated as a pro-rata share of start-up costs expended to the date of the Party's withdrawal, and it shall be the responsibility of the withdrawing Party to pay its share of said costs if they have a material/adverse impact on remaining Authority members or ratepayers.

. 6.1.4 Continuing Financial Obligation; Further Assurances. Except as provided by Section 6.1.3, a Party that withdraws its participation in the CCA Program may be subject to certain continuing financial obligations, as described in Section 6.3. Each withdrawing Party and the Authority shall execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, as determined by the Board, to effectuate the orderly withdrawal of such Party from participation in the CCA Program.

6.2 Involuntary Termination of a Party. Participation of a Party in the CCA program may be terminated for material non-compliance with provisions of this Agreement or any other agreement relating to the Party's participation in the CCA Program upon a vote of the Policy Board as provided in Section 3.7.1. Prior to any vote to terminate participation with respect to a Party, written notice of the proposed termination and the reason(s) for such termination shall be delivered to the Party whose termination is proposed at least 30 days prior to the regular Board meeting at which such matter shall first be discussed as an agenda item. The written notice of proposed termination shall specify the particular provisions of this Agreement or other agreement that the Party has allegedly violated. The Party subject to possible termination shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote regarding termination. A Party that has had its participation in the CCA Program terminated may be subject to certain continuing liabilities, as described in Section 6.3.

6.3 Continuing Financial Obligations; Refund. Except as provided by Section 6.1.3, upon a withdrawal or involuntary termination of a Party, the Party shall remain responsible for any claims, demands, damages, or other financial obligations arising from the Party membership or participation in the CCA Program through the date of its withdrawal or involuntary termination, it being agreed that the Party shall not be responsible for any financial obligations arising after the date of the Party's withdrawal or involuntary termination. Claims, demands, damages, or other financial obligations for which a withdrawing or terminated Party may remain liable include, but are not limited to, losses from the resale of power contracted for by the Authority to serve the Party's load. With respect to such financial obligations, upon notice by a Party that it wishes to withdraw from the CCA Program, the Authority shall notify the Party of the minimum waiting period under which the Party would have no costs for withdrawal if the Party agrees to stay in the CCA Program for such period. The waiting period will be set to the minimum duration such that there are no costs transferred to remaining ratepayers. If the Party elects to withdraw before the end of the minimum waiting period, the charge for exiting shall be set at a dollar amount that would offset actual costs to the remaining ratepayers, and may not include punitive charges that exceed actual costs. In addition, such Party shall also be responsible for any costs or obligations associated with the Party's participation in any program in accordance with the provisions of any agreements relating to such program provided such costs or obligations were incurred prior to the withdrawal of the Party. The Authority may withhold funds otherwise owing to the Party or may require the Party to deposit sufficient funds with the Authority, as reasonably determined by the Authority and approved by a vote of the Policy Board, to cover the Party's financial obligations for the costs described above. Any amount of the Party's funds held on deposit with the Authority above that which is required to pay any financial obligations shall be returned to the Party. The liability of any Party under this section 6.3 is subject and subordinate to the provisions of Section 2.2, and nothing in this section 6.3 shall reduce, impair, or eliminate any immunity from liability provided by Section 2.2.

6.4 Mutual Termination. This Agreement may be terminated by mutual agreement of all the Parties; provided, however, the foregoing shall not be construed as limiting the rights of a Party to withdraw its participation in the CCA Program, as described in Section 6.1.

6.5 Disposition of Property upon Termination of Authority. Upon termination of this Agreement, any surplus money or assets in possession of the Authority for use under this Agreement, after payment of all liabilities, costs, expenses, and charges incurred under this Agreement and under any program documents, shall be returned to the then-existing Parties in proportion to the contributions made by each.

ARTICLE 7: MISCELLANEOUS PROVISIONS

7.1 Dispute Resolution. The Parties and the Authority shall make reasonable efforts to informally settle all disputes arising out of or in connection with this Agreement. Should such informal efforts to settle a dispute, after reasonable efforts, fail, the dispute shall be mediated in accordance with policies and procedures established by the Authority. The costs of any such mediation shall be shared equally among the Parties participating in the mediation.

7.2 Liability of Directors, Officers, and Employees. The Directors, officers, and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this

Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee. The Authority shall defend, indemnify and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their employment or duties in the manner provided by Government Code Sections 995 et seq. Nothing in this section shall be construed to limit the defenses available under the law, to the Parties, the Authority, or its Directors, officers, or employees.

7.3 Indemnification of Parties. The Authority shall acquire such insurance coverage as is necessary to protect the interests of the Authority and the Parties. The Authority shall defend, indemnify, and hold harmless the Parties and each of their respective Boards of Supervisors or City Councils, officers, agents and employees, from any and all claims, losses, damages, costs, injuries, and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts, and omissions of the Authority under this Agreement.

7.4 Amendment of this Agreement. This Agreement may not be amended except by a written amendment approved by a vote of Policy Board members as provided in Section 3.7.1. The Authority shall provide written notice to all Parties of proposed amendments to this Agreement, including the effective date of such amendments, at least 30 days prior to the date upon which the Board votes on such amendments.

7.5 Assignment. Except as otherwise expressly provided in this Agreement, the rights and duties of the Parties may not be assigned or delegated without the advance written consent of all of the other Parties, and any attempt to assign or delegate such rights or duties in contravention of this Section 7.5 shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Parties. This Section 7.5 does not prohibit a Party from entering into an independent agreement with another agency, person, or entity regarding the financing of that Party's contributions to the Authority, or the disposition of proceeds which that Party receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of the Authority or the Parties under this Agreement.

7.6 Severability. If one or more clauses, sentences, paragraphs or provisions of this Agreement shall be held to be unlawful, invalid or unenforceable, it is hereby agreed by the Parties, that the remainder of the Agreement shall not be affected thereby. Such clauses, sentences, paragraphs or provision shall be deemed reformed so as to be lawful, valid and enforced to the maximum extent possible.

7.7 Further Assurances. Each Party agrees to execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, to effectuate the purposes and intent of this Agreement.

7.8 Execution by Counterparts. This Agreement may be executed in any number of counterparts, and upon execution by all Parties, each executed counterpart shall have the same force and effect as an original instrument and as if all Parties had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

7.9 Parties to be Served Notice. Any notice authorized or required to be given pursuant to this Agreement shall be validly given if served in writing either personally, by deposit in the United States mail, first class postage prepaid with return receipt requested, or by a recognized courier service. Notices given (a) personally or by courier service shall be conclusively deemed received at the time of delivery and receipt and (b) by mail shall be conclusively deemed given 48 hours after the deposit thereof (excluding Saturdays, Sundays and holidays) if the sender receives the return receipt. All notices shall be addressed to the office of the clerk or secretary of the Authority or Party, as the case may be, or such other person designated in writing by the Authority or Party. Notices given to one Party shall be copied to all other Parties. Notices given to the Authority shall be copied to all Parties.

Exhibit A

Definitions

"Act" means the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.)

"Administrative Services Agreement" means an agreement or agreements entered into after the Effective Date by the Authority with an entity that will perform tasks necessary for planning, implementing, operating and administering the CCA Program or any other energy programs adopted by the Authority.

"Agreement" means this Joint Powers Agreement.

"Annual Energy Use" has the meaning given in Section 3.7.1.

"Authority" means the Monterey Bay Community Power Authority.

"Authority Document(s)" means document(s) duly adopted by one or both Boards by resolution or motion implementing the powers, functions, and activities of the Authority, including but not limited to the Operating Rules and Regulations, the annual budget, and plans and policies.

"Board" means the Policy Board of Directors of the Authority and/or the Operations Board of Directors of the Authority unless one or the other is specified in this Agreement.

"CCA" or "Community Choice Aggregation" means an electric service option available to cities and counties pursuant to Public Utilities Code Section 366.2.

"CCA Program" means the Authority's program relating to CCA that is principally described in this Agreement.

"Director" means a member of the Policy Board of Directors or Operations Board of Directors representing a Party.

"Effective Date" means the date that this Agreement is executed by at least three Initial Participants from the Counties of Monterey, Santa Cruz, and San Benito and the municipalities within those counties, as further described in Section 2.1.

"Implementation Plan" means the plan generally described in Section 4.1.2 of this Agreement that is required under Public Utilities Code Section 366.2 to be filed with the California Public Utilities Commission for the purpose of describing a proposed CCA Program.

"Initial Costs" means all costs incurred by the County of Santa Cruz and/or Authority relating to the establishment and initial operation of the Authority, such as the hiring of a Chief Executive Officer and any administrative staff, and any required accounting, administrative, technical, or legal services in support of the Authority's initial activities or in support of the negotiation, preparation, and approval of one or more Administrative Services Agreements.

"Initial Participants" means those initial founding JPA members whose jurisdictions pass a CCA ordinance, whose Board seats will be allocated on a one jurisdiction, one seat basis (in addition to one seat for San Benito County) until such time as the number of member jurisdictions exceeds eleven, as described in Section 3.1.4.

"Operating Rules and Regulations" means the rules, regulations, policies, bylaws and procedures governing the operation of the Authority.

"Operations Board" means the board composed of City Managers and CAOs representing their respective jurisdictions as provided in section 3.1.4 who will provide oversight and support to the Chief Executive Officer on matters pertaining to the provision of electrical service to customers in the region, focusing on the routine, day-to-day operations of the Authority, as further set forth in section 3.3..

"Parties" means, collectively, the signatories to this Agreement that have satisfied the conditions in Sections 2.1 or 4.1.1 such that it is considered a member of the Authority.

"Party" means singularly, a signatory to this Agreement that has satisfied the conditions in Sections 2.1 or 4.1.1 such that it is considered a member of the Authority.

"Policy Board" means the board composed of elected officials representing their respective jurisdictions as provided in section 3.1.4 who will provide guidance/approval in the areas of strategic planning and goal setting, passage of Authority budget and customer rates, large capital expenditures outside the typical power procurement required to provide electrical service, and such other functions as set forth in section 3.3.

Exhibit B

List of Parties

Exhibit C

Regional Allocation

Board seats in the Monterey Bay Community Power Authority will be allocated as follows:

i. One seat for Santa Cruz County

ii. One seat for Monterey County

iii. One seat for San Benito County

iv. One seat for the City of Santa Cruz

v. One seat for the City of Salinas

vi. One seat for the City of Watsonville

vii. One shared seat for remaining Santa Cruz cities including Capitola and Scotts Valley selected by the City Selection Committee

viii. One shared seat for Monterey Peninsula cities including Monterey, Pacific Grove, and Carmel selected by the City Selection Committee

ix. One shared seat for Monterey Coastal cities including Marina, Seaside, Del Rey Oaks, and Sand City selected by the City Selection Committee

x. One shared seat for Salinas Valley cities including King City, Greenfield, Soledad, Gonzales selected by the City Selection Committee

xi. One shared seat for San Benito County cities selected by the City Selection Committee

City of Scotts Valley
INTEROFFICE MEMORANDUM

DATE: February 15, 2017

TO: Honorable Mayor and Members of the City Council

BY: Michelle Edwards, Senior Planner

FROM: Taylor Bateman, Acting Community Development Director

APPROVED: Jenny Haruyama, City Manager

SUBJECT: **CONSIDERATION OF PLANNING COMMISSION RECOMMENDATION OF APPROVAL TO THE CITY COUNCIL OF THE "POLO RANCH" 6-UNIT AFFORDABLE HOUSING PLANNED DEVELOPMENT ON A VACANT LOT AT 4303-A SCOTTS VALLEY DRIVE / APN 022-902-12 (PLANNING DEPT. FILE NOS. MND12-001, PD10-003, LD00-002, U00-002, AND DR00-014)**

SUMMARY OF ISSUE

Lennar Homes, property owner and developer, proposes to build six (6) condominium units, surface parking, fencing, landscaping, and related property improvements on a vacant 26,000 square feet flag lot located off Scotts Valley Drive. The project is the required inclusionary/affordable housing for the previously approved 40-lot "Polo Ranch" subdivision, which is located off Santa's Village Road. The condos will have 2-3 bedrooms with floor areas of 1,000 to 1,300 square feet.

In December 2012, the Planning Commission previously considered this application and recommended approval to the City Council. However, the application did not proceed to Council so that an affordable housing agreement could be finalized. Since then, Lennar Homes had focused on the approved 40-lot site. Now that an affordable housing agreement is being processed, the application is ready to proceed.

The proposed project required returning back to the Planning Commission; and, on January 19, 2017, the Planning Commission held a public hearing to consider it. After taking public testimony, they recommended City Council approval, in a 3/0/2 vote with three votes in favor and two Commissioners absent with cause. ***The next step is for the City Council to conduct a public hearing, take public testimony, and review the Mitigated Negative Declaration and planning permit applications, subject to the attached findings, mitigation measures, and amended conditions.***

REQUESTED PLANNING PERMITS

As proposed, the project requires City Council approval of the following five planning permits (also known as entitlements):

1. Mitigated Negative Declaration: To identify, disclose, and minimize any potential environmental project impacts;
2. Planned Development Zoning Overlay and Permit: To allow exceptions to development standards to meet the needs of the high-density zoned project;
3. Minor Land Division: To create 6 condominium units and 1 common lot; and,
4. Use Permit: To allow condominiums; and,
5. Design Review: To evaluate new construction in the R-H zone.

Please refer to the attached Planning Commission Staff Reports dated January 19, 2017, and December 13, 2012, for details on background, project and site descriptions, Consistency with the City's General Plan, Zoning Ordinance, and Design Review, and changes from the Planning Commission's previous review in December 2012.

DISCUSSION

1. Planning Commission Action: At the January 19th public hearing, two (2) adjacent property owners / representatives and one (1) organization spoke on the project. Comments included, but were not limited to, the following topics:

   a. *Affordable Housing:* An affordable housing organization supported the project for providing all low-income level units (80% of area median);

   b. *Drainage and Utilities:* A representative for the residential property owners to the west/rear (Lee-McCombs) expressed support for the project and an interest to work together on sizing/capacity of project utilities for future redevelopment of the rear property; and,

   c. *Fencing, Landscaping, and Right-of-Way:* One of the adjacent property owners to the south/left (Craig Rowell of Acorn Court Apartments) expressed concerns to: screen the adjacent Chef Liu restaurant parking lot and back door service area with an increased fence height (5 feet) in the proposed front yard (where a maximum of 3 feet is allowed) and to extend boundary fencing and landscaping to the restaurant's service area. He also said that he would like to transfer Lennar's existing portion of the Acorn Court right-of-way to Acorn Court Apartments so that the apartment complex could maintain fencing/landscaping along the boundary and could propose a permanent sign for the apartment complex on Scotts Valley Drive.

      To address the some of the fencing and screening concerns, the Planning Commission amended Condition #28 to allow for possible boundary fencing with increased heights and landscape screening near the restaurant's back door service area, by coordinating with Lennar and the restaurant, subject to review and approval by the Planning Director.

However, the recommended height for the front yard fence near the project site entrance remains at 3 feet maximum, which is consistent with the City's Municipal Code.

2. California Environmental Quality Act (CEQA): In September 2012, the City prepared a Mitigated Negative Declaration (MND) and circulated it for public review from September 14, 2012 through October 3, 2012, in accordance with CEQA and the CEQA Guidelines. It was also made available for public review from January 5-22, 2017. The MND analyzed the scope and nature of proposed development and identified measures to mitigate all potentially significant adverse project and cumulative impacts associated with the project to less than significant.

   In returning to the Planning Commission, a review of the previously prepared MND in relation to current CEQA requirements was prepared, per the attached Exhibit A to Resolution No. 1830.4. Pursuant to CEQA Guidelines, the project will not result in any new avoidable/unavoidable significant effects that would require new mitigation measures or project revisions to reduce effects to less than significant levels.

3. Affordable Housing Subcommittee: Title 14 of the City's Municipal Code governs the affordable housing requirements for new residential projects. The proposed six (6) condos are the required affordable housing (15% of 40 lots = 6 lots) of the approved Polo Ranch 40-lot subdivision. Sale/resale prices are restricted for a 55-year period to qualifying first-time-buyer low-income households (80% of the median income for Santa Cruz County). The Subcommittee has previously reviewed the proposed income levels and recommended approval to the City Council.

PUBLIC NOTICE AND COMMENT

On February 3, 2017, public notices were posted at City Hall, Scotts Valley Senior Center, Scotts Valley Branch Public Library, and were mailed to surrounding property owners located within 300 feet of the subject property, pursuant to State law and the City's Municipal Code. Two emails from Acorn Court Apartments with a staff reply and a letter from Affordable Housing Now! are attached to this report. Any new communication received will be provided to the City Council and public at the hearing.

FISCAL IMPACT

The proposed residences are not expected to have a significant fiscal impact to the City. The homeowners association is required to manage and maintain the internal private drive, drainage/hydrology systems, recycled water system, and landscaping.

RECOMMENDATION

The Planning Commission recommends approval of the proposed project subject to the attached CEQA Findings, Mitigation Monitoring and Reporting Program, and amended Conditions of Approval.

ATTACHMENTS **PAGE NO.**

* *Please note that project plans, environmental review documents, and received photos from Acorn Court Apts. are provided to the City Council. However, these documents are available for public review in the Planning Department (831-440-5630) at City Hall at One Civic Center Drive, Monday-Thursday between 8:00AM and 12:00PM, or by appointment.*

RESOLUTION NO. 1830.4

A RESOLUTION OF THE CITY OF SCOTTS VALLEY CITY COUNCIL CERTIFYING MITIGATED NEGATIVE DECLARATION MND12-001 FOR THE "POLO RANCH AFFORDABLE HOUSING" PLANNED DEVELOPMENT CONSISTING OF TWO TRIPLEXES (6 CONDOMINIUM UNITS) AND RELATED PROPERTY IMPROVEMENTS ON A VACANT LOT LOCATED AT 4303-A SCOTTS VALLEY DRIVE / APN 022-902-12.

WHEREAS, the City of Scotts Valley Planning Department has received an application from Lennar Homes of CA to create six condominiums and one common lot and to build two triplexes and related property improvements, as the required affordable housing for the approved 40-lot Polo Ranch subdivision (located off Santa's Village Road) on a vacant lot at 4303-A Scotts Valley Drive / APN 022-902-12.

WHEREAS, Lennar Homes (referred to as "applicant"), has presented substantial evidence which supports the application; and

WHEREAS, the application is a "project" pursuant to the California Environmental Quality Act ("CEQA"), which requires the preparation and certification of an Mitigated Negative Declaration in accordance with the requirements of the California Environmental Quality Act ("CEQA"); and

WHEREAS, the City conducted an Initial Study and prepared a Mitigated Negative Declaration (IS/MND), in accordance with the State CEQA Guidelines and requirements. The IS/MND was duly noticed, published, and distributed for a 20-day public review period from September 14, 2012 - October 3, 2012, and was made available for public review at City Hall and the Planning Department. A public notice of the availability of this document was provided pursuant to the requirements of CEQA Also, the document was made available to the public from January 5-24, 2017, at City Hall and the Planning Department, pursuant to the requirements of CEQA.

WHEREAS, the project, as mitigated, is determined to not have a significant impact on the environment based upon the results of the environmental assessment; and

WHEREAS, on December 13, 2012, the Planning Commission held a duly published and noticed public hearing pursuant to the requirements of the Scotts Valley Municipal Code and State Law, amended Condition #28, and recommended approval to the City Council; and

WHEREAS, more time was needed to complete an affordable housing agreement, and the application did not proceed to City Council for review; and

WHEREAS, on October 17, 2016, the Applicant expressed its desire to move forward with the Application; and

WHEREAS, due to the amount of time since the Planning Commission hearing on December 13, 2012, staff reviewed the project and the previously prepared Mitigated Negative Declaration and determined that pursuant to CEQA Guidelines, the project will not result in any new avoidable or unavoidable significant effects that would require new mitigation measures or project revisions to reduce effects to less than significant levels; and

WHEREAS, due to the delay associated with the project, on January 19, 2016, the Planning Commission held a duly published and noticed public hearing pursuant to the requirements of the Scotts Valley Municipal Code and State Law, considered the application, took public testimony, amended Condition #28, and recommended approval to the City Council; and

WHEREAS, the City Council held a duly published and noticed public hearing on February 15, 2017, pursuant to the requirements of the Scotts Valley Municipal Code and State Law, to consider the Mitigated Negative Declaration and all other information in the record including, but not limited to, public testimony; and,

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Scotts Valley ("Council"), that the City Council does hereby make the following findings, as further clarified in the City Council staff report dated February 15, 2017, as follows:

SECTION 1: The environmental determination represents the independent judgement of the City.

SECTION 2: The City Council certifies Mitigated Negative Declaration MND12-001 based on CEQA Findings in Exhibit A and the following findings below; and, the project is subject to the Mitigation Monitoring and Reporting Program in Exhibit B, which exhibits are attached hereto and incorporated herein by this reference:

A. ***An initial study has been prepared by the City of Scotts Valley to evaluate the potential for adverse environmental impacts.*** City staff conducted an Initial Study for the project which identified potentially significant and potentially significant project impacts. The City prepared a Mitigated Negative Declaration to reduce the impacts to less than significant levels.

B. ***The Mitigated Negative Declaration for the project has been completed in compliance with the California Environmental Quality Act (CEQA).*** The Mitigated Negative Declaration was completed in compliance with CEQA, was published and distributed to applicable reviewing agencies, and was made available for public review and comment for a 20-day period from September 14, 2012 - October 3, 2012. The Mitigated Negative Declaration was also made available for public review from January 5-24, 2017.

C. ***All mitigation measures identified in the Mitigated Negative Declaration are included in this resolution certifying the Mitigated Negative Declaration and will be made conditions of approval of future development that requires review and approval by the City.*** The seven (7) mitigation measures are listed in Exhibit A attached hereto as and incorporated herein by this reference. The project Conditions of Approval in Exhibit A of Resolution No. 1830.5 include all seven (7) Mitigation Measures.

D. ***The City has prepared a program to report on and monitor changes made to the project in order to mitigate or avoid significant effects on the environment.*** A Mitigation Monitoring and Reporting Program (MMRP) lists all of the mitigation measures and identifies the parties responsible to monitor and report/track compliance of the mitigation measures. The MMRP will ensure compliance during future project implementation and provide the timing for implementation. An MMRP will be prepared for City Council review, to be scheduled after Planning Commission review.

E. ***The environmental determination represents the independent judgement of the City.*** The Mitigated Negative Declaration was prepared by City staff based on the technical/environmental reports/studies submitted by the applicant, site visits, consultation with City Department Heads, reviewing public agencies, and neighborhood concerns. Reports and supporting information have been reviewed and approved by the applicable City Department Heads and reviewing agencies, which have recommended approval subject to mitigation measures and conditions of approval.

F. ***The documents and other materials constituting the record of the proceedings upon which the City's decision and its findings are based will be located at the Department of Planning of the City of Scotts Valley in the custody of the Community Development Director.*** Copies of the Mitigated Negative Declaration and the technical/environmental studies prepared for the project have been made available to the public for review at City Hall.

G. ***Based on the Initial Study and when considering the record as a whole, there is no evidence before the City of Scotts Valley, including the information in the Mitigated Negative Declaration and comments of appropriate reviewing agencies, to indicate that the proposed project could have any potential for an adverse effect on fish and wildlife resources or the habitat upon which it depends.*** To date, the City has received one written comments from reviewing agencies. Mitigation Measures will reduce potential impacts to Air Quality, Biological Resources, Cultural Resources, Geology and Soils, Drainage and Hydrology, Hazards and Hazardous Materials, and Noise to less than significant levels. This project does not have the potential to significantly degrade the quality of the environment, including effects on animals or plants.

NOW THEREFORE, BE IT FURTHER RESOLVED that, after careful consideration of the application and related materials, plans, maps, facts, exhibits, staff report, testimony and other evidence submitted in this matter, and incorporated herein by this reference, the City Council certifies Mitigated Negative Declaration MND12-001 to create six condominiums and one common lot and to build two triplexes and related property improvements, as the required affordable housing for the approved 40-lot Polo Ranch subdivision (located off Santa's Village Road) on a vacant lot at 4303-A Scotts Valley Drive / APN 022-902-12, subject to the CEQA Findings in Exhibit A and Mitigation Monitoring Reporting Program in Exhibit B, attached hereto and incorporated herein by this reference.

THE ABOVE AND FOREGOING RESOLUTION NO. 1830.4 was signed and regularly passed by the City Council of the City of Scotts Valley at a meeting held on the 15th day of February 2017, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

____
Randy Johnson, Mayor

Attest:

____
Tracy Ferrara, City Clerk

Exhibit A
CEQA Findings

I. CONSIDERATION OF THE 2012 INITIAL STUDY/MITIGATED NEGATIVE DECLARATION

Pursuant to the California Environmental Quality Act, Public Resources Code Sections 21000 et seq. (CEQA) and the State CEQA Guidelines, Title 14, California Code of Regulations, Sections 15000 et seq. (CEQA Guidelines), the City of Scotts Valley (the "City"), or its delegate (collectively referred to herein as the City), has considered the Initial Study/Mitigated Negative Declaration (the "MND"), City Number MND12-001, for the Polo Ranch Affordable Housing Project circulated for public review between September 14, 2012 and October 3, 2012, and the Polo Ranch Affordable Housing Environmental Checklist (Environmental Checklist), dated November 2016, attached as Appendix A to this document. The City finds that the information contained in the MND and the Environmental Checklist reflects the independent judgment of the City.
The MND and the Environmental Checklist contain the environmental analysis and information necessary to support approval of the Polo Ranch Affordable Housing Project (the "Project"), as set forth in **Section III**, below.

II. FINDINGS

The following Findings are hereby adopted by the City as required by Public Resources Code Sections 21081 and 21081.6, and CEQA Guidelines Sections 15073.5 and 15074, in conjunction with the approval of the Project, which is set forth in **Section III**, below.

A. Environmental Review Process

In 2012, the City prepared the MND and circulated it for public review from September 14, 2012 through October 3, 2012, in accordance with CEQA and the CEQA Guidelines. The MND analyzed the scope and nature of development proposed for the approximately 26,650 square-foot Project site, located at 4303-A Scotts Valley Drive, Assessor Parcel Number 022-902-12. The MND anticipated the construction of two two-story triplexes (six condominiums total), surface parking, landscaping and related property improvements that would be made available to families earning no more than 80 percent of the Santa Cruz County median income. The MND identified measures to mitigate all potentially significant adverse project and cumulative impacts associated with the Project to less than significant. Even though the City completed the required environmental analysis for the Project, the City did not adopt the MND or approve the Project in 2012.

Section 15073.5 gives the conditions under which a negative declaration must be recirculated prior to adoption. Under 15073.5, a lead agency is required to recirculate a negative declaration when the document must be substantially revised after public notice of its availability has previously been given pursuant to Section 15072, but prior to its adoption. A "substantial revision" of the negative declaration means:

(1) A new, avoidable significant effect is identified and mitigation measures or project revisions must be added in order to reduce the effect to insignificance, or;
(2) The lead agency determines that the proposed mitigation measures or project revisions will not reduce potential effects to less than significance and new measures or revisions must be required.

Section 15073.5 also specifies that recirculation is not required under the following circumstances*:*

(1) Mitigation measures are replaced with equal or more effective measures pursuant to Section 15074.1;
(2) New project revisions are added in response to written or verbal comments on the project's effects identified in the proposed negative declaration which are not new avoidable significant effects;
(3) Measures or conditions of project approval are added after circulation of the negative declaration which are not required by CEQA, which do not create new significant environmental effects and are not necessary to mitigate an avoidable significant effect; and
(4) New information is added to the negative declaration which merely clarifies, amplifies, or makes insignificant modifications to the negative declaration.

Section 15073.5 further states that If during the negative declaration process there is substantial evidence in light of the whole record, before the lead agency that the project, as revised, may have a significant effect on the environment which cannot be mitigated or avoided, the lead agency shall prepare a draft EIR and certify a final EIR prior to approving the project.

The Environmental Checklist analyzes whether, due to the passage of time and changes to the existing environment, the Project would have a new, avoidable significant effect or whether the proposed mitigation measures would no longer reduce Project impacts to less than significant. The Project will not result in any new significant impacts and the proposed mitigation measures would still reduce Project impacts to less than significant. No project revisions or specific mitigation measures other than the mitigation measures already identified in the MND were identified in the Environmental Checklist for the Project.

The legal criteria for not recirculating the MND are met here. None of the conditions or circumstances that would require recirculation pursuant to CEQA Guidelines Section 15073.5 exists in connection with the Project.

B. <u>Findings about the Impacts of the Project</u>

As described in greater detail below and in the MND and Environmental Checklist, the Project, with the implementation of the mitigation measures set forth below would not have any significant environmental impacts. There is no new information that would require a substantial revision to the MND. The Environmental Checklist did not identify a new, avoidable significant effect for which mitigation measures or project revisions must be added in order to reduce the effect to insignificance, and the City has determined that the proposed mitigation measure remain effective for reducing Project impacts to less than significant.

Each of the impacts of the project is discussed separately below by environmental topic.

1. Aesthetics: Based on the analysis in the MND, pages 8 through 9, and the Environmental Checklist, incorporated herein by reference, the City finds that the Project will not result in any new significant aesthetic impacts that were not evaluated in the MND or would require new mitigation measures to reduce aesthetic impacts to less-than-significant levels. The Project would have no significant impacts on aesthetics.

2. Agricultural Resources: Based on the analysis in the MND, pages 9 and 10, and the Environmental Checklist, incorporated herein by reference, the City finds that the Project will not result in any new significant agricultural resources impacts that were not evaluated in the MND, or require new mitigation measures to reduce agricultural impacts to less-than-significant levels. The Project would have no impact on agricultural resources.

3. Air Quality: Based on the analysis in the MND, pages 10 and 11, and the Environmental Checklist, incorporated herein by reference, the City finds that the Project will not result in any new significant impacts related to air quality that were not evaluated in the MND, or require new mitigation measures to reduce air quality impacts to less-than-significant levels. Mitigation Measure Air Quality-1 remains sufficient to reduce the Project's air quality impacts from dust generation during construction to less-than-significant levels.

4. Biological Resources: Based on the analysis in the MND, pages 11 through 12, and the Environmental Checklist, incorporated herein by reference, the City finds that the Project will not result in any new significant impacts to biological resources that were not evaluated in the MND, or require new mitigation measures to reduce impacts to biological resources to less-than-significant levels. Mitigation Measure Biological

Resources-1 remains sufficient to reduce the Project's potentially significant impact to qualifying trees during construction to less-than-significant levels.

5. Cultural Resources: Based on the analysis in the MND, pages 12 through 15, and the Environmental Checklist, incorporated herein by reference, the City finds that the Project will not result in any new significant impacts to cultural resources that were not evaluated in the MND, or require new mitigation measures to reduce impacts to cultural resources to less-than-significant levels. Mitigation Measure Cultural Resources-1 remains sufficient to reduce the Project's potentially significant impact to archeological resources during construction to less-than-significant levels.

6. Geology and Soils: Based on the analysis in the MND, pages 15 through 17, and the Environmental Checklist, incorporated herein by reference, the City finds that the Project will not result in any new significant impacts to cultural resources that were not evaluated in the MND, or require new mitigation measures to reduce impacts to cultural resources to less-than-significant levels. Mitigation Measure Cultural Resources-1 remains sufficient to reduce the Project's potentially significant impact to archeological resources during construction to less-than-significant levels.

7. Greenhouse Gas Emissions: Based on the analysis in the Environmental Checklist, incorporated herein by reference, the City finds that the Project will not make a cumulative considerable contribution to greenhouse gas emissions, and no mitigation measures are required.

8. Hazards and Hazardous Materials: Based on the analysis in the MND, pages 17 through 19, and the Environmental Checklist, incorporated herein by reference, the City finds that the Project will not result in any new significant hazards and hazardous materials impacts that were not evaluated in the MND, or require new mitigation measures to reduce hazards and hazardous materials impacts to less than significant. Mitigation Measure Hazardous Materials-1 remains sufficient to reduce the Project's potentially significant impact related to the accidental release of hazardous materials during construction to less-than-significant levels.

9. Hydrology and Water Quality: Based on the analysis in MND, pages 19 through 21, and the Environmental Checklist, incorporated herein by reference, the City finds that the Project will not result in any new significant hydrology and water quality impacts that were not evaluated in the MND, or require new mitigation measures to reduce hydrology and water quality impacts to less than significant. Mitigation Measure Hydrology and Water Quality-1 remains sufficient to reduce the Project's potentially significant impact related to the use of groundwater to less-than-significant levels.

10. Land Use and Planning: Based on the analysis in MND, pages 21 through 22, and the Environmental Checklist, incorporated herein by reference, the City finds that the

Project will not result in any new significant land use and planning impacts that were not evaluated in the MND, or require new mitigation measures to reduce land use and planning impacts to less than significant. The Project has no potentially significant land use and planning impacts and no mitigation is required.

11. Mineral Resources: Based on the analysis in MND, page 23, and the Environmental Checklist, incorporated herein by reference, the City finds that the Project will not result in any new significant mineral resource impacts that were not evaluated in the MND, or require new mitigation measures to reduce mineral resource impacts to less than significant. The Project has no potentially significant impacts to mineral resources and no mitigation is required.

12. Noise: Based on the analysis in MND, pages 23 through 25, and the Environmental Checklist, incorporated herein by reference, the City finds that the Project will not result in any new significant noise impacts that were not evaluated in the MND, or require new mitigation measures to reduce noise impacts to less than significant. Mitigation Measure Noise-1 remains sufficient to reduce the Project's potentially significant impact related to construction noise to less-than-significant levels.

13. Population and Housing: Based on the analysis in MND, pages 25 through 26, and the Environmental Checklist, incorporated herein by reference, the City finds that the Project will not result in any new significant population and housing impacts that were not evaluated in the MND, or require new mitigation measures to reduce population and housing impacts to less than significant. The Project has no potentially significant population and housing impacts and no mitigation is required.

14. Public Services: Based on the analysis in MND, page 26, and the Environmental Checklist, incorporated herein by reference, the City finds that the Project will not result in any new significant impacts to public services that were not evaluated in the MND, or require new mitigation measures to reduce impacts to public services to less than significant. The Project has no potentially significant impacts to public services and no mitigation is required.

15. Recreation: Based on the analysis in MND, page 27, and the Environmental Checklist, incorporated herein by reference, the City finds that the Project will not result in any new significant impacts to recreation facilities or parks that were not evaluated in the MND, or require new mitigation measures to reduce impacts to recreation facilities or parks to less than significant. The Project has no potentially significant impacts to recreation facilities or parks and no mitigation is required.

16. Transportation/Traffic: Based on the analysis in MND, pages 27 through 28, and the Environmental Checklist, incorporated herein by reference, the City finds that the Project will not result in any new significant transportation and traffic impacts that were not evaluated in the MND, or require new mitigation measures to reduce transportation and traffic impacts to less than significant. The Project has no potentially significant traffic/transportation impacts and no mitigation is required.

17. Public Utilities and Service Systems: Based on the analysis in MND, pages 29 through 30, and the Environmental Checklist, incorporated herein by reference, the City finds that the Project will not result in any new significant impacts to public utilities and service systems that were not evaluated in the MND, or require new mitigation measures to reduce impacts to public utilities and service systems to less than significant. The Project has no potentially significant impacts to public utilities or service systems and no mitigation is required.

18. Mandatory Findings of Significance: Based on the analysis in MND, page 30, and the Environmental Checklist, incorporated herein by reference, the City finds that the Project will not result in any impacts that would require a finding of significance.

C. Additional Findings

1. Adequacy of Prior Environmental Review: In accordance with applicable provisions of CEQA and the CEQA Guidelines, the City has independently examined the MND to determine whether or not recirculation is required or an additional environmental document should be prepared. The Environmental Checklist identified new information regarding the Project's impact on greenhouse gas emissions that was not included in the MND. This information is hereby incorporated into the MND and is considered a minor clarification because it does not identify a new Project impact and no new mitigation is required. This information Based on this review, the City finds as follows:

a. No new, avoidable significant effect has been identified and there is no need to add mitigation measures or project revisions to reduce the effect to insignificance;
b. The proposed mitigation measures in the MND will reduce potential effects to less than significance and new measures or revisions are not required;
c. The new information added to the negative declaration regarding greenhouse gas emissions merely clarifies and makes insignificant modifications to the MND; and
d. There is no substantial evidence in light of the whole record that the Project may have a significant effect on the environment which cannot be mitigated or avoided.

2. Incorporation by Reference: These Findings incorporate by reference in their entirety the Environmental Checklist and MND prepared for the Project. This incorporation is intended to elaborate on the scope and nature of the Project, and the basis for determining that the MND does not require recirculation, and no other environmental documents need to be prepared.

3. Mitigation Monitoring: CEQA requires the Lead Agency approving a project to adopt a monitoring program for changes to the project that it adopts or makes a condition of project approval, including mitigation measures intended to eliminate or reduce potentially significant impacts of the project, in order to ensure compliance during project implementation. The mitigation measures in the MND are included in a list in Exhibit B, which will become a Mitigation Monitoring and Reporting Program, and compliance with the program will be a condition of Project approval.

4. Record of Proceedings: Various documents and other materials constitute the record of proceedings upon which the City bases its findings and decision contained herein. The custodian for these documents and materials is the City Planning Department, located at One Civic Center Drive, Scotts Valley, California, 95066.

D. Summary

Based on the foregoing Findings and the information contained in the record, the City has made one or more of the following Findings with respect to the project:

1. The Project will not result in any new, avoidable significant effect than disclosed in the MND and there is no need to add mitigation measures or make project revisions to address new effects.
2. The proposed mitigation measures in the MND will reduce potential effects to less than significance and new mitigation measures or project revisions are not required to reduce potential significant impacts.
3. The new information added to the MND to address greenhouse gases makes clarifications and insignificant modifications to the negative declaration, and does not identify a new impact or need for new mitigation measures or project revisions.
4. There is no substantial evidence that the Project will have a significant effect on the environment.
5. The MND and Environmental Checklist reflect the City's independent judgment and analysis.

III. APPROVALS

The City hereby takes the following actions:

A. The City has reviewed and considered the MND and Environmental Checklist for the Project as described in **Section I**, above, as well as all other information in the record.

B. The City hereby incorporates into the Project and makes a condition of the Project all MND mitigation measures.

C. The City hereby adopts the Findings in their entirety as set forth in **Section II**, above.

D. Having independently reviewed and considered the MND and the Environmental Checklist, the City hereby finds the MND, as amended by the Environmental Checklist, meets CEQA's requirements and adopts the MND as amended by the Environmental Checklist.

E. Having independently reviewed and considered the MND and the Environmental Checklist, conditioned the project as described above, and adopted the Findings, the University hereby approves the Project.

APPENDIX A
POLO RANCH AFFORDABLE HOUSING ENVIRONMENTAL CHECKLIST

Section I. Purpose

The purpose of the Polo Ranch Affordable Housing Environmental Checklist ("Environmental Checklist") is to determine whether any of the conditions listed under CEQA Guidelines Section 15073.5 that would require recirculation of the Initial Study/Mitigated Negative Declaration (the "MND"), City Number MND12-001, for the Polo Ranch Affordable Housing Project have occurred. Under 15073.5, a lead agency is required to recirculate a negative declaration when the document must be substantially revised after public notice of its availability has previously been given pursuant to Section 15072, but prior to its adoption. The City circulated public notice of availability of the MND on September 14, 2012, and accepted public comments on the MND through October 3, 2012.

Under Section 15073.5, recirculation of the MND would be required if the MND requires a substantial revision, where "substantial revision" means:

> *(1) A new, avoidable significant effect is identified and mitigation measures or project revisions must be added in order to reduce the effect to insignificance, or;*
> *(2) The lead agency determines that the proposed mitigation measures or project revisions will not reduce potential effects to less than significance and new measures or revisions must be required.*

As described in the MND, the Polo Ranch Affordable Housing Project (the "Project") proposes the construction of two two-story triplexes (six condominiums total), surface parking, landscaping and related property improvements located on the approximately 26,650 square-foot Project site, commonly known as 4303-A Scotts Valley Drive, Assessor Parcel Number 022-902-12. There have been no changes to the Project since the City published the MND.

To determine if a substantial revision is required, this Environmental Checklist examines each environmental resource. As discussed in Section II below, recirculation is not required because no new, avoidable significant effects were identified and the mitigation measures in the MND are adequate to reduce all potentially significant environmental impacts to less-than-significant levels.

Section II. Analysis

1. Aesthetics: The MND concluded that the Project had no significant impacts on aesthetics because it was consistent with the City's design policies and guidelines. The Project has not changed. Similarly, the surrounding environment has not significantly changed in a manner that would alter the conclusions regarding aesthetics in the MND. The Project remains consistent with the City's General Plan, design policies and guidelines, and compatible with the surrounding development. There are no new significant aesthetic impacts. Therefore, no substantial revisions to the MND are required.

2. Agricultural Resources: The MND concluded that the subject property is not located on land that is classified as Prime Farmland, Unique Farmland or Farmland of Statewide Importance by the Farmland Mapping and Monitoring Program of the California Resource Agency. The property is not under a Williamson Act contract and is located in a residential zone. These conclusions are equally correct today. The Project has no significant impacts on agricultural resources. Therefore, no substantial revisions to the MND are required.

3. Air Quality: The MND concluded that the Project had one potentially significant impact of generation of dust during construction, but that with Mitigation Measure Air Quality-1, the impact would be reduced to less than significant levels. The MND reached this conclusion because the Project would require grading involving about 350 cubic yards of excavation and 350 cubic yards of fill, which produces airborne dust in an area with single- and multi-family homes nearby. To reduce airborne dust, Mitigation Measure Air Quality-1 requires that the grading contractor use best management practices for dust control. There have been no changes in air quality that would necessitate revisions to the MND, and Mitigation Measure Air Quality-1 would continue to mitigate Project impacts to less than significant levels; no new mitigation is required. Therefore, no substantial revisions to the MND are required.

4. Biological Resources: The MND concluded that the Project had one potentially significant biological impact, which was the potential to harm City protected trees, but that Mitigation Measure Biological Resources-1 would reduce that impact to less than significant levels. Mitigation Measure Biological Resources-1 requires the project sponsor to complete and implement all recommendations in the arborist report performed for the Project, including special treatments to protected trees before construction, required tree replacement, a bond for trees to be protected, and monitoring during construction. There have been no changes to the City's tree protection ordinance, the environment, or the Project that would necessitate revisions to this section of the MND, and Mitigation Measure Biological Resources-1 would continue to mitigate Project impacts to less than significant levels; no new mitigation is required.

The MND also found that the Project would have no impacts on the following: (1) species identified as candidate, sensitive, or special status in local regional plans, policies or regulations, or the California State department of Fish and Game or U.S. Fish and Wildlife Service, (2) federally protected wetlands as defined by Section 404 of the Clean Water Act, (3) movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites, and (4) provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan. No changes to the Project, environment, or applicable regulatory regime have occurred that would alter these conclusions. There are no protected species or habitat on the Project site, the Project site has no wetlands or waters of the United States, the Project site has no migratory corridors through it, and the Project site is not within an area covered by a habitat conservation plan. Therefore, no substantial revisions to the MND are required.

5. Cultural Resources: The MND concluded that the Project had one potentially significant impact to cultural resources, which was the potential to disturb buried archeological resources, including possibly unexpectedly encountering human remains, during Project grading and construction, but that Mitigation Measure Cultural Resources-1 would reduce that impact to less than significant levels. Mitigation Measure Cultural Resources-1 requires a qualified archeologist to monitor all earth-disturbing activities and specifies what must occur if cultural resources are discovered. There have been no changes to the environment or the Project that would necessitate revisions to this section of the MND, and Mitigation Measure Cultural Resources-1 would continue to mitigate Project impacts to less than significant levels; no new mitigation is required.

The MND also found that the Project would have no impacts on the following: (1) historical resources, and (2) unique paleontological or geologic features. No changes to the Project, environment, or applicable regulatory regime have occurred that would alter these conclusions. There are no historic resources and no unique geologic features on or adjacent to the Project site, and the Project site is not located in any area of known paleontological resources. Therefore, no substantial revisions to the MND are required.

6. Geology, Soils, and Seismicity: The MND concluded that the Project had a few potentially significant impacts related to seismicity, including (1) placing of people and buildings in an area that would be subject to periodic seismic shaking associated with faults in the Monterey Bay Area, (2) locating the Project on a geologic unit or soil that could become unstable as a result of seismic shaking, and (3) locating the Project on located on expansive soil, as defined in Table 18 1 B of the Uniform Building Code. Mitigation Measure Geology-1 would reduce these impacts to less than significant levels. Mitigation Measure Geology-1 requires the Project to be designed to Uniform Building Code standards for buildings in earthquake territory. There have been no changes to the environment or the Project that would necessitate revisions to this section of the MND, and Mitigation Measure Geology-1 would continue to mitigate Project impacts to less than significant levels; no new mitigation is required.

The MND also found that the Project would have less than significant impacts related to the following: (1) expose people or structures to rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault, (2) expose people or structures to seismic-related ground failure, including liquefaction, (3) expose people or structures to seismic-related landslides, and (4) substantial soil erosion or loss of topsoil. The MND further found that the Project would not have any impact related to soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater. No changes to the Project or environment have occurred that would alter these conclusions. There have been changes in CEQA law that clarify that impacts from environmental factors such as seismic shaking on the Project no longer need to be analyzed or considered environmental impacts, but this clarification would not create a new impact or require changes to Project mitigation measures. Therefore, no substantial revisions to the MND are required.

7. Greenhouse Gas Emissions: The MND did not analyze the Project’s contribution to greenhouse gas emissions. Under CEQA, a project that could (1) generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment, or (2) conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases is a Project with a potentially significant environmental impact. As indicated by the analysis below, the Project’s contribution to greenhouse gas emissions would not be significant, and the Project would not conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases. Therefore, there are no new impacts and no substantial revisions to the MND are required.

Background. Significant changes to global climate have been attributed to the accumulation of greenhouse gases (GHG) in the atmosphere. The most common GHG is carbon dioxide (CO_2). The primary contributor to CO_2 emissions in the state is transportation (vehicle exhaust). California's Global Warming Solutions Act of 2006 (AB 32) and the Governor's Executive Order S-3-05 both require reductions in GHGs. Their statutory goals are to achieve 1990 GHG emission levels by 2020 and reduce emission levels to 80% of the 1990 levels by 2050. The California Air Resources Board (CARB) is the lead agency implementing AB 32. CARB has completed a statewide inventory of GHGs which shows transportation contributes 38% of all CO_2 emissions. Industry is the second greatest source, contributing 21%. Other contributors are electric power generation, agriculture and various commercial and residential uses.

Generation of Greenhouse Gases. Most individual projects do not generate sufficient GHGs to create a project-specific impact to significantly influence climate change; therefore this impact typically involves an analysis to determine if a project's GHG emissions are cumulatively considerable (significant cumulative impact). The proposed project is for two triplexes, for a total of six residential units. Locally, the Monterey Bay Unified Air Pollution Control District (MBUAPCD), the County of Santa Cruz, or the City have not yet adopted a significance threshold for GHGs. MBUAPCD is currently in the process of developing threshold standards for evaluating projects under CEQA.

Currently, MBUAPCD recommends using a threshold of 2,000 metric tons of CO2/year for determining if a project’s GHGs are cumulatively considerable. The project is so small, no traffic analysis was required. Based on the traffic analysis recently completed for 25 residences that would be located 0.6 miles away on Scotts Valley Drive, the Project likely would generate no more than 35 average daily trips. The GHGs generated from this level of traffic in combination with other potential GHG emissions are below 2,000 metric tons. Energy use of the completed residences will be less than similar units constructed in previous years because their construction is required to comply with the energy efficiency standards of the 2013 edition of the California Building Code. These factors result in a project that will not significantly contribute to a cumulative GHG impact.

Consistency with Plans. AMBAG has established a GHG reduction target of 0% by 2020 (i.e. no GHG increase) and 5% reduction by 2035. The proposed Project would not conflict with this target. The Project would not conflict with the State's Global Warming Solution Act or Executive Order S-3-05. CARB's Scoping Plan includes several strategies for reduced GHGs, but it is related to uses that will not occur at the property.

Finding. While some GHGs will be generated by the project, its contribution to GHGs will not be cumulatively considerable and there will not be any significant impacts associated with GHGs.

8. Hazards and Hazardous Materials: The MND concluded that the Project had one potentially significant impact related to hazardous materials, which was the potential for an accidental release of oils, lubricants, fuels and similar hazardous substances that would be brought to the site and uses during construction. Mitigation Measure Hazardous Materials-1 was found to reduce that impact to less than significant levels. Mitigation Measure Hazardous Materials-1 requires the implementation of a best management practice/hazardous materials containment plan during construction. The plan must contain the requirement that stationary equipment such as motors, pumps, and welding equipment be placed over drip pans or other containment apparatus; and that any petroleum, lubricants or other hazardous materials used during construction be stored in a special storage location equipped with double containment and this location be shown on the erosion control plan and approved by the agencies that review the plan. There have been no changes to regulations, the environment or the Project that would necessitate revisions to this section of the MND, and Mitigation Measure Hazardous Materials-1 would continue to mitigate Project impacts to less than significant levels; no new mitigation is required.

The MND also found that the Project would have less than significant impacts related to the following: (1) significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials; (2) hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school; (3) impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan; and (4) expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands. The MND concluded that the Project would have no impacts related to a public or private airport or airstrip because no such uses are located near the Property. No changes to the Project, environment, or applicable regulatory regime have occurred that would alter these conclusions. Therefore, no substantial revisions are required to the MND.

9. Hydrology and Water Quality: The MND concluded that the Project had one potentially significant impact related to hydrology and water quality, which was the potential to add to the demand for groundwater resources. Mitigation Measure Hydrology and Water Quality-1 would reduce that impact to less than significant levels. Mitigation Measure Hydrology and Water Quality-1 requires a number of measures designed to decrease water demand and maximize infiltration opportunities on the property, including requiring installation of a “purple pipe” for landscape irrigation for recycled water; replacement of any junction boxes with dry infiltration wells to provide additional ways for potential groundwater infiltration; installation of bioretention areas; having CC&Rs that prohibit future additional impervious paving within the common areas and the private fenced back patios; and installation of high efficiency fixtures for all water uses in all residences. There have been no changes to the environment or the Project that would necessitate revisions to this section of the MND, and Mitigation Measure Hydrology and Water Quality-1 would continue to mitigate Project impacts to less than significant levels; no new mitigation is required. Therefore, no substantial revisions to the MND are required.

The MND also found that the Project would have less than significant impacts related to the following: (1) creating or contributing runoff water which would exceed the capacity of existing or planned storm water drainage systems, (2) substantially degrading water quality, (3) violating any water quality standards or waste discharge, (4) substantially altering the existing drainage pattern of the site or area in a manner which would result in substantial erosion or siltation on- or off-site, (5) substantially altering the existing drainage pattern of the site or area or substantially increasing the rate or amount of surface runoff in a manner which would result in flooding on or off-site, (6) placing housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map requirements, and (7) placing structures within a 100-year flood hazard area in a manner that would impede or redirect flood flows. The MND further found that the Project would have no impact related to the potential exposure of people or structures to a significant risk of loss, injury or death as a result of the failure of a levee or dam or inundation by seiche, tsunami, or mudflow. No changes to the Project, environment, or applicable regulatory regime have occurred that would alter these conclusions. Therefore, no substantial revisions to the MND are required.

10. Land Use and Planning: The MND concluded that the Project would have less than significant impacts related to physically dividing an established community or conflicting with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project adopted for the purpose of avoiding or mitigating an environmental impact, and no impact related to a conflict with an applicable habitat conservation plan or natural community conservation plan. No changes to the Project, environment, or applicable regulatory regime have occurred that would alter these conclusions. As in 2012, the Project would not physically divide a community, but is instead an infill of a site in an existing community, is consistent with all applicable land use plans, and is not within an area covered by a habitat conservation plan or natural community conservation plan. There are no new impacts. Therefore, no substantial revisions to the MND are required.

11. Mineral Resources: The MND concluded that the Project would have less than significant impacts on mineral resources because the Project site has no significant resource deposits. No changes to the Project, environment, or applicable regulatory regime have occurred that would alter these conclusions. There are no new impacts. Therefore, no substantial revisions to the MND are required.

12. Noise: The MND concluded that the Project could have a potentially significant noise impact because grading and construction activities would increase ambient noise levels during construction, and construction-related noise would be heard by the surrounding residences and businesses. The MND found that implementation of Mitigation Measure Noise-1 would reduce that impact to less than significant levels. Noise-1 requires construction work to be limited to 8:00 A.M. to 5:00 P.M. Monday-Friday and 9:00A.M to 5:00P.M on Saturday, with no construction activity allowed on Sunday. In addition, if gasoline generators are used, they must be contained in an enclosure that prevents their noise from being heard at residential properties northeast and southeast of the Project site. The MND found that other potential noise impacts, including noise exceeding City standards, groundborne vibrations and noise, creation of noise that would permanently increase ambient noise levels, and noise to future Project residents from airstrips or airports, were either less than significant or non-existent. No changes to the Project, environment, or applicable regulatory regime have occurred that would alter these conclusions. There are no new impacts. Therefore, no substantial revisions to the MND are required.

13. Population and Housing: The MND concluded that the Project would increase the population by about 15 persons (6 units x 2.56 persons/unit), which is not be significant increase and would fall in the projected population the City. The MND also found that the Project would not displace any existing housing or people. No changes to the Project, environment, or applicable regulatory regime have occurred that would alter these conclusions. There are no new impacts. Therefore, no substantial revisions to the MND are required.

14. Public Services: The MND concluded that the Project would have less than significant impacts on public services, including fire, police, schools, parks, and other public facilities. No changes to the Project, environment, or applicable regulatory regime have occurred that would alter these conclusions. There are no new impacts. Therefore, no substantial revisions to the MND are required.

15. Recreation: The MND concluded that the Project would have less than significant impacts on parks and recreational facilities and would not require the construction of new recreational facilities. No changes to the Project, environment, or applicable regulatory regime have occurred that would alter these conclusions. There are no new impacts. Therefore, no substantial revisions to the MND are required.

16. Transportation and Traffic: The MND concluded that the Project would have less than significant impacts on traffic level of service, and no impact related to air traffic patterns, hazards from design features, emergency access, parking, and programs supporting alternative means of transportation. No changes to the Project, environment, or applicable regulatory regime have occurred that would alter these conclusions. There are no new impacts. Therefore, no substantial revisions to the MND are required.

17. Public Utilities and Service Systems: The MND concluded that the Project's impacts on public utilities and services would be less than significant. Specifically, the Project would not exceed applicable wastewater treatment requirements; require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities; require or result in the construction of new storm water drainage facilities or expansion of existing facilities; require new or expanded water supply entitlements; result in a determination by the wastewater treatment provider that would be unable to serve the Project in addition to the provider's existing commitments; exceed landfill capacity; and the Project would comply with all federal, state, and local statutes and regulations related to solid waste. No changes to the Project, environment, or applicable regulatory regime have occurred that would alter these conclusions. There are no new impacts. Therefore, no substantial revisions to the MND are required.

18. Mandatory Findings of Significance: The MND concluded the Project does not have the potential to significantly degrade the quality of the environment, including effects on animals or plants. According to the MND, both short-term and long-term environmental effects associated with the Project will be less than significant. Specifically, potential impacts to air quality, biological resources, cultural resources, geology and soils, hazards and hazardous materials, hydrology and water quality, and noise, will be less than significant with mitigations included in the MND, and after mitigation, Project impacts considered alone or in combination with other projects will not be significant. No changes to the Project, environment, or applicable regulatory regime have occurred that would alter these conclusions. There are no new impacts. Therefore, no substantial revisions to the MND are required.

Section III. Conclusion

Based on the above analysis, the MND does not require recirculation because there are no new, avoidable significant effects that would require new mitigation measures or project revisions to reduce effects to less than significant levels. There also are no new significant unavoidable effects. Accordingly, recirucation of the MND is not required.

Exhibit B - Mitigation Monitoring and Reporting Program (MMRP) Page 1 of 5

of City Council Resolution No. 1830.4 – February 15, 2017 – "Polo Ranch Affordable Housing" 6-unit Condo Project
Planned Development PD10-004 at 4303-A Scotts Valley Drive / APN 022-902-12

Mit Meas #	Mitigation Measure	Person responsible to implement Mitigation Measure	When to implement Mitigation Measure	Person responsible to confirm compliance	Monitoring and reporting, and if applicable, remediation if success standards in Mitigation Measures are not met	City staff to initial and date when complete
1	*Air Quality-1 (Grading and Construction Practices):* To reduce dust generation from project demolition, grading, and construction to minimal levels, the developer shall require the grading contractor to implement best management practices for dust control, including watering down exposed earth surfaces each non-rainfall day at intervals that attenuate dust problems. Any dirt tracked onto Scotts Valley Drive shall be removed daily in a manner that does not create substantial airborne dust. These requirements shall be included in the construction contract for the project.	Construction Superintend. + Project Grading Contractor	Before grading permit issuance	Building Inspector (BI)	• Developer shall provide planning staff with a copy of construction contract showing attenuation of dust before any grading. • BI shall routinely inspect site. If staff observes dust problems, then staff shall immediately inform job contractors and developer with solutions. • BI shall re-inspect site within 24 hours to see if problem has been adequately resolved. • Staff shall record all reported dust problems and solutions in an inspection log.	
2	*Biological Resources-1 (Tree Protection):* To ensure protection of qualifying trees during construction, the developer shall complete and implement all of the report recommendations prepared by James P. Allen & Associates, dated August 2010, September 2011, and March 2012, to the satisfaction of the City Arborist (James P. Allen) and the Community Development Director.		Before grading permit issuance + during construction			
3	*Cultural Resources-1 (Archaeological Monitoring):* To ensure that archaeological resources are not destroyed if accidently discovered during project grading or other subsurface work, the developer shall submit a copy of a contract with a qualified/registered archaeologist to conduct	Construction Superintend. + Project Archaeologist +	Before grading permit issuance	Staff Planner + Building Inspector	• Developer shall provide staff with a copy of construction contract showing monitoring of all earthwork by a qualified archaeologist, who shall document monitoring	

Mit Meas #	Mitigation Measure	Person responsible to implement Mitigation Measure	When to implement Mitigation Measure	Person responsible to confirm compliance	Monitoring and reporting, and if applicable, remediation if success standards in Mitigation Measures are not met	City staff to initial and date when complete
	monitoring of all earth disturbing activities for review and approval by the Community Development Director (CDD), before grading permit issuance. The developer shall include this requirement in the contract for all contractors involved with grading and subsurface work. The qualified/registered archaeologist shall monitor all earthwork activity as described below: a. An archaeologist shall monitor the grading or excavation of soils at the development site in order to determine if important cultural remains are present. Such monitoring shall begin before and occur during subsurface earth moving activities; b. The duration and period of archaeological monitoring of project development activities shall be at the discretion of the professional archaeologist. At a minimum however, any activity that initially displaces or removes original soil from its present context shall be monitored by an archaeologist on a continuous basis; c. Monitoring activities such as replacing soils in trenches, redistributing displaced soil elsewhere on the development site, or removing stockpiled excavated soil may not require monitoring; d. Monitoring may include the periodic sampling and screening of soils in order to better determine if cultural remains are present; and, e. If any cultural resources are discovered, the project contractor shall immediately stop all earth disturbing work within a 150 foot radius of the discovery to allow for inspection, evaluation, and potential recovery of resources by the	Grading Contractor			activities in an inspection log and provide final copy to staff for project file. • If archaeologist identifies problems, he/she shall immediately inform the developer and Construction Superintendent and recommend solutions that comply with state and City regulations for the developer to implement.	

of City Council Resolution No. 1830.4 – February 15, 2017 – "Polo Ranch Affordable Housing" 6-unit Condo Project
Planned Development PD10-004 at 4303-A Scotts Valley Drive / APN 022-902-12

Mit Meas #	Mitigation Measure	Person responsible to implement Mitigation Measure	When to implement Mitigation Measure	Person responsible to confirm compliance	Monitoring and reporting, and if applicable, remediation if success standards in Mitigation Measures are not met	City staff to initial and date when complete
	supervising project archaeologist, before resuming any earth-disturbing construction activities. Developer shall also contact the Planning Department and Building Inspector as soon as work has been stopped. It may be necessary to resume grading or excavation activities under the direction of the supervising archaeologist to locate/expose cultural remains.					
4	*Geology F-1 (Design for Seismic Shaking):* To reduce the effects of seismic shaking to acceptable levels, the developer shall have the buildings designed to Uniform Building Code standards for the design level earthquake for the area. Future building plans submitted shall include the design details.	Project Geotechnical Consultant + Construction Superintend.	Before building permit issuance for vertical construc-tion	Building Inspector (BI)	• BI shall review plans for conformance with seismic requirements and provide plan check comments for any inadequacies. • Developer shall submit revised plans to address inadequacies before building permit issuance. • During construction, BI or designee shall inspect project construction to ensure seismic items are built correctly.	
5	*Hazardous Materials G-1 (Preventing Discharges):* To prevent accidental discharge of construction related fuels, lubricants or other contaminants into the right-of-way, the project site or other properties, the developer shall have the construction contractor implement the approved erosion control plan discussed in Mitigation Measure Geology-2 and implement a best management practice/hazardous materials containment plan during the entire time construction activities are occurring. The hazardous	Construction Superintend. + Project Grading Contractor	Before grading permit issuance	Building Inspector (BI)	• If BI observes erosion problems or inconsistencies between the approved plan and implementation of the approved plan, BI shall immediately require developer and Grading Contractor to fix the problem, which shall be noted in an inspection log.	

Mit Meas #	Mitigation Measure	Person responsible to implement Mitigation Measure	When to implement Mitigation Measure	Person responsible to confirm compliance	Monitoring and reporting, and if applicable, remediation if success standards in Mitigation Measures are not met	City staff to initial and date when complete
	materials containment plan shall be approved by City Planning staff prior to commencement of land alteration and construction activities for the project. It shall contain the following elements: a. Stationary equipment such at motors, pumps, welding equipment shall be place over drip pans or other containment apparatus; b. Any petroleum, lubricants or other hazardous materials used during construction shall be stored in a special storage location equipped with double containment and this location shall be shown on the erosion control plan and approved by the agencies that review this plan; c. All activities of Mitigation Measure Air Quality-1 shall be implemented.				• BI shall reinspect the site within 24 hours to determine if the problem has been adequately resolved. • BI shall contact the County Environmental Health Service as required by law if any significant problems are observed that may affect human health.	
6	*<u>Hydrology & Water Quality-1 (Water Conservation):</u>* To reduce the project impact of added groundwater demand, the developer shall: a. Create a homeowners association or similar entity to manage a recycled water program; b. Install "purple pipe" for landscape irrigation for recycled water; c. Replace any junction boxes with dry infiltration wells to provide additional ways for potential groundwater infiltration; d. Install all of the bioretention areas before final building permit inspection; e. Explore potential low impact development (LID) features, such as disconnected roof leaders and dry infiltration wells, as deemed appropriate by the project engineer and as approved by the	Construction Superintend. + Developer	Before grading permit issuance	Staff Planner + Building Inspector + Public Works Director	• Developer shall submit two draft copies of CC&Rs which address items a, e, f, and g, for City review and approval. • BI and Planning Dept and Public Works Dept staff shall ensure that the building permit plans show items b, c, and h. • Same staff as above shall inspect installation of items d and h.	

Mit Meas #	Mitigation Measure	Person responsible to implement Mitigation Measure	When to implement Mitigation Measure	Person responsible to confirm compliance	Monitoring and reporting, and if applicable, remediation if success standards in Mitigation Measures are not met	City staff to initial and date when complete
	Community Development Director (CDD); f. Provide CC&Rs that describe how the proposed bioretention areas and other potential LID features, drainage lines, and the property improvements located within the common area will be maintained; g. Prohibit in the CC&Rs future additional impervious paving within the common areas; h. Prohibit in the CC&Rs future additional paving in the four private fenced back patios; total allowed paving is 86.5 square feet, as shown on the plans; and, I. Install high efficiency fixtures for all water uses in all residences, all items a-h are subject to review and approval by the CDD.					
6	*<u>Noise K-1 (Construction Hours):</u>* To reduce construction noise emanating beyond the site to acceptable levels, the project proponent shall require all contractors to limit their work to 8:00 AM to 5:00 PM Monday-Friday and 9:00AM to 5:00PM on Saturday. No construction activity is allowed on Sunday. If gasoline generators are used, they shall be contained in an enclosure that prevents their noise from being heard at residential properties northeast and southeast of the project site.	Construction Superintend. + Project Grading Contractor	Through-out project construc-tion	Building Inspector (BI)	• If BI observes problems during routine inspections, he shall immediately inform the developer and the Construction Superintendent and require them to fix the problem. • BI shall reinspect site within 24 hours to determine if the problem has been successfully corrected.	

ORDINANCE NO. 16-ZC-217.2

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SCOTTS VALLEY APPROVING PLANNED DEVELOPMENT DISTRICT OVERLAY AND PERMIT PD10-003 FOR THE "POLO RANCH AFFORDABLE HOUSING" PROJECT TO BUILD TWO (2) TRIPLEXES FOR SIX (6) CONDOMINIUMS AND RELATED PROPERTY IMPROVEMENTS ON A VACANT LOT LOCATED AT 4303-A SCOTTS VALLEY DRIVE / APN 022-902-12.

WHEREAS, the City of Scotts Valley Planning Department has received an application from Lennar Homes of CA to create six condominiums and one common lot and to build two triplexes and related property improvements, as the required affordable housing for the approved 40-lot Polo Ranch subdivision (located off Santa's Village Road) on a vacant lot at 4303-A Scotts Valley Drive / APN 022-902-12.

WHEREAS, Lennar Homes (referred to as "applicant"), has presented substantial evidence which supports the application; and

WHEREAS, the application is a "project" pursuant to the California Environmental Quality Act ("CEQA"), which requires the preparation and certification of an Mitigated Negative Declaration in accordance with the requirements of the California Environmental Quality Act ("CEQA"); and

WHEREAS, the City conducted an Initial Study and prepared a Mitigated Negative Declaration (IS/MND), in accordance with the State CEQA Guidelines and requirements. The IS/MND was duly noticed, published, and distributed for a 20-day public review period from September 14, 2012 - October 3, 2012, and was made available for public review at City Hall and the Planning Department. A public notice of the availability of this document was provided pursuant to the requirements of CEQA Also, the document was made available to the public from January 5-24, 2017, at City Hall and the Planning Department, pursuant to the requirements of CEQA.

WHEREAS, the project, as mitigated, is determined to not have a significant impact on the environment based upon the results of the environmental assessment; and

WHEREAS, on December 13, 2012, the Planning Commission held a duly published and noticed public hearing pursuant to the requirements of the Scotts Valley Municipal Code and State Law, amended Condition #28, and recommended approval to the City Council; and

WHEREAS, more time was needed to complete an affordable housing agreement, and the application did not proceed to City Council for review; and

WHEREAS, on October 17, 2016, the Applicant expressed its desire to move forward with the Application; and

WHEREAS, due to the amount of time since the Planning Commission hearing on December 13, 2012, staff reviewed the project and the previously prepared Mitigated Negative Declaration and determined that pursuant to CEQA Guidelines, the project will not result in any new avoidable or unavoidable significant effects that would require new mitigation measures or project revisions to reduce effects to less than significant levels; and

WHEREAS, due to the delay associated with the project, on January 19, 2016, the Planning Commission held a duly published and noticed public hearing pursuant to the requirements of the Scotts Valley Municipal Code and State Law, considered the application, took public testimony, amended Condition #28, and recommended approval to the City Council; and

WHEREAS, the City Council held a duly published and noticed public hearing on February 15, 2017, to consider the Mitigated Negative Declaration of the proposed project pursuant to the requirements of the Scotts Valley Municipal Code and State Law and all other information in the record including, but not limited to, public testimony; and, they certified Mitigated Negative Declaration MND12-001 by adopting Resolution No. 1830.4.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Scotts Valley does hereby make the following findings, as further clarified in the City Council staff report dated February 15, 2017, as follows:

SECTION 1: The City Council approves Planned Development District Overlay and Permit PD10-003, based on the following findings:

A. ***That the Planned Development Zoning District Overlay and Permit (PD) furthers the policies of the General Plan.*** The General Plan designates the property as “High Density Residential”, which calls for multi-family residences such as townhouses, apartments or condominiums. General Plan Open Space & Conservation Element Action OSA-382 encourages infill development of vacant lots, while Objective LO-24 requires new residential development to be compatible with surrounding land uses. The project as mitigated and conditioned meets the requirement of this finding in that the project constitutes as an urban infill project. The 2-story designs will integrate with other High-Density housing in the neighborhood. The project will enhance the appearance of the lot and improve the visual quality on that portion of Acorn Court.

B. ***That the PD conforms in all respects to the planned development zoning of the property.*** Planned Developments allow new development to be designed to meet the needs of the individual property and proposed use. The project meets the requirement of this finding in that the PD will allow exceptions to the Municipal Code for reduced front yard setbacks, right side yard setbacks, reduced garage sizes, increased lot coverage, reduced private open space for two units (Plan 1), and no RV parking storage space to meet the needs of the high-density subdivision.

C. ***That the inter-relationship between the orientation, location, mass and scale of building volumes, and elevations of buildings, structures, and other uses on-site are appropriate, compatible, and aesthetically harmonious.*** The project meets the requirements of this finding in that the site planning and architecture is well-designed and appropriate as an infill project on Acorn Court. The architecture will meet the design standards in that the roof articulation and building massing will be compatible with buildings in the vicinity.

D. ***The environmental impacts of the project have been reviewed and considered.*** The project meets the requirements of this finding in that the Mitigated Negative Declaration identifies potential significant impacts and ways to reduce the impacts to less than significant levels. As mitigated, both short-term and long-term environmental effects associated with this project will be less than significant. When impacts associated with this project are considered alone, or in combination, they are not significant as mitigated. Mitigation measures and conditions will reduce impacts of the project construction.

NOW THEREFORE, BE IT FURTHER RESOLVED that, after careful consideration of the application and related materials, plans, maps, facts, exhibits, staff report, testimony and other evidence submitted in this matter, the City Council approves Planned Development District Overlay and Permit PD10-003 for the applicant to create six condominiums and one common lot and to build two triplexes and related property improvements, as the required affordable housing for the approved 40-lot Polo Ranch subdivision (located off Santa's Village Road) on a vacant lot at 4303-A Scotts Valley Drive / APN 022-902-12, subject to Conditions of Approval.

THE ABOVE AND FOREGOING ORDINANCE NO. 16-ZC-217.2 was introduced for a first reading on the 15th day of February, 2017, and passed and adopted on the 1st day of March, 2017, at a duly held meeting of the City Council of the City of Scotts Valley by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Approved: ______________________________
Randy Johnson, Mayor

Attest:

____
Tracy Ferrara, City Clerk

Approved as to Form:

____
Kirsten Powell, City Attorney

RESOLUTION NO. 1830.5

A RESOLUTION OF THE CITY OF SCOTTS VALLEY CITY COUNCIL APPROVING LAND DIVISION LD00-002, USE PERMIT U00-002, AND DESIGN REVIEW DR00-014 FOR THE "POLO RANCH AFFORDABLE HOUSING" PLANNED DEVELOPMENT CONSISTING OF TWO (2) TRIPLEXES FOR SIX (6) CONDOMINIUMS (LOW-INCOME AT 80% OF AREA MEDIAN) AND RELATED PROPERTY IMPROVEMENTS ON A VACANT LOT LOCATED AT 4303-A SCOTTS VALLEY DRIVE / APN 022-902-12.

WHEREAS, the City of Scotts Valley Planning Department has received an application from Lennar Homes of CA to create six condominiums and one common lot and to build two triplexes and related property improvements, as the required affordable housing for the approved 40-lot Polo Ranch subdivision (located off Santa's Village Road) on a vacant lot at 4303-A Scotts Valley Drive / APN 022-902-12.

WHEREAS, Lennar Homes (referred to as "applicant"), has presented substantial evidence which supports the application; and

WHEREAS, the application is a "project" pursuant to the California Environmental Quality Act ("CEQA"), which requires the preparation and certification of an Mitigated Negative Declaration in accordance with the requirements of the California Environmental Quality Act ("CEQA"); and

WHEREAS, the City conducted an Initial Study and prepared a Mitigated Negative Declaration (IS/MND), in accordance with the State CEQA Guidelines and requirements. The IS/MND was duly noticed, published, and distributed for a 20-day public review period from September 14, 2012 - October 3, 2012, and was made available for public review at City Hall and the Planning Department. A public notice of the availability of this document was provided pursuant to the requirements of CEQA Also, the document was made available to the public from January 5-24, 2017, at City Hall and the Planning Department, pursuant to the requirements of CEQA.

WHEREAS, the project, as mitigated, is determined to not have a significant impact on the environment based upon the results of the environmental assessment; and

WHEREAS, on December 13, 2012, the Planning Commission held a duly published and noticed public hearing pursuant to the requirements of the Scotts Valley Municipal Code and State Law, amended Condition #28, and recommended approval to the City Council; and

WHEREAS, more time was needed to complete an affordable housing agreement, and the application did not proceed to City Council for review; and

WHEREAS, on October 17, 2016, the Applicant expressed its desire to move forward with the Application; and

WHEREAS, due to the amount of time since the Planning Commission hearing on December 13, 2012, staff reviewed the project and the previously prepared Mitigated Negative Declaration and determined that pursuant to CEQA Guidelines, the project will not result in any new avoidable or unavoidable significant effects that would require new mitigation measures or project revisions to reduce effects to less than significant levels; and

WHEREAS, due to the delay associated with the project, on January 19, 2016, the Planning Commission held a duly published and noticed public hearing pursuant to the requirements of the Scotts Valley Municipal Code and State Law, considered the application, took public testimony, amended Condition #28, and recommended approval to the City Council; and

WHEREAS, the City Council held a duly published and noticed public hearing on February 15, 2017, pursuant to the requirements of the Scotts Valley Municipal Code and State Law, to consider the Mitigated Negative Declaration and all other information in the record including, but not limited to, public testimony; and,

WHEREAS, the City Council held a duly published and noticed public hearing on February 15, 2017, to consider the planning permit applications of the proposed project pursuant to the requirements of the Scotts Valley Municipal Code and State Law and certified Mitigated Negative Declaration MND12-001 by adopting Resolution No. 1830.4;

WHEREAS, the City Council approved Planned Development District Overlay and Permit PD10-003 by adopting Ordinance No. 16-ZC-217.2; and,

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Scotts Valley does hereby make the following findings, as further clarified in the City Council staff report dated February 15, 2017, as follows:

SECTION 1: The City Council approves Land Division LD00-002, subject to Conditions of Approval in Exhibit A attached hereto and incorporated herein, based on the following findings:

A. That the location of the uses are in accordance with the objectives of the zoning ordinance and the purposes of the district in which the site is located. One of the purposes of the R-H zoning district is to provide for multi-family style of housing. The project meets the requirements of this finding in that the project will provide six condominiums and a common lot to allow a special niche of multi-family housing type.

B. ***That the proposed tentative map/land division, together with the provisions for its design and improvement, is consistent with the General Plan.*** The project meets the requirements of this finding in that the design of the land division and its related property improvements are consistent with many goals and objectives of the General Plan. The Public Works Department has reviewed the project and recommended approval subject to standard conditions.

C. ***That the project site is physically suitable for the density of the land division.*** The project meets the requirement of this finding in that the project density of 10 units/acre (6 units/26,650 square feet = 10 units/acre) will fall within the allowed density (9-15 units/acre) and required minimum lot area/unit (3,000 square feet/unit) in the R-H zone. Public services are available and utilities are of adequate capacity to accommodate the project including build-out under the General Plan.

D. ***That the design of the land division or the proposed improvements are not likely to cause substantial environmental damage or substantially and avoidably injure fish or wildlife or their habitat.*** The project meets the requirements of this finding in that it was determined that there will be no significant impacts to fish or wildlife or other habitat based on the environmental review completed for the project (Mitigated Negative Declaration).

E. ***That the design of the land division or the type of improvements is not likely to cause serious public health problems.*** The project meets the requirement of this finding in that the project will not generate hazardous emissions nor store hazardous/ combustible materials. This project does not have the potential to significantly degrade the quality of the environment. Both short-term and long-term environmental effects associated with this project will be less than significant. Mitigation Measures will reduce potential impacts to Air Quality, Biological Resources, Cultural Resources, Geology and Soils, Hazards and Hazardous Materials, Noise, and Drainage and Hydrology to less than significant.

F. ***That the design of the land division will not conflict with easements acquired by the public at large (for access through or use of property within the land division).*** The project meets the requirement of this finding in that the subdivision design will not involve any access or use easements acquired by the public at large. The Public Works Department has reviewed the project and recommended approval subject to standard conditions.

SECTION 2: The City Council approves the Use Permit U00-002, subject to the Conditions of Approval in Exhibit A attached hereto and incorporated herein, based on the following findings:

G. ***The location of the condominiums is in accordance with the objectives of the zoning ordinance and the purposes of the zoning district in which the site is located.*** The proposed use meets the requirements of this finding in that condominiums are similar to other high-density development located off Scotts Valley Drive, as intended in the same high-density (R-H) zoning district. Project density of 10 units/acre is appropriate in the R-H zone.

H. ***The establishment, maintenance or operation of the condominium project will not, under any circumstances of the particular case, be detrimental to the health, safety, peace, morals, comfort and general welfare of persons residing or working in the neighborhood of the proposed restaurant or be detrimental or injurious to property and improvements in the neighborhood or to the general welfare of the city.*** The proposed use meets the requirements of this finding in that the project will provide the required parking and other features. There are two minor exceptions regarding private open space for two units and no parking space for an RV/boat. Conditions require the developer to submit revised plans to provide the required enclosed, lockable, and weatherproofed private storage of 200 cubic square feet per unit. This revised design will expand the building footprint for the exterior side wall to increase the garage widths to provide the required storage. This minor design change will increase the private open space for Plan 1 units by 25 square feet.

SECTION 3: The City Council approves the Design Review DR00-014, subject to the Conditions of Approval in Exhibit C attached hereto and incorporated herein, based on the following findings:

I. ***The siting of any structure on the property as compared to the siting of other structures in the immediate neighborhood is appropriate.*** The project meets the requirements of this finding in that the units will be sited in similar arrangement as other dwellings in the neighborhood and other small-lot PD subdivisions approved off Scotts Valley Drive. The 2-story design will integrate into the neighborhood setting as an infill project.

J. ***The materials, colors, proportion, mass and detail of all structures shall be in good proportion, have simplicity of mass and detail and be compatible in appearance with surrounding structures. There shall be an appropriate use of materials. Colors shall be appropriate within the context of use and should blend with surrounding structures.*** The project meets the requirements of this finding in that site planning and architecture is well-designed and appropriate as an infill project on Acorn Court. The architectural style of the 2-story condo will use variety of exterior finishes to add visual interest in the neighborhood. The buildings will use quality exterior materials to integrate into the neighborhood setting, with stucco walls (tan) with composition shingle or cement fiber roofs (brown color).

K. ***The size, location, design, color, number, lighting and materials of all signs and outdoor advertising structures shall be appropriate to the site and building design. No sign shall be approved in excess of the maximum limits set by this title, but the size or number of signs in any area subject to design control may be reduced below this maximum number or limit.*** The project meets the requirements of this finding in that the project does not include a subdivision identification sign. A condition of approval will require Design Review approval for any future subdivision sign. any signage.

L. ***Landscaping and irrigation plans shall be required on the site. Landscaping shall be in keeping with the character or design of the building. Existing trees shall be preserved wherever possible.*** The project meets the requirements of this finding in that the project will provide complete landscaping of the new development to help it integrate into the setting. Also, preservation of existing and neighboring trees to remain were thoroughly evaluated; in August 2010, September 2011, and March 2012, James P. Allen & Associates prepared a Construction Impact Assessment/Tree Protection Plan, an update on Completeness Review Item 14, and Tree Protection Language, respectively. The tree report provided recommendations for special treatments before construction, tree and stump removal, required tree replacement, retention bond for trees to be protected, and monitoring during construction. The large Coast live oak tree #15 located on Acorn Court Apartments Site is the largest tree to be preserved and protected.

M. ***The size, location and arrangement of on-site parking and paved areas shall be appropriate.*** The project meets the requirements of this finding in that the six 1-car garages and 8 uncovered spaces exceed the 13 uncovered parking spaces required for the project (2 spaces for each unit plus 1 guest space).

N. ***For ingress, egress and internal traffic circulation, all the above factors shall be related to the setting or established character of the neighborhood or surrounding area.*** The project meets the requirements of this finding in that access is directly off Acorn Court. The project will provide new sidewalks from Scotts Valley Drive. The project design will be compatible with the development pattern established on many R-H lots located off Scotts Valley Drive.

O. ***For fences and walls over eight feet tall or fences over three feet tall in front yards when across from Hwy 17, consider height and access to sunlight, setbacks, landscaping and use of materials for articulation and visual relief.*** The project meets the requirements of this finding in that the project does not include fences or walls taller than eight feet in height.

NOW THEREFORE, BE IT FURTHER RESOLVED that, after careful consideration of the application and related materials, plans, maps, facts, exhibits, staff report, testimony and other evidence submitted in this matter, and incorporated herein by this reference, the City Council approves Land Division LD00-002, Use Permit 00-

002, and Design Review DR00-014 to create six condominiums and one common lot to build two triplexes and related property improvements, as the required affordable housing for the approved 40-lot Polo Ranch subdivision (off Santa's Village Road) on a vacant lot located at 4303-A Scotts Valley Drive / APN 022-902-12, subject to the Conditions of Approval in Exhibit A, attached hereto and incorporated herein by this reference.

SECTION 4: Land Division LD00-002, Use Permit U00-002, and Design Review DR00-014 shall lapse and shall be come void two (2) years from the date of this resolution unless prior to the expiration date, a building permit is issued and construction has commenced, or an extension of this approval is granted by the City Council.

THE ABOVE AND FOREGOING RESOLUTION NO. 1830.5 was duly and regularly passed by the City Council of the City of Scotts Valley at a meeting held on the 15th day of February 2017, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

____
Randy Johnson, Mayor

Attest:

____
Tracy Ferrara, City Clerk

Exhibit A
Conditions of Approval (#1 - #77)

Mitigated Negative DeclarationMND12-001
Planned Development District Overlay and Permit PD10-003
Land DivisionLD00-002, Use PermitU00-002, and Design Review DR00-014

LEGAL

1. The developer has agreed to and shall defend, indemnify and hold harmless the City of Scotts Valley, its officers, agents and employees from any claim, action or proceeding against the City or its officers, agents or employees to attach, set aside, void or annul any action of the City in connection with approvals under the California Environmental Quality Act or with respect to approval of the project, which action is brought within the time period(s) prescribed by law. The City shall promptly notify the developer of any such claim, action or proceeding and shall fully cooperate in defense.

2. After City Council approval, the property owner shall sign the Conditions of Approval agreeing to the Conditions of Approval prior to issuance of any grading/building permits, transfer of title, or within 30 days of approval of these planning permits, whichever occurs first.

3. Before issuance of any building/grading permits or transfer of title, the developer shall record a signed copy of a Memorandum of Agreement Regarding the Conditions of Approval at the County Recorder's Office. Planning Department staff will provide the document to record.

4. The developer shall obtain all required demolition, grading, and building permits and pay all appropriate required fees before starting any grading/earth disturbance on the property.

PLANNING DEPARTMENT

Project-specific Conditions - Planning Department

5. The approved planning permits allow two triplexes (6-unit condominiums) and related property improvements as the required affordable housing (80% of median income for Santa Cruz County) for the approved 40-lot Polo Ranch subdivision, as shown in the plans stamped approved, Sheets TM-01 - TM-04, prepared by Carson Barbee & Gibson Civil Engineers; L-01 - L-02, prepared by HLD Group Landscape Architects, and 1.0 - 3.0, prepared by William Hezmelhalch Architects.

6. All site improvements shall be in conformance with the plans and color/materials board stamped approved, unless otherwise conditioned in this Exhibit B, to the satisfaction of the Community Development Director (CDD).

7. The approved "Tentative Map" plans, architectural drawings, landscape plans, and all related documents represent the project approved by the City. If during the grading permit or final map or improvement plan or building permit stage(s), a reviewing agency or district requests or requires any change to the approved project, the developer shall obtain prior review and approval by the CDD. Depending on the scope of the change, as determined by the CDD, the City may require separate environmental review and/or planning permits, review, and fees borne by the developer.

8. To meet the unique needs of the high-density subdivision, the Planned Development District Overlay and Permit (PD) allow the following six (6) exceptions to the Municipal Code:
   a. Front Yard Setbacks - Reduced 8-20 feet, where 20 feet is required;
   b. Right Side Yard Setbacks - Reduced 7 feet, where 10 feet is required;
   c. Lot Coverage - Increased of 70%, where 55% is allowed;
   d. Garage Dimensions - Reduced 11.5-13 feet x 21.5 feet, where 12 feet x 22 feet is required;
   e. Private Open Space - Reduced 126.5 square feet of second floor deck for 2 units (only Plan 1), where 150 square feet is required;
   f. RV Storage - No enclosed storage space for 1 recreational vehicle/boat.

9. To provide the required enclosed, weatherproofed, and lockable private storage of 200 cubic square feet for each unit, the developer shall submit revised plans which show the following, subject to review and approval by the Community Development Director:
   a. Relocate the meter boxes to the exterior side building wall;
   b. Expand the building footprint by moving the opposite exterior side building wall 3-feet-7-inches;
   c. Adjust the applicable interior garage walls;
   d. Add storage under the garage stairwell for Plan 1 units; and,
   e. Provide a pull-down ladder in the hallway for attic storage in all units.

10. The developer shall follow the terms of the Development Agreement executed between Lennar and the City.

11. Before a Final Map is recorded, the developer shall submit two copies of the Conditions, Covenants and Restrictions (CC&Rs) for City review, and:
    a. Submit a $500 deposit for City Attorney review;
    b. Require in the CC&Rs that residents store trash and recycle bins in the garages at all times except for the 1 day/week for garbage pick-up service; and,

c. Prohibit storing or parking RVs or boats or other recreational vehicles in the garages and parking spaces. Cross-reference Condition #20.

12. To be consistent with the City's adopted preference criteria for households who live and work within the City limits and to restrict the sale/resale prices of all 6 units to qualifying low-income households (80% of current median income for Santa Cruz County), the developer shall execute an affordable housing agreement with the City and complete the following actions:
    a. Submit text to for CDD review and approval to advertise the restricted affordable unit in the Santa Cruz Sentinel and PressBanner newspapers for a two week period before the unit is completed or as determined by the Community Development Director;
    b. Provide the name and contact number of the designated person to the project planner for advertising in the City's Affordable Housing Action Plan brochure;
    c. Review the applications for income eligibility, separate the applications by the City's adopted preference criteria, and provide them to the City for the City to conduct a lottery;
    d. Pay for the income certification process of the buyer(s)/ qualifying household(s) with the Housing Authority of Santa Cruz County; and,
    e. Once prospective buyers have been certified, each buyer shall meet and follow the City's adopted preference criteria and standard review process, and shall enter into an affordable housing agreement with the City.

13. To be consistent with the City's sign design criteria, the developer shall obtain prior Design Review approval for any future subdivision identification sign.

The following Planning Department conditions shall be completed before grading permit issuance and any earth disturbance. See conditions from other departments and agencies for additional requirements at the building permit stage.

14. The developer shall comply with current redevelopment requirements regarding prevailing wages for applicable project personnel.

15. Before grading permit issuance, the developer shall submit a mitigation measure compliance monitoring fee deposit for five (5) hours of staff time at the existing rate. Any unused time shall be refunded at a final building inspection.

16. Mitigation Measure #2 - Biological Resources-1: To ensure protection of qualifying trees during construction, the developer shall complete and implement all of the report recommendations prepared by James P. Allen & Associates, dated August 2010, September 2011, and March 2012, to the satisfaction of the City Arborist (James P. Allen) and the Community Development Director.

17. Mitigation Measure #3 - Cultural Resources-1. To ensure that archaeological resources are not destroyed if accidently discovered during project grading or other subsurface work, the developer shall submit a copy of a contract with a qualified/registered archaeologist to conduct monitoring of all earth disturbing activities for review and approval by the Community Development Director (CDD), before grading permit issuance. The developer shall include this requirement in the contract for all contractors involved with grading and subsurface work. The qualified/registered archaeologist shall monitor all earthwork activity as described:
    a. An archaeologist shall monitor the grading or excavation of soils at the development site in order to determine if important cultural remains are present. Such monitoring shall begin before and occur during subsurface earth moving activities;
    b. The duration and period of archaeological monitoring of project development activities shall be at the discretion of the professional archaeologist. At a minimum, however, any activity that initially displaces or removes original soil from its present context shall be monitored by an archaeologist on a continuous basis;
    c. Monitoring activities such as replacing soils in trenches, redistributing displaced soil elsewhere on the development site, or removing stockpiled excavated soil may not require monitoring;
    d. Monitoring may include the periodic sampling and screening of soils in order to better determine if cultural remains are present; and,
    e. If any cultural resources are discovered, the project contractor shall immediately stop all earth disturbing work within a 150 foot radius of the discovery to allow for inspection, evaluation, and potential recovery of resources by the supervising project archaeologist, before resuming any earth-disturbing construction activities. The developer shall also contact the Planning Department and Building Official as soon as work has been stopped. It may be necessary to resume grading or excavation activities under the direction of the supervising archaeologist in order to locate or expose cultural remains.

18. To provide pedestrian and bicyclist safety, to minimize construction disturbances to adjacent uses, and to further protect the large oak tree (#15), the developer to submit a staging plan showing how construction trucks, equipment, and materials will be stored to keep access on Acorn Court and to the McCombs Site clear, for review and approval by the CDD.

19. To ensure that construction-related problems (such as noise, construction parking, and access on Acorn Court) are resolved quickly, the developer shall post the name and phone number of the construction disturbance coordinator on a sign that is easily readable from Acorn Court. The coordinator shall be the person responsible for receiving and resolving citizen complaints and inquiries about disturbances from project construction. The coordinator shall be available to receive calls and respond to them each day grading and construction occurs.

20. Although construction vibration is not expected to be at high levels and will be temporary, the developer shall provide 48-hour notice to the McCombs residence, Acorn Court Apartments manger, Chef Liu Restaurant, and the two north adjacent property owners at 51 and 53 Terrace View when soil compaction will occur.

The following Planning Department conditions shall be completed before a building permit is issued for vertical construction on the project site. Other departments/ agencies may have additional requirements at this stage; see other conditions in this document.

21. Mitigation Measure #6 - Hydrology and Water Quality-1: To reduce the project's potential impact of added groundwater demand, the developer shall:
    a. Create a homeowners association or similar entity to manage a recycled water program;
    b. Install "purple pipe" for landscape irrigation for recycled water;
    c. Replace any junction boxes with dry infiltration wells to provide additional ways for potential groundwater infiltration;
    d. Install all of the bioretention areas before final building permit inspection;
    e. Explore potential low impact development (LID) features, such as disconnected roof leaders and dry infiltration wells, as deemed appropriate by the project engineer and as approved by the Community Development Director (CDD);
    f. Provide CC&Rs that describe how the proposed bioretention areas and other potential LID features, drainage lines, and the property improvements located within the common area will be maintained;
    g. Prohibit in the CC&Rs future additional impervious paving within the common areas;
    h. Prohibit in the CC&Rs future additional paving in the four private fenced back patios; total allowed paving is 86.5 square feet, as shown on the plans;
    I. Install high efficiency fixtures for all water uses in all residences, all items a-h are subject to review and approval by the CDD; and,
    j. Prohibit in the CC&Rs removing/replacing any of the approved landscaping in the common areas.

22. The developer shall provide a detail of utilities near the south property line to ensure that future improvements on the Acorn Court Apartment site have been approved by the Acorn Court Apt. property owner and the City, and to ensure protection of the large Oak tree (#15).

23. To be consistent with policies calling for exterior lighting to be at the lowest level for adequate identification and readability, the developer shall submit specifications of light fixtures that direct light downward with shields or guards where the light source is not directly visible, to the satisfaction of the CDD.

24. The developer shall submit a revised lighting plan and landscaping plan which show consistent locations and fixtures, for review and approval by the CDD. The landscaping plan shall include details for the small trees, shrubs, and groundcover for the 10-feet wide landscape strip in Parcel A.

25. The developer shall work with Planning Dept. Staff and PG&E to locate any new transformer boxes and other mechanical equipment and/or relocation of any existing transformer boxes to allow landscaping screening while still providing adequate maintenance access. The landscape plans shall show the location and landscape screening of all utility equipment, such as the fire protection equipment (any applicable outside stem and yoke valve "OS & Y" and fire detection indicator valve "FDI"), all subject to review and approval by the CDD.

26. To ensure that the landscaping in the common Lot 1 and in Parcel A are maintained in good condition for the duration of the project, the developer shall record a Landscape Maintenance Agreement (provided by Planning Department) which shall be signed, notarized, and recorded at the Santa Cruz County Recorder's Office. Cross-reference Condition #27.

Before a final building inspection and occupancy

27. To comply with the City's condominium development standards, the developer shall paint the unit number on each parking space and paint "guest parking" in 6" or 8" white lettering. The CC&Rs shall require the HOA to maintain the painted identification in a good readable condition at all times. Cross-reference Condition #26.

28. * For more privacy from the adjacent restaurant and parking lot, the developer shall replace the existing chain link and wood fence on north property line with a new 6-feet tall solid wood 'good neighbor' fence with 2-feet of lattice and a cap rail and replace the proposed spilt rail fence with a solid 3-feet tall wood fence, per red-line notes stapled to the project plans. Additionally, the developer shall install a 6-feet tall solid wood "good neighbor" fence with 2-feet of lattice with a cap rail along the west property line next to the McCombs Site as shown on the approved site plan. ***To allow for potential screening of the adjacent restaurant's back service area, additional fencing (above 3 feet in height but in conformance with the City's Municipal Code) and landscaping within the existing right-of-way of Acorn Court may be added, in consultation with the developer, Acorn Court Apartments, and Chef Liu, subject to review and approval by the CDD.***

29. To promote of a more efficient driveway design across the project site to the adjacent rear (west) property (McCombs Site), this approval allows flexibility for the possible relocation / reconfiguration of the existing access easement.

BUILDING DEPARTMENT

Standard Conditions - Building Department

30. Developer shall obtain a grading/building permit(s) and pay appropriate fees before doing any earth disturbing work on the subject property.

31. The developer shall pay school impact fees to the Scotts Valley Unified School District and submit proof of payment with the building permit application.

32. All trades of electrical, plumbing and mechanical will be issued under one building permit for said project (General Contractor permittee).

33. All new construction shall comply with the City of Scotts Valley's Green Building Guidelines in effect at the time of building permit issuance.

34. The buildings must be designed to comply with the current California Building Code and all other applicable codes in effect at the time of building permit issuance, including structural and seismic/earthquake requirements.

35. The building permit plans must comply with the current California Building Code for water-conserving fixtures and fittings and energy-saving fixtures and appliances to be used throughout all residences.

36. All structures shall comply with the most current California Energy Commission Standards (Title 24).

37. All new utilities shall be installed underground.

38. An engineered grading permit may be required for the proposed site work.

39. A soils report by a qualified geologic engineer shall be submitted with the application for any building permits.

40. Any grading or earthwork proposed between Oct. 15-April 15 requires prior review and approval by the City Council by submitting information, plans, and applicable fee to the satisfaction of the CDD and/or Public Works Director.

41. The plans submitted for a building permit must include a drainage plan that conforms with the City's current Storm Drain Master Plan and post run-off requirements in effect at the time of grading/building permit issuance. Development shall not increase the rate of flow (cubic feet per second) or velocity (feet per second) of site run-off water to any off-site drainage areas beyond the measured or calculated pre-project rate and velocity.

42. Site drainage erosion control and foundation plans must be reviewed and approved by a soils engineer.

43. Structural calculations shall wet-signed by the Engineer of record.

44. Provide names of Special Inspectors with certifications as required.

Project-specific Conditions - Building Department

45. To each set of plans submitted to the Building Department for all grading and/or building permits, the developer shall affix a copy of the Conditions of Approval, and the Construction Impact Assessment/Tree Protection Plan (August 2010), Update on Completeness Review Item 14 (September 2011), and Tree Protection Language (March 2012) prepared by James P. Allen & Associates.

46. The buildings shall be designed to provide a maximum of 45 dB DNL inside.

47. Mitigation Measure #4 - Geology-1: To reduce the effects of seismic shaking to acceptable levels, the developer shall have the residences building designed to UBC standards for the design-level earthquake for the area. Future building plans submitted shall include the design details.

48. The plans submitted for a building permit must follow all of the recommendations in the project geotechnical investigation report. The developer shall submit a plan review letter from the project Geotechnical Engineer confirming that the construction documents comply with the project geotechnical engineer's recommendations.

49. To prevent erosion from occurring during or after grading and development of the project site, conditions require an erosion control plan at the building permit stage. The approved plan shall be implemented with grading of the site. The erosion control measures should be functional prior, during and after construction. Specific measures shall be identified in the project plans and specifications should include use of silt fencing, straw bales to prevent sediments from leaving the site, and other measures as appropriate.

50. Mitigation Measure #5 - Hazardous Materials-1: To prevent accidental discharge of construction related fuels, lubricants or other contaminants into the right-of-way, the project site or other properties, the developer shall implement a best management practice/hazardous materials containment plan during the entire time construction activities are occurring. The hazardous materials containment plan shall be approved by City Planning staff prior to commencement of land alteration and construction activities for the project. These requirements shall be included in the construction contract for the project. The plan shall contain the following elements:
    a. Stationary equipment such at motors, pumps, welding equipment shall be place over drip pans or other containment apparatus; and,

b. Any petroleum, lubricants or other hazardous materials used during construction shall be stored in a special storage location equipped with double containment and this location shall be shown on the erosion control plan and approved by the agencies that review this plan.

51. To be consistent with the Monterey Bay Unified Air Pollution Control District requirements, the developer shall use Best Management Practices during construction for noise reduction by muffling and shielding intakes and exhausts, shrouding or shielding impact tools, and using electric powered rather than diesel powered construction equipment, as feasible., as determined by the CDD.

52. Mitigation Measure #7 - Air Quality-1: To reduce dust generation from project demolition, grading, and construction to minimal levels, the developer shall require the grading contractor to implement best management practices for dust control, including watering down exposed earth surfaces each non-rainfall day at intervals that attenuate dust problems. Any dirt tracked on to Acorn Court and Scotts Valley Drive shall be removed daily in a manner that does not create substantial airborne dust. These requirements shall be included in the construction contract for the project.

53. To ensure that City requirements are met, the plans shall specify the off-site disposal location of the exported soil material. If the disposal site is located outside the City, the site shall be a legal facility such as a licensed landfill or permitted fill site.

54. Mitigation Measure #7 - Noise-1: To reduce construction noise emanating beyond the site to acceptable levels, the project proponent shall require all contractors to limit their work to 8:00 A.M. to 5:00 P.M. Monday-Friday and 9:00 A.M. to 5:00 P.M. on Saturday. No construction activity is allowed on Sunday. If gasoline generators are used, they shall be contained in an enclosure that prevents their noise from being heard at residential properties northeast and southeast of the project site.

PUBLIC WORKS DEPARTMENT

Standard Conditions - Public Works Department

55. A final subdivision or parcel map in conformance with the California Government Code, Section 66410 *et seq*, and with the City Subdivision Ordinance, and including the conditions of the tentative subdivision map, shall be filed to the satisfaction of the Public Works Director/City Engineer.

56. All required documents, final or parcel map sheets, covenants, developer and city improvement agreements and bonds, shall be provided to the satisfaction of the Public Works Director/City Engineer prior to the recordation of any final map or application for any building permit. (Developer should be advised that officials

of Santa Cruz County, such as the Auditor-Controller, Recorder and Clerk of the Board have requirements, such as payment of taxes and present title guarantee, which precede recordation of the map.)

57. Engineered Improvement Plans shall be submitted for all on site and off site work and will be approved by the Public Works Director/City Engineer. On-site and off-site (encroachment) civil engineering permits must be issued by the City prior to commencing any work. Improvement Plans shall include any necessary grading, drainage, masonry retaining walls, driveway, utilities, utility pole relocation, frontage improvement and/or repair of sidewalk, curb and gutter or similar facilities required to satisfy tentative map conditions to the satisfaction of the Public Works Director/City Engineer. All improvements shall conform to the design standards contained in text and illustration in the "City of Scotts Valley Standard Details", latest revision adopted by the City Council.

58. Developer shall construct street improvements for the full parcel frontage in accordance with the City of Scotts Valley Standard Details, latest revision, adopted by the City Council.

59. Developer shall pay the cost to accomplish the utility design and construction to underground any telephone, electric power, and television cables in each project contained easement, private or public road frontage. This under grounding of utilities to remove utility poles comes in addition to the state required under grounding of transmission for the project and any new service connections, to the satisfaction of the Public Works Director/City Engineer.

60. Engineered improvement plans for all work, signed and prepared under the direction of a registered civil engineer, shall be approved by the Public Works Director/City Engineer prior to commencing work.

61. All work in the public right-of-way will require an encroachment permit application made to the satisfaction of the Public Works Director/City Engineer. The civil on-site work, as plan reviewed by the Public Works Department, will require an on-site civil engineering permit and inspection.

62. Pursuant to City Council action on March 3, 2010, the developer shall modify the Traffic Impact Study to address the Mount Hermon Road/Scotts Valley Drive and Mount Hermon Road /La Madrona Drive intersections to determine the additional peak hour trips through the intersections. Specifically AM and PM peak hour trips for Mount Hermon Road /Scotts Valley Drive and PM only peak hour trips for Mount Hermon Road /La Madrona Drive. The study will also determine if the additional trips will degrade the Level of Service (LOS) of the intersections.

63. The findings of the study will determine the amount owed for the Mount Hermon Road traffic mitigations fair share contribution. The Developer shall conclude this study and pay any associated fees at the time of building permit issuance.

64. All public improvements shall be guaranteed by written Agreement with the city,

Faithful Performance Bond, and Labor and Material men's Bond, to the satisfaction of the Public Works Director/City Engineer.

65. All signing and striping shall be approved and completed as required by the Public Works Department, and shall be in conformance with current editions of Transportation and Traffic Engineering Handbook, by the Institute of Transportation Engineers, and the State Department of Transportation "Standard Specifications".

66. The project shall connect to the sanitary sewer system and existing septic systems, if any, shall be properly abandoned.

67. Developer shall construct storm drain facilities in conformance with data and analysis in the adopted City of Scotts Valley Storm Drain Master Plan, December 1989 and in accordance with the city's SWMP Ordinance No. 184.1.

68. A registered civil engineer shall provide storm (hydrologic and hydraulic) calculations for appropriate storm drain facilities to control on-site drainage and mitigate off-site impacts. The design shall follow the criteria contained in the City of Scotts Valley Standard Details and the data and analysis contained in the latest adopted City of Scotts Valley Storm Drainage Master Plan. Development shall not increase the rate of flow (cubic feet per second) or velocity (feet per second) of site run-off water to any off-site drainage areas beyond the measured or calculated pre-project rate and velocity.

69. Developer shall pay the cost to accomplish the utility design and construction to underground the telephone, electric power, and television cables in each project contained easement, private or public road frontage. This under grounding of utilities to remove utility poles comes in addition to the state required under grounding of transmission for the project and any new service connections.

70. The final map shall be submitted to the City's Public Works Department on an Auto CAD drawing up to version 2004 electronic version prior to recording.

71. Developer shall submit a completed "segregation of assessment" form for each assessment district in which the subdivision participates.

72. Prior to the filing of the final/parcel map, the developer shall contact the Santa Cruz County Assessor's Office or the Local Agency Formation Commission (LAFCO) to ensure that the subdivided property is within a single tax code.

73. Pre-Construction Meeting: In order to ensure that the mitigation measures are communicated to the various parties responsible for constructing the project, prior to any disturbance on the property, with the exception of installation of temporary construction fencing demarcating the disturbance envelope, tree protection fencing, and silt fencing, the developer shall convene a pre-construction meeting on the site. The following parties shall attend: the

developer, the grading contractor supervisor, the project biologist, the project arborist, the Civil Engineer, City of Scotts Valley Planning staff, City Engineer, and Public Works Director. The temporary construction fencing demarcating the disturbance envelope, tree protection fencing, and silt fencing will be inspected at that time.

74. To ensure that the developer repairs any damage to Acorn Court that is caused by project construction, the developer shall provide a set of current (pre-project) photos or video of Court Lane to the Planning Department and Public Works Director for review and approval, and the following actions shall be completed:
    a. After project construction and before a final building permit inspection of the project, the Public Works Director shall inspect the road and determine if any repairs are required to restore the road to the pre-project condition; and
    b. The developer shall complete any required repairs to the road to the satisfaction of the Public Works Director before City sign-off on the building permit(s) and occupancy of any unit.

SCOTTS VALLEY FIRE PROTECTION DISTRICT (SVFPD)

75. The developer shall comply with the California Fire Code as amended by the Scotts Valley Fire Protection District.

SCOTTS VALLEY WATER DISTRICT

76. The developer shall obtain a Main Extension Agreement.

77. All recycled water systems must be designed according to the SVWD Rules and Regulations and must conform to the "Recycled Water Irrigation Systems Standard Notes and Details".

* ***As amended by the Planning Commission on January 19, 2017***

____ __________
Printed Name of Property Owner, Lennar Homes, or Agent Date

____
Signature of Lennar Homes or Agent

CITY OF SCOTTS VALLEY

PLANNING DEPARTMENT
One Civic Center Drive • Scotts Valley • California • 95066
Phone (831) 440-5630 • Facsimile (831) 438-2793 • www.scottsvalley.org

Planning Commission
Action Meeting Minutes

DATE / TIME: Thursday, January 19, 2017, at 6:00PM

MEETING LOCATION: City Hall Council Chambers at One Civic Center Drive

POSTING: Agenda was posted at the City of Scotts Valley City Hall, Scotts Valley Branch Public Library, and Scotts Valley Senior Center on January 13, 2017.

Planning Commissioners	City Staff Members
Derek Timm, Vice-Chair	Taylor Bateman, Acting Community Dev. Director
Carlos Arcangeli, Commissioner	Michelle Edwards, Senior Planner
Robin Donovan, Commissioner	Brenda Stevens, Assistant Planner
Rosanna Herrera, Commissioner	
Deborah Muth, Commissioner	

CALL TO ORDER: *The Planning Commission Chair called the meeting to order at 6:05pm.*

PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE: *The Planning Commission Chair leads the pledge of allegiance.*

ANNOUNCEMENT: CDD, Bateman announced that the City Council appointed two new Planning Commissioners: Rosanna Herrera and Robin Donovan. The new Commissioners will be replacing Russ Patterson and Steve Horlock.

ROLL CALL: *Present: Arcangeli, Muth, and Herrera. Absent: Timm, (Donovin will join the Commission in February).*

ELECTION OF OFFICERS:
ACTION:
Planning Commission M/S: Arcangeli/Herrera
To elect a Chair and Vice-Chair for the calendar year at the next meeting.
Carried 3/0/1

ORAL COMMUNICATIONS: *This portion of the agenda is reserved for discussion by the public of items which are NOT on the agenda. No action may be taken by the Commission. It is in the best interest of the person speaking to the Commission to be concise and to the point. All speakers are requested to sign their names at the podium so that their names may be accurately recorded in the minutes of the meeting.*

ALTERATIONS TO CONSENT AGENDA: *The Commission may remove or add items on the Consent Agenda.*

CONSENT AGENDA: The Commission acted on all the minutes in one motion.

1. Action Meeting Minutes from the Special Meeting on November 17, 2016.

ACTION:
Planning Commission M/S: Arcangeli/Muth
To approve the minutes as prepared
Carried 3/0/1

ALTERATIONS TO REGULAR OR PUBLIC HEARING AGENDA: None.

PUBLIC HEARING AGENDA:

2. **Title:** Polo Ranch Affordable Housing
Address: 4303-A Scotts Valley Drive / APN 022-902-12
Applicant/Property Owner: Brent Reed / Lennar Homes of CA
Planning Permit Applications: MND12-001, PD10-003, LD00-002, U00-002, and DR00-014
Project Description: Consideration of recommendation of approval to the City Council of a Mitigated Negative Declaration, Planned Development District Overlay and Permit, Land Division, Use Permit, and Design Review to build two 2-story triplexes (6 condominium units), parking, landscaping, and related property improvements, as the required affordable housing for the previously approved 40-lot "Polo Ranch" subdivision located on Polo Ranch Road.
Planner: Michelle Edwards, Sr. Planner, (831) 440-5632 / medwards@scottsvalley.org

ACTION:
Planning Commission M/S: Arcangeli/Herrera
To recommend approval via Resolution No. 1712, subject to amended conditions (#28).
Carried 3/0/1

REGULAR AGENDA:

3. **Project Title:** Rooftop solar on a commercial building
Project Location: 1500 Green Hills Road
Planning Permit Application: DR16-016
Applicant/Developer: Kane Barnhart / The Solar Company
Property Owner: Bob Slawinski

Project Description: Installation of a Solar Electric System on the front and side mansard roof of a commercial building.
Planner: Brenda Stevens, Assistant Planner, (831) 440-5635 / bstevens@scottsvalley.org

ACTION:
Planning Commission M/S: Herrera/Arcangeli
To approval via Resolution No. 1713, subject to conditions.
Carried 3/0/1

4. **Project Title:** Best Western Monument and Pylon Signs
   Project Location: 6020 Scotts Valley Drive
   Planning Permit Application: DR16-013
   Applicant/Developer: Northwest Signs
   Property Owner: P. Patel
   Project Description: New Monument and Plylon Sign for Best Western Plus
   Planner: Brenda Stevens, Assistant Planner, (831) 440-5635 / bstevens@scottsvalley.org

ACTION:
Planning Commission M/S: Arcangeli/Herrera
To approve via Resolution No. 1714, subject to conditions.
Carried 3/0/1

DISCUSSION ITEMS AND FUTURE AGENDA ITEMS: None.

WRITTEN COMMUNICATIONS - FOR INFORMATION ONLY: None.

ADJOURNMENT: Approximately 7:30pm.

City of Scotts Valley
PLANNING COMMISSION
STAFF REPORT

Date:	January 19, 2017	
Applicant/ Property Owner:	Brent Reed, Forward Planning Manager Lennar Homes of CA	
Requested Planning Permits:	Mitigated Negative Declaration Planned Development Land Division Use Permit Design Review	MND12-001 PD10-003 LD00-002 U00-002 DR00-014
Location:	4303-A Scotts Valley Drive / APN 022-902-12	
Size of Parcel:	26,650 square feet	
General Plan / Zoning:	High-Density Residential / R-H	
Environmental Review:	A previously distributed Mitigated Negative Declaration was was made available for public review and comment from January 5 - January 24, 2017.	
Request:	Consideration of Planning Commission review and recommendation to the City Council to build a 6-unit condominium development and related property improvements, as the required affordable housing for the previously approved 40-lot Polo Ranch subdivision, located off Santa's Village Road.	
Staff Planner:	Michelle Edwards, Senior Planner, (831) 440-5632 and medwards@scottsvalley.org	

STAFF RECOMMENDATION

The Planning Department recommends that Planning Commission conduct a public hearing, review the proposed project (6 low-income condos which will be 80% of area median), consider public testimony, and recommend that the City Council certify the Mitigated Negative Declaration (the required environmental review document for the proposed project) and approve the requested planning permits, by adopting the attached resolution subject to, additional CEQA Findings in Exhibit A, Mitigation Measures in Exhibit B, and Conditions of Approval in Exhibit C.

DISCUSSION

The following items have been prepared for Planning Commission consideration.

1. **Background:** On December 13, 2012, the Planning Commission previously considered the application and recommended approval to the City Council, subject to amended conditions, with a 4/0/1 vote (Commissioner Heald absent). A copy of the meeting minutes is attached.

   The application did not proceed to the City Council to allow time to finalize an affordable housing agreement. Since then, the agreement is underway and the application requires returning to the Planning Commission for recommendation to the City Council, who will take final action at a future public hearing to be determined and duly noticed.

   The original Planning Commission staff report from December 2012 is attached. Please refer to it for a site description, project description, discussion topics, public notice, findings, and conclusion.

2. **Changes from Previous Planning Commission Review in December 2012:** Site conditions are relatively the same since December 2012, except for the large oak tree on the adjacent rear lot fell and was removed.

   a. Recommended Conditions: To promote a more efficient driveway design across the project site, a new Condition #29 has been added to allow flexibility in the possible relocation / configuration of the existing access easement for the residential property located behind the project site. Also, conditions from the City Public Works Department, Scotts Valley Fire Protection District, and Scotts Valley Water District have been updated to reflect their current conditions for proposed development.

   b. California Environmental Quality Act (CEQA): In 2012, the City prepared a Mitigated Negative Declaration (MND) and circulated it for public review from September 14, 2012 through October 3, 2012, in accordance with CEQA and the CEQA Guidelines. The MND analyzed the scope and nature of proposed development and identified measures to mitigate all potentially significant adverse project and cumulative impacts associated with the project to less than significant.

      The MND and development application did not proceed to City Council for review and action because the applicant and City asked for a continuance to complete an affordable housing agreement. At that time, Habitat for Humanity was partnering with Lennar on the proposed affordable site. However, since then, the partnership dissolved, and Lennar focused on grading their approved 40-lot subdivision. A draft affordable housing agreement is being reviewed and processed. Once completed, it will be executed and recorded.

In returning to the Planning Commission/City Council, a review of the previously prepared MND in relation to current CEQA requirements was prepared, per the attached Exhibit A. Pursuant to CEQA Guidelines, the project will not result in any new avoidable/unavoidable significant effects that would require new mitigation measures or project revisions to reduce effects to less than significant levels.

PUBLIC NOTICE AND COMMENT

1. **Notices:** On January 5, 2017, public hearing notices were posted at City Hall, the Scotts Valley Branch Public Library, and the Scotts Valley Senior Center, and were mailed to surrounding property owners located within 300 feet of the subject property, pursuant to State law. Additionally since December 2012, a large sign stating "notice of proposed development" has been posted on the project site at the driveway entrance to inform the public of the proposed project. To date, staff received two phone calls from some of the adjacent property owners to the south (Acorn Court Apartments) and west (single-family house), answered general questions, and provided a digital copy of the proposed plans.

2. **Discussions with an Adjacent Property Owner:** In 2012, one of the property owners of Acorn Court Apartments, adjacent development to the south of the roject site, expressed concerns about visual impacts (screening the restaurant's trash bins from street views with fencing and landscaping). Conditions #11b, #22, #26, and #28 address some of his concerns.

   In January 2017, the same property owner expressed the same concerns plus extending a fence and increasing its height plus a potential proposal to transfer the existing right-of-way from Lennar to Acorn Court Apartments so that they could maintain landscaping along the street and propose a permanent sign on Scotts Valley Drive. Staff requested that he submit his requests in writing; an email is attached to this report. An update will be provided at the public hearing.

ATTACHMENTS — PAGE NO.

Resolution No. ____ to: (Action Item) 4
- Certify Mitigated Negative Declaration MND12-001 * and . . . . Attached
- Approve Planned Development District Overlay and Permit PD10-003, Land Division LD00-002, Use Permit U00-002, and Design Review DR00-014, subject to:
  - Exhibit A - CEQA Findings in Connection with Approval of the Project . . . 11
  - Exhibit B - List of Mitigation Measures 27
  - Exhibit C - Conditions of Approval 29

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Planning Commission Staff Report, December 13, 2012 43
Received Email from Craig Rowell of Acorn Court Apartments, January 13, 2017 . . 51
Project Plans * . . . . Attached

Please note that a hard-copy is available to review in the lobby at City Hall, Monday-Thursday 8AM-12PM and 1PM-5PM, at One Civic Center Drive, Scotts Valley. Please call the Planning Department at (831) 440-5630 if you have any questions. 56

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Planning Commission
Action Meeting Minutes

DATE / TIME: Thursday, December 13, 2012 at 6:00 PM

MEETING LOCATION: City Hall Council Chambers at One Civic Center Drive

POSTING: Agenda was posted at the City of Scotts Valley City Hall and Senior Center, and the Public Library on December 7, 2012

Planning Commissioners	**City Staff Members**
Russ Patterson, Chair Deborah Muth, Vice-Chair Rick Bowen, Commissioner Jackie Heald, Commissioner Derek Timm, Commissioner	Corrie Kates, Community Development Director/ Deputy City Manager Taylor Bateman, Senior Planner Michelle Fodge, Senior Planner

CALL TO ORDER: The Planning Commission Chair called the meeting to order at 6:02 PM.

PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE: The Planning Commission Chair led the pledge of allegiance.

ROLL CALL: Commissioners Patterson, Bowen, Muth, and Timm were present, with Heald absent.

ORAL COMMUNICATIONS: None.

ALTERATIONS TO CONSENT AGENDA: None.

CONSENT AGENDA: The Planning Commission approved the Action Meeting Minutes of the October 11, 2012, meeting, as prepared (Item 1 on the agenda).

ALTERATIONS TO REGULAR OR PUBLIC HEARING AGENDA: None.

REGULAR AGENDA: None.

PUBLIC HEARING AGENDA:

2. **Title:** Polo Ranch Affordable Housing
Address: 4303-A Scotts Valley Drive / APN 022-902-12
Applicant/Property Owner: Brent Reed / Lennar Homes of CA

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4T

Planning Permit Applications: MND12-001, PD10-003, LD00-002, U00-002, and DR00-014
Project Description: Consideration of recommendation of approval to the City Council of a Mitigated Negative Declaration, Planned Development District Overlay and Permit, Land Division, Use Permit, and Design Review to build two 2-story triplexes (6 condo units), parking, landscaping, and related property improvements, as the required affordable housing for the approved 40-lot "Polo Ranch" subdivision located off Santa's Village Road.
Staff Recommendation: That the Planning Commission recommend approval of the project to the City Council, subject to mitigation measures and conditions of approval.
Staff Planner: Michelle Fodge at (831) 440-5632 or mfodge@scottsvalley.org
Members of the Public Who Spoke: Craig Rowell, adjacent property owner of Acorn Court Apartments.
Action Taken: Recommended approval to the City Council 4/0/1, subject to an amended Condition #28.

DISCUSSION ITEMS: None.

FUTURE AGENDA ITEMS: None.

WRITTEN COMMUNICATIONS - FOR INFORMATION ONLY: None.

ADJOURNMENT: 6:45 PM.

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City of Scotts Valley
PLANNING COMMISSION
STAFF REPORT

Date:	December 13, 2012	
Applicant/ Property Owner:	Lennar Homes	
Requested Planning Permits:	Mitigated Negative Declaration	MND12-001
	Planned Development	PD10-003
	Land Division	LD00-002
	Use Permit	U00-002
	Design Review	DR00-014
Location:	4303-A Scotts Valley Drive / APN: 022-902-12	
Size of Parcel:	26,650 square feet	
General Plan / Zoning:	High-Density Residential / R-H	
Environmental Review:	A Mitigated Negative Declaration was prepared and distributed for public review and comment from September 14 - October 3, 2012.	
Request:	Consideration of Planning Commission recommendation of approval to the City Council to build a 6-unit condominium development and related property improvements, as the required affordable housing for the approved 40-lot Polo Ranch subdivision located off Santa's Village Road.	
Staff Planner:	Michelle Fodge, AICP, Senior Planner, (831) 440-5632 and mfodge@scottsvalley.org	

STAFF RECOMMENDATION

Staff recommends that the Planning Commission conduct a public hearing, review the proposed project, consider public testimony, and recommend that the City Council certify the Mitigated Negative Declaration (the required environmental review document for the proposed project) and approve the requested planning permits, by adopting the attached resolution subject to Mitigation Measures in Exhibit A and Conditions of Approval in Exhibit B.

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PUBLIC HEARING BACKGROUND

This planning permit application was scheduled for Planning Commission review on October 11, 2012. Because more time was needed to discuss concerns with adjacent property owners, the project was continued to November 15, 2011, which was canceled to allow more time.

SITE DESCRIPTION

The 26,650 square feet project site is a vacant, high-density zoned lot located on the west side of Scotts Valley Drive, off Acorn Court, behind the Chef Liu restaurant. Site topography is relatively flat. Site vegetation includes non-native trees and native trees, some of which qualify for protection. Earlier this year, two sheds were demolished due to complaints from adjacent residents. The surrounding properties are developed with commercial and high-density and single-family residential uses.

PROJECT DESCRIPTION

To provide the required affordable housing for the approved 40-lot "Polo Ranch" subdivision, Lennar Homes of CA, property owner and developer, proposes to build two 2-story triplexes (6 condominium units with 1-car garages), surface parking, fencing, landscaping, and related property improvements. For details, see alphabetical topics on pages 3-6.

REQUESTED PLANNING PERMITS:

The project requires the following five Planning Permits:

1. **Mitigated Negative Declaration:** To identify, disclose, and minimize any potential environmental project impacts;
2. **Planned Development Zoning Overlay and Permit:** To allow exceptions to development standards to meet the needs of the high-density zoned project;
3. **Minor Land Division:** To create 6 condominium units and 1 common lot; and,
4. **Use Permit:** To allow condominiums;
5. **Design Review:** To evaluate new construction in the R-H zone.

ENVIRONMENTAL REVIEW

The project is subject to the California Environmental Quality Act (CEQA) and the CEQA Guidelines, which requires environmental documentation. City staff reviewed the submitted technical reports and existing planning files, conducted site visits, and consulted with City Department Managers and reviewing agencies.

Staff prepared a Mitigated Negative Declaration (MND12-001) which analyzes the project and includes ways to reduce potential negative impacts to less than significant levels, which are called mitigation measures. These measures will reduce potential impacts to Air Quality, Biological Resources, Cultural Resources, Geology and Soils, Hazards and Hazardous Materials, Hydrology and Water Quality, and Noise. 44 60

The MND12-001 was distributed to reviewing agencies and made available to the public for a 20-day comment period during September 14 - October 3, 2012. An advance copy was given to the Planning Commission.

DISCUSSION - PROJECT DETAILS

Summary details of the project are listed below. Applicable mitigation measures and key conditions of approval are noted. For a detailed analysis, please refer to MND12-001.

1. **Access:** Project access will be a private driveway off Acorn Court. An existing 24-feet wide easement provides access to an existing adjacent lot (McCombs Site), located behind the subject property. The McCombs Site is also zoned high-density but developed with a single-family residence. Paving within the existing easement will replace the existing gravel/dirt driveway located outside of the easement. See Project Plans - Sheet TM-02 by CBG Engineers.

   To minimize construction disturbances to adjacent uses and to further protect the large oak tree (#15), Condition #18 requires the developer to submit a staging plan showing how construction trucks, equipment, and materials will be stored to keep access on Acorn Court and to the McCombs Site clear.

2. **Affordable Workforce Housing:** The proposed project will provide the required affordable units for the approved Polo Ranch 40-Lot Subdivision (40 units x 15% = 6 units). Sale/resale prices are restricted for a 55-year period to qualifying low-income households (80% of the median income for Santa Cruz County). Standard conditions will require the applicant to follow City procedures which give preference to households which live and work within the City limits.

3. **Air Quality:** Although neighboring residences and commercial businesses are not considered "sensitive receptors" like medical clinics, convalescent homes, and hospitals, project construction will create temporary airborne dust. Therefore, Mitigation Measure Air Quality-1 requires the developer to use best management practices for dust control and to daily remove dirt tracked onto Acorn Court Lane and Scotts Valley Drive.

4. **Architecture and Site Design:** Site planning and architecture is appropriate as a high-density infill project. The buildings will use quality exterior materials to integrate into the neighborhood setting, with stucco walls (tan) with composition shingle or cement fiber roofs (brown color). Two plan types will be offered; Plan 1 is 2 bedrooms/1bath (about 1,000 square feet), while Plan 2 is 3 bedrooms/1.5 baths (about 1,300 square feet). See Project Plans - Sheets 1.0-3.0 by William Hezmalhach Architects.

5. **Biological Resources - Protected Species:** In March 2003, Dr. Richard Arnold, of Entomological Consulting Services, confirmed the absence of suitable habitat for the four special status insects (*see Attachment 16 of MND12-001*). In April 2003, The Huffman-Broadway Group prepared a Biological Report assessing for protected biological resources *(see Attachment 17 of MND12-001)*, which concluded that the site does not have any state/federal protected species.

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6. **Cultural Resources:** To comply with the City's Municipal Code, Mitigation Measure Cultural Resources-1 requires the developer to have an archaeologist monitor all excavation of soils at the development site to determine if important cultural remains are present.

7. **Density:** Project density (6 units/26,650 square feet) is 10 units/acre which complies with the allowed high-density (9-15 units/acre) and required minimum lot area/unit (3,000 square feet/unit) of the R-H zone.

8. **Drainage:** Project drainage will essentially follow existing drainage patterns from the west to east. The drainage system will add 12-inch storm drain lines to connect to an existing 18-inch line. Three bioretention areas will allow potential filtering and groundwater infiltration before discharging into the new lines. At the improvement plan stage, standard conditions require that drainage plans conform with the City's current storm water regulations in effect for erosion control. See Project Plans - Sheets TM-03 and TM-04.

9. **Fencing:** The project proposes to leave the chain link side yard fence and to build a new solid wood and split rail fences between the Chef Liu Restaurant site. See Project Plans - Sheets L-01 and L-03. Condition #28 requires replacing the existing chain link and wood fences with a new solid wood fence and replacing the proposed spilt rail fence with a solid 3-feet tall wood fence for privacy, per red-line notes stapled to the project plans.

10. **Fire Protection:** The Scotts Valley Fire Protection District has reviewed the project and requires specific conditions for new water lines, water meters, and a fire hydrant which will apply at the building permit stage. A standard shunt turn-around for emergency services will be provided within the subject site and Acorn Court right-of-way and part of the Acorn Court Apartment Site, which has been approved by the property owner of Acorn Court Apartments. See Project Plans - Sheet TM-02.

11. **Geology and Grading:** The site is relatively flat. Preliminary grading estimates are 350 cubic yards of both excavation and fill. See Project Plans - Sheet TM-03. In January 2000, Lowney Associates prepared a Geotechnical Investigation for the project (*see Data Source 14 of MND12-001*). In September 2011, ENGEO prepared a Geotechnical Exploration Update *(see Attachment 21 of MND12-001)*. The ENGEO report concluded that the project could be developed as proposed if design recommendations are followed. Also, Mitigation Measure Geology-1 requires the building designs to follow the current Uniform Building Code for design-level earthquake of the area.

    The site is a candidate for winter grading (Oct 15 - April 15) because lack of slopes and drainage channels. To allow winter grading, Condition #39 requires the developer to submit information and plans for City review and approval.

12. **Hazardous Materials:** To prevent accidental discharge of fuels/contaminants onto protected trees, adjacent properties, and the street, Mitigation Hazardous Materials G-1 requires the applicant to implement an erosion control plan and

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best management practice/ hazardous materials containment plan during construction activities.

13. **Landscaping and Tree Removal and Preservation:** Project construction will remove 8 trees, 6 of which qualify for protection, and could have a potential negative impact on existing trees to remain. See Project Plans - Sheets TM-01 and L-01 and L-02. In August 2010, September 2011, and March 2012, James P. Allen & Associates prepared a Construction Impact Assessment/Tree Protection Plan, an update on Completeness Review Item 14, and Tree Protection Language, respectively, for the project *(see Attachments 18-20 of MND12-001)*. The tree report provided recommendations for special treatments before construction, tree and stump removal, required tree replacement, retention bond for trees to be protected, and monitoring during construction. The large Coast live oak tree #15 located on Acorn Court Apartments Site is the largest tree to be preserved and protected.

For every tree removed, the City's usual practice is to require a tree replacement ratio of 2:1. The project will plant 13 trees and related landscaping; see Project Plans - Sheet L-01. Therefore, the standard 2:1 replacement ratio will be met. To protect trees to remain, Mitigation Measure Biological Resources-1 requires the developer to complete and implement all of the report recommendations.

The project includes a perpendicular strip of land (10-feet wide) which starts from Scotts Valley Drive, abuts the restaurant building, crosses the restaurant driveway onto Acorn Court, and connects with the main project site. This strip will be landscaped and maintained by the HOA. Ensuring regular maintenance of landscaping can be challenging. Staff is exploring an idea with Lennar and will bring an update to the Planning Commission.

14. **Lighting:** General Plan Action LA-43 calls for lighting to be carefully controlled for security, safety, identification, and aesthetics without interfering with nearby land uses. The Municipal Code requires lighting to be the lowest level consistent and that the light source not be directly visible.

The project will generate more nighttime lighting than current conditions. In March 2012, Associated Lighting Representatives and AGI32 prepared a lumens plan. Project lighting includes light poles, bollards, and wall-mounted fixtures that will light driveway, parking spaces, and walkways, with minimal light near property the perimeter to avoid glare onto adjacent properties. See Project Plans -Sheets L-01 and L-03, by HLD Group, and 1 of 1 by ALR and AGI32.

However, the lighting locations shown on the lighting plan differ than those shown on the landscape plans, and the fixtures show the light source (bulb). Therefore, Condition #24 requires the developer to resolve the discrepancy between the plans before grading permit issuance.

15. **Noise and Vibration:** The addition of project development and traffic and 6 ground-mounted air conditioning units will not be a significant increase to the cumulative noise levels. The project is not expected to increase ambient noise 47 63

levels more than 5 dba allowed. Nevertheless, grading and construction activities will temporarily increase ambient noise levels during project construction. Therefore, Mitigation Measure Noise-1 requires all contractors to limit their work to 8:00AM - 5:00PM Monday - Friday and 9:00AM - 5:00PM on Saturday. No construction activity is allowed on Sunday.

Although construction vibration is not expected to be high and will be temporary, Condition #20 require the developer to provide 48-hour notice to the McCombs residence, Acorn Court Apartments manger, Chef Liu Restaurant, and the two north adjacent property owners at 51 and 53 Terrace View Drive when soil compaction will occur.

16. **Parking:** The required parking is 13 uncovered spaces (two spaces/unit plus one guest parking space for each five units). The project will provide 14 spaces, which include 1-car garages plus seven uncovered spaces. The PD will allow a minor reduction in garage dimensions of 11.5-13 feet x 21.5 feet where 12 feet x 22 feet of gross floor area is required. See Project Plans - Sheet TM-02.

17. **Recycled Water:** The City's Municipal Code encourages new residential subdivisions to use recycled water for landscaping if feasible. The project will use recycled water for landscaping by connecting to the nearest recycled water line located at the end of Acorn Court near the project driveway entrance. A homeowners association will manage the account from the Water District. See Project Plans -Sheet TM-04 and L-02.

18. **Signage:** The project does not propose a subdivision identification sign. Condition #13 requires Design Review approval for any future subdivision sign.

19. **Traffic:** The amount of project traffic will be absorbed within the existing street network and are not expected to have a significant impact. The scope of the project will fall within anticipated traffic at build-out.

20. **Water Resources:** The Scotts Valley Water District has provided a "Will Serve" letter. The developer will enter into a "Main Extension Agreement" with the District. Three bioretention areas will filter surface runoff water before water enters the new storm drainage system. The project has the potential to add to the demand of groundwater resources. Therefore, to reduce the potential demand, Mitigation Measure Hydrology and Water Quality-1 requires the developer to prohibit adding new paved surfaces, to explore the feasibility of adding more simple low-impact development features, and to complete other items. See Project Plans -Sheet TM-02, TM-04, and L-02.

DISCUSSION - LAND USE CONSISTENCY AND PLANNING PERMITS

1. **General Plan:** The General Plan designates the property as "High Density Residential", which calls for multi-family residences such as townhouses, apartments or condominiums. General Plan Open Space & Conservation Element Action OSA-382 encourages infill development of vacant lots, while

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Objective LO-24 requires new residential development to be compatible with surrounding land uses.

The project is consistent with the General Plan in that the project is an urban infill project. The 2-story design will integrate with the adjacent 2-story Acorn Court Apartments and other uses and buildings in the neighborhood.

2. **Zoning and Planned Development District Overlay and Permit (PD):** The project is consistent with the "High-Density Residential" zoning (R-H) in that the project is a multi-family condominiums project. A PD allows new development to be designed to meet the unique needs of the property. Given the site size and shape and high- density zoning, the applicant requests the following seven (7) exceptions to the Zoning Ordinance:

   a. Front Yard Setbacks - Reduced 8-20 feet, where 20 feet is required;
   b. Right Side Yard Setbacks - Reduced 7 feet, where 10 feet is required;
   c. Lot Coverage - Increased of 70%, where 55% is allowed;
   d. Garage Dimensions - Reduced 11.5-13 feet x 21.5 feet, where 12 feet x 22 feet is required;
   e. Parking Dimensions - Reduced length of 15-20 feet for space in front of Garage 1, where 20 feet is required;
   f. Private Open Space - Reduced 101.5 square feet of second floor deck for 2 units (only Plan 1), where 150 square feet is required;
   g. RV Storage - No enclosed storage space for 1 recreational vehicle/boat.

3. **Use Permit:** New condominium projects require a Use Permit and conformance with the City's condominium development standards. As submitted, the project requests two exceptions (items f-g above).

   To provide the required enclosed, weatherproofed, and lockable private storage of 200 cubic square feet, the project architects have explored expanding the building footprint for the exterior side wall to increase the garage widths which will provide the required storage. This minor design change will also increase the private open space for Plan 1 units by 25 square feet (item f above). Condition #9 requires the developer to submit revised drawings for review and approval by the Community Development Director.

4. **Design Review:** New construction in the R-H zoning district requires Design Review approval. Site planning is appropriate as high-density infill project. The architecture will meet the City's design standards in that the proportions of roof and massing will be compatible with existing residential buildings in the vicinity.

PUBLIC NOTICE AND COMMENT

1. **Notices:** On September 14, 2012, public notices were posted at City Hall, the public library, and the Senior Center, and were mailed to surrounding property owners located within 300 feet of the subject property, pursuant to State law. 49
   Additionally, a large sign was posted at the driveway entrance to inform the public of the proposed project. 65

To date, Planning Department staff have received three public phone calls and two visits to the public counter. Staff answered general questions.

2. **Meetings with Adjacent Property Owners:** The adjacent property owner to the south (Acorn Court Apartments) expressed concerns about visual impacts (trash bins, fencing, landscaping). Conditions #11b, 22, 26, and 28 address some of his concerns.

The adjacent property owner to the west (McCombs Site) and the developer have discussed relocating the existing access easement to provide more usable area for the project and more linear driveway design to the McCombs residence. An alternative design between Lennar and McCombs was not developed further. McCombs have indicated that they accept the proposed design.

CONCLUSION

The project will provide high-density, affordable residential infill development. The design and use will be compatible with surrounding uses. The project does not have the potential to significantly degrade the quality of the environment, including effects on animals or plants. After mitigation, project impacts considered alone or in combination will not be significant.

FINDINGS

Based upon the project's environmental review, staff believes that the required findings in the attached resolution can be made to recommend certification of the Mitigated Negative Declaration and approval to the City Council of the requested planning permit applications, subject to the List of Mitigation Measures in Exhibit A and Conditions of Approval in Exhibit B.

ATTACHMENTS — PAGE NO.

Resolution to: (Action Item) 9
Certify Mitigated Negative Declaration MND12-001 and
Approve Planned Development District Overlay and Permit PD10-003,
Land Division LD00-002, Use Permit U00-002, and Design Review DR00-014,
subject to:
Exhibit A - List of Mitigation Measures 16
Exhibit B - Conditions of Approval 18
Project Plans * . . . . Attached

* *Please note that project plans are provided to the Planning Commission. However, the project plans are available for public review in the Planning Department at City Hall, Monday-Thursday from 8:00AM to 12:00PM, or by appt. by calling (831) 440-5630.*

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Michelle Edwards

From: K. Craig Rowell [craigrowell@gmail.com]
Sent: Friday, January 13, 2017 1:50 PM
To: Michelle Edwards
Subject: Acorn Court Public hearing

Michelle,
I have some photos that I would like to be able to present at the public hearing. Can you make the photos in this attachment available? I will be requesting that the 5 ft. high "good neighbor fence" continue to the area immediately adjacent to the parking lot and connect to the corner of the Chinese restaurant. This would replace the open split rail fence being proposed.
Thank you
Regards
Craig

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email: craigrowell@gmail.com

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Affordable Housing NOW!
Taskforce Members

Tim Willoughby, Chair
Nancy Abbey
Tom Burns
David Foster
Gail Jack
Linda Kerner
Dean Lundholm
Wendy Macias
Coco Raner-Walter
Gretchen Regenhardt
Ken Thomas
Bruce Van Allen

Working to create more affordable housing options for moderate to low income people who live and work in Santa Cruz County.

Every Unit Counts!

February 1, 2017

City of Scotts Valley
City Council
One Civic Center Drive
Scotts Valley, CA 95066

Subject: Polo Ranch Affordable Housing Project

Dear City Council Members:

Affordable Housing NOW! (AHN) is a coalition of community members and organizations working together to find creative solutions to preserve and increase affordable housing options for people who live and work in our community. AHN appreciates the opportunity to comment on the Polo Ranch Affordable Housing project.

Mayor Randy Johnson recently acknowledged that the shortage of affordable housing is one of the City's greatest challenges. The high cost of single family homes makes it difficult for many people who work in the city to find housing they can afford. The Polo Ranch Affordable Housing Project with six low income units will begin to meet the City's need for workforce housing for our teachers, law enforcement officers and employees of the new hotels being built on Scotts Valley Drive. AHN hopes that this project marks a first step in the City's efforts to address your Housing Element requirements to provide affordable housing for lower income residents.

Communities are enriched when workforce housing enables people to live where they work and become a part of their community. AHN is fully supportive of this proposed development and we would like to thank Lennar Homes for making six low income housing units available to City residents. We urge your Council to approve this project to help meet the affordable housing needs of the community members you were elected to serve.

Sincerely,

Tim Willoughby

Tim Willoughby, AHN Chair

City of Scotts Valley
INTEROFFICE MEMORANDUM

DATE: February 15, 2017

TO: Honorable Mayor and City Council

FROM: Kristin Ard, Recreation Division Manager

APPROVED: Jenny Haruyama, City Manager

SUBJECT: **UPDATE OF COMMUNITY/SENIOR CENTER FEES**

SUMMARY OF ISSUE

Due to continual damage to the City Community Center and Senior Center as a result of private rentals, several modifications are proposed to the FY 2016/17 Master Fee Schedule. The following fee changes are recommended for Council consideration to help prevent future facility damage and recover maintenance costs:

1. The existing refundable damage deposit to rent the Community Center or Senior Center is $200. **It is recommended that the deposit be increased to $500 for both facilities.**

2. The existing cleaning fees for the Community Center and Senior Center are $150 and $75 respectively. **It is recommended the cleaning fee for both facilities be adjusted to recover the actual cost invoiced to the City, plus a 15% Overhead Fee established by Resolution 1198.66.**

3. The City currently requires a sound security fee of $110 for Community Center and Senior Center rentals. This security fee does not include enforcement of facility rules and regulations. **It is recommended that the existing fee be modified to include both sound and rule enforcement.**

4. **As a result, security would be booked through the City and the new fee would be adjusted to recover actual cost invoiced, plus a 15% City Overhead Fee established by Resolution 1198.66.**

FISCAL IMPACT

There is no fiscal impact associated with approving the new recommended fees for refundable damage deposit, cleaning fee, and the security fee for the Community/Senior Centers.

STAFF RECOMMENDATION

It is recommended that Council approve the following fee changes for the Community/Senior Centers:

1. Increase the Refundable Damage Deposit from $200 to $500.

2. Adjust the Community Center/Senior Center Facility Cleaning Fee to Recover the Actual Cost Invoiced, plus a 15% Overhead Fee Established via Resolution 1198.66.

3. Modify the Community Center/Senior Center Security Fee to include both Sound and Facility Rule Enforcement for the Actual Cost Invoiced to the City, plus a 15% Overhead Fee established via Resolution No. 1198.66.

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RESOLUTION NO. 1593.20

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SCOTTS VALLEY AMENDING CERTAIN FEES AND CHARGES FOR CITY RECREATION SERVICES

WHEREAS, Resolution No. 1198.10 establishing a Schedule of Fees and Charges for City Services was adopted by the City Council of the City of Scotts Valley on June 6, 1990;

WHEREAS, the City Council has amended the Schedule of Fees and Charges for City Services by Resolution from time to time since June 6, 1990;

WHEREAS, the City is desirous of further amending the Schedule of Fees and Charges;

WHEREAS, heretofore the City Council adopted Ordinance No. 138.1 on October 3, 1990, amending Ordinance No. 138 relating to the establishment of a fee and service charge revenue/cost comparison system;

WHEREAS, pursuant to Section 3.40.040 (a) of Ordinance No. 138, rates of fees and charges to be charged and collected in order to recover the percentage of costs reasonably borne in providing City services shall be set by resolution; and pursuant to Section 3.40.050 and 3.40.060 of said ordinance, any new or increased charges are to be set after public hearing and notice as required in said sections; and

WHEREAS, notice of time and place of public hearing, including a general explanation of the matter to be considered has been provided in compliance with the provisions of said ordinance;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SCOTTS VALLEY DOES RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:

Section l. Fee Schedule Adoption The "Schedule of Fees and Charges" is hereby amended as stated in Exhibit A to this Resolution.

Section 2. Effective Date This Resolution shall take effect 30 days following its adoption.

This resolution was duly and regularly adopted and passed by the City Council of the City of Scotts Valley, California, at a regular meeting thereof held on the 15th day of February, 2017 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

APPROVED: ______________________________
Randy Johnson, Mayor

ATTEST: ______________________________
Tracy Ferrara, City Clerk

SCOTTS VALLEY RECREATION DIVISION
Community/Senior Center Fee Sheet

	Current Fee	Proposed Fee
COMMUNITY CENTER FEES		
Hourly Rental – Resident	$87	$87
Daily Rental – Resident	$950	$950
Hourly Rental – Non Resident	$95	$95
Daily Rental – Non Resident	$1,050	$1,050
Discount for Non-Profit - 501(c)(3)	25%	25%
Cleaning Fee – No Tables and Chairs	$150	**Actual City Cost plus 15% overhead fee**
Cleaning Fee – With Tables and Chairs	$200	**Actual City Cost plus 15% overhead fee**
Security (Sound and Enforcement)	$110	**Actual City Cost plus 15% overhead fee**
Damage Deposit	$200	**$500**
Special Event Insurance Administrative Fee	$10	$10
SENIOR CENTER FEES		
Hourly Rental, Main Room – Resident	$60	$60
Hourly Rental, Main Room – Non Resident	$67	$67
Discount on Main Room for Non-Profit 501(c)(3)	$10	$10
Hourly Rental, Library – Resident	$20	$20
Hourly Rental, Library – Non Resident	$25	$25

SCOTTS VALLEY RECREATION DIVISION
Community/Senior Center Fee Sheet Cont.

Special Event Insurance Administrative Fee	$10	$10
Cleaning Fee – No Tables and Chairs	$75	**Actual City Cost plus 15% overhead fee**
Cleaning Fee – With Tables and Chairs	$100	**Actual City Cost plus 15% overhead fee**
Security (Sound and Enforcement)	$110	**Actual City Cost plus 15% overhead fee**
Damage Deposit	$200	**$500**
Special Event Insurance Administrative Fee	$10	$10

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: February 15, 2017

TO: Honorable Mayor and City Council

FROM: Steve Toler, Budget and Financial Consultant

APPROVED: Jenny D. Haruyama, City Manager

SUBJECT: **MID-YEAR FINANCIAL REVIEW AND BUDGET DIRECTION FOR FY 2017/18 ANNUAL BUDGET**

SUMMARY OF ISSUE

This report provides an overview of the City's current financial performance, including an overview of the year prior as reported by the FY 2015/16 Comprehensive Annual Financial Report (CAFR) and a Mid-Year Review for FY 2016/17 through December 31, 2016. This financial summary identifies mid-year revenue and expenditure trends for all City funds and a preliminary forecast for FY 2016/17 year-end fund balance.

This report also discusses projected economic developments that may impact future budgets and provides a recommended budget framework for the Preliminary FY 2017/18 Annual Budget. This includes but is not limited to: the adoption of Goals and Priorities, development of a Five Year Financial Plan and General Fund Reserve Policy, and implementation of capital improvement prioritization process and controls for new initiatives and/or future staffing.

FY 2015/16 COMPREHENSIVE ANNUAL FINANCIAL REPORT RESULTS

On December 7, 2016, the City Council previously accepted the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2016. The City ended FY 2015-16 with $2.8 million in unassigned reserves in its General Fund, which equated to nearly 29% of annual operating expenditures. Available reserves in the Wastewater Enterprise Funds total $2.6 million at June 30, 2016. However, the Recreation Enterprise Fund has an accumulated deficit of nearly $136,000 as we started FY 2016/17. All other funds reported positive reserves available for appropriation as we began FY 2016/17. The CAFR indicated that tax revenues from sources such as property and real estate transfer tax, sales tax, and transient occupancy tax, as well as an increase in development activity in the City, provided continued growth in the City's revenue sources due to the local and regional economic recovery from the Great Recession. These positive revenue trends were able to cover the increased costs of service delivery, which rose primarily due to increases in CalPERS rates and one-time retirement payouts for long-time employees.

FY 2016/17 MID-YEAR FINANCIAL REVIEW THROUGH DECEMBER 31, 2016

During the first six months of FY 2016/17, revenues and expenditures are, for the most part, meeting expectations as originally anticipated in the adopted FY 2016/17 annual budget. The most significant variances in revenues and expenditures relate to the increased development activity that is impacting both revenues and expenditures in the Community Development and Public Works (Engineering) Departments. Otherwise, revenues and expenditures for all City funds are meeting original budget expectations. Items of importance are noted below:

General Fund Revenues

- *Property taxes* – a continued strong real estate market is leading property tax revenues to exceed expectations due to better-than-anticipated assessed valuations and sales activity generating real transfer taxes. ***Property taxes are expected to exceed revenue projections by approximately $125,000***.

- *Sales taxes* – sales tax revenues related to the general 1% sales tax rate are tracking below expectations, primarily due to sales tax revenue overextended to the City by the California Board of Equalization in FY 2015/16, and one-time cleanup of payments related to the elimination of the so-called "Triple Flip." ***Year-end sales taxes may end up falling $100,000 (or 5%) below original expectations.*** However, sales tax revenues related to the City's ad-valorem tax rate of 0.5% under ***Measure U are tracking ahead of projections by approximately $20,000.***

- *Franchise taxes* – collections of franchise taxes from video service and solid waste providers are meeting budget expectations.

- *Transient occupancy taxes* – TOT revenues are within expectations as occupancy rates at the Hilton and Best Western hotels are continuing to remain high.

- *Utility users taxes* – UUT revenues are expected to just meet budgeted projections by the end of the year based on current revenue trends.

- *Fees for services* – permit fees related to development activity are performing well above expectations, and have already exceeded budget projections by 13% ($65,000) through the first six months of the year. Subsequent to the close of the 6-month period of this report, the City received a significant payment from the developers of the 1440 Project that will see permit revenues significantly increase above budget expectations. ***It is expected that permit fees will exceed original projections by over $500,000 by the end of the fiscal year***.

General Fund Expenditures

- *City Manager/Administration* – Administration expenditures are expected to trend higher than budget due to recruitment costs associated with the Deputy City Manager/Administrative Services Director position and salary and training costs associated with the city manager's contract that were finalized subsequent to budget approval. **An additional appropriation of $70,000 is recommended to cover expenditures through the end of the fiscal year**.

- *Community Development (Building) and Public Works (Engineering)* – contractual services for building plan check and inspection services and civil engineering plan check services are trending higher than the original budget due to the increased development activity associated with various projects. ***An additional appropriation of $100,000 for Community Development and $90,000 for Public Works Engineering is recommended to cover anticipated costs through the end of the fiscal year, which is more than offset by the revised revenue projections for fees for services as indicated above.***

Other Funds

Overall, revenues and expenditures for all other funds are expected to meet original budget projections.

- *Development Impact Fees* – as noted above, the uptick in development activity is leading to an increase in development impact fees (e.g., traffic impact mitigation, general facility, parks and recreation facilities, drainage construction, green building, wastewater capacity) received from developers.

FY 2016/17 GENERAL FUND YEAR-END FUND BALANCE PROJECTION

The following table summarizes the FY 2016/17 year-end fund balance projection, considering anticipated revenue and expenditure trends indicated earlier. It is anticipated that the FY 2016/17 General Fund will end the year with a net surplus of $551,100, primarily driven by one-time permit fee revenue. The City's projected ending General Fund balance available for appropriations in future years is estimated to be $3,301,100, which is equivalent to 34%, or four (4) months of annual operating expenditures.

General Fund Reserves (Funds 1 & 6)	Adopted Budget – FY 2016/17	Projected Results – FY 2016/17
Opening Fund Balance at 7/1/2016	$ 2,357,700	$ 2,750,000
Estimated Revenues	9,838,680	10,605,580
Transfers In	150,000	150,000
Budgeted Expenditures	(9,444,578)	(9,704,578)
Transfers Out	(499,902)	(499,902)
Net Surplus	44,200	551,100
Ending Fund Balance at 6/30/2017	$ 2,401,900	$ 3,301,100

ECONOMIC TRENDS IMPACTING FUTURE BUDGETS

There are certain financial activities and economic trends will impact the City's future financial condition effective FY 2017/18 and beyond. The top four anticipated impacts are:

1. ***CalPERS Discount Rate Reduction*** – in December 2016, CalPERS approved a reduction to its discount rate – the investment return rate assumed in future years – from 7.5% to 7% over a three year period. The impact of this rate reduction will be introduced ratably over a three year period from FY 2018/19 to FY 2020/21. The rate reduction will increase the normal cost for employer contributions by 2-5%, and increase the funding of unfunded liabilities by 40%, by the time that it is fully implemented. After the discount rate is fully implemented, Scotts Valley's annual pension costs will increase from $1.5 million in FY 2016/17 to $2.8 million by FY 2020/21, an increase of nearly $1.3 million per year. This will have a significant impact on the financial resources of the City's General Fund, and the cost of doing business for its Recreation and Wastewater enterprise operations.

2. ***Reversed Ruling by Department of Finance on 2003 Certificates of Participation Obligations of Successor Agency*** – in the dissolution of the City's former redevelopment agency in 2012, the 2003 Certificates of Participation, which funded the purchase of what is now known as the Community Center, was recognized as an enforceable obligation of the Successor Agency (SA) by the SA's Oversight Board and

was approved by the California Department of Finance (DOF). The outstanding principal amount is $1 million. This has been an obligation of the SA since dissolution and approved as such by DOF in their approval as recently as the Recognized Obligation Payment Schedule (ROPS) for FY 2016/17. The SA recently explored the option of refinancing (known as "refunding") the debt obligation in recognition of the favorable interest markets. This refunding process required OB and DOF approval. The DOF recently notified the SA of its intent to reject the obligation as they indicated that there was not a formal agreement in place between the City and the former RDA. DOF indicated it made an error back in 2012. City staff and legal counsel are addressing this issue to provide additional documentation to prove the COP is rightly an enforceable obligation of the SA. However, if DOF's reversal ruling ultimately stands, the City will incur nearly $160,000 per year in debt service payments from its General Fund to liquidate the outstanding COPs. The City will continue to defend its position on this matter. Nonetheless, the current year's $160,000 debt service obligation needs to be paid in the latter half of the current fiscal year. ***So as not to harm the investors while the City addresses this issue with the DOF, it is recommended that a placeholder budget appropriation of $160,000 be approved by resolution in the City's General Fund pending the final resolution of this matter***.

3. ***Softening of Economic Growth*** – various economists and tax consultants are indicating a potential softening of the markets that impact local revenues. The Governor's proposed FY 2017/18 budget for the State indicates a softening of sales tax growth statewide from 4-6% annual growth in the last two years to a rate of less than 1%. Real estate markets are once again indicating concern about real estate prices being able to maintain their growth rates as noted during the recovery from the Great Recession of 2008. It is hopeful that the growth in employment in Silicon Valley will continue to positively impact business travel, upon which TOT revenues rely; however some are worried that rising housing prices and commutes will dampen the continued employment growth in the region. The impacts of these trends along the Central Coast, and in Scotts Valley specifically, will need to be watched carefully as it will inform the revenue projections in the five-year financial forecast as part of the City's FY 2017/18 Annual Budget.

4. ***Funding for Transportation/Roadway Costs*** – the latest forecast for gas tax revenues, upon which the City relies for existing roadway improvements, is expected to increase by about $20,000 per year, plus an additional $38,000 if the Governor's proposed enhanced transportation funding initiative in the FY 2017/18 budget is approved. The ½ cent sales tax measure (Measure D) approved by Santa Cruz County voters in November 2016 will add approximately $7.3 million over 30 years (approximately $240,000 per year) in additional revenue sources to the City to fund local roadway improvements.

5. ***Development Activity*** – Scotts Valley has seen significant growth in redevelopment of various properties. This bodes well for future one-time (permit fees) and ongoing (property, sales, utility users, business license and transient occupancy taxes) revenue streams to the extent that the City is able to approve, and developers deliver on, the proposed projects.

FY 2017/18 ANNUAL BUDGET APPROACH

An important best practice in municipal budgeting is to develop a budget around broad organizational goals and priorities while incorporating a long-term fiscal perspective. Budget development is more than balancing revenues and expenditures one year at a time; rather it is a strategic, multi-year financial and operating plan that allocates resources on the basis of identified goals. In short, the budget policy document serves as a numerical representation of the Council's goals and priorities.

To facilitate the development of key goals and priorities for the FY 2017/18 budget process, several objectives based on ongoing initiatives have been identified for Council consideration and discussion to guide the budget framework for the next fiscal year:

1. **Encourage Business Development and Expand the City's Economic Base**
   - Update the General Plan
   - Facilitate the Development of the Town Center and other Complimentary Land Uses
   - Develop a Strategic Economic Development Plan to Encourage Business Development

2. **Ensure Long-Term Financial Stability**
   - Develop a Five Year Financial Plan
   - Conduct a City Fee Study
   - Identify and Recommend Budget Strategies to Reduce Long–Term Obligations
   - Explore Revenue Enhancement Options to Maintain City Core Services
   - Assess Feasibility of Reducing/Eliminating Non-Essential Services

3. **Implement Operational Initiatives to Enhance City Services**
   - Implement a Pavement Condition Index (PCI) Study to Assess Condition of Public Streets and Roads
   - Secure Communications Technologies that Enhance Public Safety and Community Engagement Efforts
   - Conduct Emergency Operations Planning Exercises
   - Implement Customer-Focused Technologies to Streamline Complex Permitting Processes

In addition to developing goals to guide the budget development process, it is important that these priorities are developed in the context of a multi-year plan. Historically, the City has implemented an annual budget and a five-year capital improvement plan, not a long-range financial forecast. A financial management best practice employed by many other local agencies is to develop a five-year financial forecast as part of its annual budget process. The development of such a forecast allows the city manager, staff, and ultimately the city council as policy makers to consider the City's long-range financial forecast when making budgetary decisions. In developing the City's Preliminary Budget for FY 2017/18, it is proposed that the budget framework be centered around and include:

- *Five-Year Financial Plan*
  The budget will include a five-year financial forecast that incorporates the five-year CIP plan, operating cost projections, and revenue projections for each of the City's major funds (e.g., General Fund, Special Revenue Funds, Recreation and Wastewater Enterprise Funds). The General Fund analysis, in particular, will be used to identify any resource availability gaps, and the means to achieve fiscal sustainability over the long-term. Different scenarios will be prepared that present fully loaded operational costs (i.e., that include previously unbudgeted items such as annual replacement costs and funding unfunded obligations) compared to cost projections used in the past that may not include those fully loaded operational costs

- *Five-Year Capital Improvement Project (CIP) Plan*
  The annual budget document will include an expanded five-year CIP plan that will include a funding analysis for the proposed projects over a five-year period and a prioritization of projects using defined criteria that incorporates health and safety, legal/regulatory requirements, and quality of life considerations in the prioritization of those projects. Each project will have a brief description including cost estimates, project implementation approach, prioritization considerations, and funding alternatives.

- *Unfunded Obligations and Equipment Replacement Analyses*
  City staff will analyze unfunded obligations to determine future impacts on operating costs. As noted earlier, these costs will be incorporated into the City's Five-Year Financial Plan. Areas where the City continues to have funding gaps include:

  - **Infrastructure Improvements** – there are several projects that have been deferred due to funding availability, such as roadway and park improvements. The new requirements for storm drain systems imposed by permitting requirements and regulatory changes from the National Pollution Elimination Discharge System (NPDES) will have a significant impact on improvements to the storm drain system to maintain compliance.
  - **Vehicle and Equipment Replacement** – capital needs in the areas of equipment, fleet, building maintenance and information technology have been deferred due to lack of funding and/or other pressing priorities. The costs to replace such assets will be annualized to identify the full costs of ongoing operations.
  - **Other Post Employment Benefits (OPEB)** – the City has not implemented options to proactively fund its long-term liabilities related to post-retirement obligations for health care, which may continue to grow in the future if not addressed.

- *Reserve Policy*
  The City currently has not defined reserve policy that specifies a minimum reserve level for its various funds. This is a best practice that is used by most local agencies, and is highly recommended by the Government Finance Officers' Association (GFOA), as a tool towards fiscal sustainability. Such policies typically include minimum thresholds of undesignated reserves to be retained for general, capital improvement, and enterprise fund types. As part of the five-year financial plan, reserve policy options will be provided for Council consideration.

- *Maintain Existing Service Levels*
  As City staff begins preparation of the annual operating budget, staff will assume that services will be maintained at existing levels.

- *Adding Services/Staffing Require Ongoing Revenue Sources*
  There will not be any expectation for adding services or employee positions unless there is an identified and reliable ongoing revenue source that will fully cover the costs of such services. Any one-time service level changes that have one-time revenues, such as entitlement, plan check and inspection services related to development activity, may be proposed using contract services/employees.

- *Revenue and Expenditure Adjustment Options*
  Depending upon the outcome of the five-year financial forecast, staff will identify a list of options that the City Council may wish to further study and consider in the coming fiscal years in order to maintain service levels while providing for a sustainable fiscal model to fund those services.

BUDGET CALENDAR FOR FY 2017/18
The following milestones are presented as placeholders in preparing and adopting the City's FY 2017/18 Annual Budget.

Date (2017)	Meeting Forum	Milestone
February 15	Regular Meeting	Mid-Year Financial Report and Budget Direction
March 22	Study Session	Long-Term CIP Plan, Analysis of Unfunded Obligations
May 10	Study Session	Preliminary Budget for FY 2017/18, including Five-Year Financial Plan; Preview of Master Fee Schedule
June 7	Regular Meeting	Review Non-Profit Funding Proposals
June 7	Regular Meeting	Public Hearing: Budget, Master Fee Schedule
June 21	Regular Meeting	Budget Adoption
June 30	N/A	Budget Publication

FISCAL IMPACT

There is no fiscal impact as a result of accepting the attached report and providing direction to the City Manager for the preparation of the FY 2017/18 Annual Budget.

STAFF RECOMMENDATION

It is recommended that Council consider taking the following actions:

1. Accept the attached reports and information regarding the FY 2016/17 Mid-Year Financial Report through December 31, 2016.
2. Approve Resolution No. 630.36.1 appropriating additional funds in the General Fund Administration, Community Development and Public Works Departments for FY 2016/17.
3. Approve Resolution No. 630.36.2 approving placeholder funding for debt service payments for the 2003 Certificates of Participation for FY 2016/17.
4. Provide direction to the City Manager regarding preparation of the FY 2017/18 Annual Budget.

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City of Scotts Valley, California

Revenues - All Funds

Mid-Year Financial Review for the Six-Months Ended December 31, 2016

	FY 2015/16						FY 2016/17						
	Adopted Budget	Actual Year-End Totals	Over (Under) Projected Revenue Totals	Actual Totals for Six-Months Ended 12/31/2015	Actual Six-Month Totals as % of Adopted Budget	Actual Six-Month Totals as % of Year-End Actual	Adopted Budget	Actual Totals for Six-Months Ended 12/31/2016	Actual Six-Month Totals as % of Adopted Budget	Increase (Decrease) from Prior Year 6-Month Totals	Projected Year-End Revenues	Increase (Decrease) from Adopted Budget	Notes
General Fund Revenues													
Property taxes	$ 1,129,500	$ 1,399,891	23.9%	$ 561,539	49.7%	40.1%	$ 1,188,050	$ 666,155	56.1%	18.6%	$ 1,313,050	$ 125,000	(1)
Sales tax - General	$ 2,255,000	$ 2,323,897	3.1%	$ 616,676	27.3%	26.5%	$ 2,253,000	$ 713,464	31.7%	15.7%	$ 2,153,000	$ (100,000)	(2)
Sales tax - Measure U	$ 1,122,000	$ 1,274,604	13.6%	$ 487,434	43.4%	38.2%	$ 1,162,000	$ 405,217	34.9%	-16.9%	$ 1,182,000	$ 20,000	(2)
Franchise taxes	$ 900,000	$ 972,951	8.1%	$ 264,109	29.3%	27.1%	$ 970,000	$ 319,566	32.9%	21.0%	$ 970,000	$ -	(3)
Transient occupancy taxes	$ 1,050,000	$ 1,011,432	-3.7%	$ 352,724	33.6%	34.9%	$ 1,100,000	$ 374,411	34.0%	6.1%	$ 1,100,000	$ -	
Utility users taxes	$ 645,000	$ 694,552	7.7%	$ 287,610	44.6%	41.4%	$ 715,000	$ 295,157	41.3%	2.6%	$ 715,000	$ -	
Business license taxes	$ 302,500	$ 436,878	44.4%	$ 314,255	103.9%	71.9%	$ 328,000	$ 217,346	66.3%	-30.8%	$ 328,000	$ -	(4)
Other taxes	$ -	$ -	N/A	$ -	N/A	N/A	$ -	$ -	N/A	N/A	$ -	$ -	
Total Taxes	$ 7,404,000	$ 8,114,205	9.6%	$ 2,884,348	39.0%	35.5%	$ 7,716,050	$ 2,991,316	38.8%	3.7%	$ 7,761,050	$ 45,000	
Intergovernmental	$ 945,000	$ 1,008,449	6.7%	$ 507,206	53.7%	50.3%	$ 962,000	$ 510,838	53.1%	0.7%	$ 962,000	$ -	
Fees and services (recurring)	$ 567,800	$ 736,894	29.8%	$ 376,926	66.4%	51.2%	$ 498,700	$ 563,690	113.0%	49.5%	$ 998,700	$ 500,000	(5)
Fees and services (one-time/significant)	$ -	$ 245	N/A	$ -	N/A	0.0%	$ 150,000	$ 367,000	244.7%	N/A	$ 367,000	$ 217,000	(6)
Fines and forfeitures	$ 35,600	$ 35,411	-0.5%	$ 10,134	28.5%	28.6%	$ 36,300	$ 14,113	38.9%	39.3%	$ 36,300	$ -	
Investment earnings	$ 6,200	$ 14,456	133.2%	$ 3,318	53.5%	23.0%	$ 6,000	$ 6,561	109.4%	97.8%	$ 11,000	$ 5,000	
Other	$ 440,025	$ 458,510	4.2%	$ 170,797	38.8%	37.3%	$ 469,630	$ 253,574	54.0%	48.5%	$ 469,630	$ -	
Total General Fund Revenues	$ 9,398,625	$ 10,368,169	10.3%	$ 3,952,729	42.1%	38.1%	$ 9,838,680	$ 4,707,092	47.8%	19.1%	$ 10,605,680	$ 767,000	
Major Governmental Funds													
Traffic Impact Mitigation	$ 23,000	$ 85,650	272.4%	$ 15,795	68.7%	18.4%	$ 23,500	$ 70,115	298.4%	343.9%	$ 23,500	$ -	(5)
Successor Housing Agency	$ 60,000	$ 137,060	128.4%	$ 22,598	37.7%	16.5%	$ 98,000	$ 18,098	18.5%	-19.9%	$ 98,000	$ -	
General Facility Impact Fees	$ 3,200	$ 2,433	-24.0%	$ 1,333	41.7%	54.8%	$ 3,230	$ 5,242	162.3%	293.1%	$ 3,230	$ -	(5)
General Capital Improvements	$ 103,400	$ 12,396	-88.0%	$ 939	0.9%	7.6%	$ 672,930	$ 314	0.0%	-66.6%	$ 672,930	$ -	
Total Major Governmental Funds	$ 189,600	$ 237,539	25.3%	$ 40,666	21.4%	17.1%	$ 797,660	$ 93,769	11.8%	130.6%	$ 797,660	$ -	
Other Governmental Fund Groups													
Special Revenue Funds													
Recycling	$ 58,500	$ 58,297	-0.3%	$ 5,518	9.4%	9.5%	$ 58,000	$ 5,037	8.7%	-8.7%	$ 58,000	$ -	
Gas Tax	$ 259,950	$ 230,247	-11.4%	$ 103,904	40.0%	45.1%	$ 251,640	$ 125,082	49.7%	20.4%	$ 251,640	$ -	
SMIP Fees	$ 2,520	$ 4,276	69.7%	$ 1,598	63.4%	37.4%	$ 3,540	$ 3,933	111.1%	146.1%	$ 6,540	$ 3,000	(5)
Drainage Construction	$ 3,200	$ 4,795	49.9%	$ 1,600	50.0%	33.4%	$ 3,050	$ 6,683	219.1%	317.8%	$ 8,050	$ 5,000	(5)
Park and Recreation Facilities	$ 26,000	$ 62,130	139.0%	$ 27,030	104.0%	43.5%	$ 31,500	$ 81,058	257.3%	199.9%	$ 125,000	$ 93,500	(5)
Police Facility	$ 224,050	$ 8,891	-96.0%	$ 3,107	1.4%	34.9%	$ 65,580	$ 12,284	18.7%	295.4%	$ 65,580	$ -	(5)
Senior Center	$ 80,210	$ 68,861	-14.1%	$ 36,076	45.0%	52.4%	$ 70,450	$ 44,938	63.8%	24.6%	$ 70,450	$ -	
Surface Transportation Projects Grant	$ 70	$ 99	41.1%	$ 43	62.1%	44.0%	$ 90	$ 74	82.6%	71.1%	$ 90	$ -	
Tree Replacement	$ 400	$ 745	86.4%	$ 149	37.2%	20.0%	$ 350	$ 1,266	361.6%	750.5%	$ 1,850	$ 1,500	
Green Building Fees	$ 11,100	$ 44,422	300.2%	$ 16,114	145.2%	36.3%	$ 26,230	$ 36,656	139.7%	127.5%	$ 50,000	$ 23,770	(5)
Disability Compliance	$ 1,000	$ 1,152	15.2%	$ 648	64.8%	56.2%	$ 1,000	$ 745	74.5%	15.0%	$ 1,000	$ -	
Pinewood Estates LMD	$ 6,265	$ 5,791	-7.6%	$ 13	0.2%	0.2%	$ 6,270	$ 144	2.3%	1044.3%	$ 6,270	$ -	
Mt. Hermon Traffic Mitigation	$ 120	$ 189	57.3%	$ 83	69.2%	44.0%	$ 170	$ 142	83.6%	71.1%	$ 170	$ -	
Skypark LMD	$ 51,950	$ 52,048	0.2%	$ 751	1.4%	1.4%	$ 52,250	$ 1,871	3.6%	149.0%	$ 52,250	$ -	
Library Fees	$ 5,550	$ 4,959	-10.7%	$ 2,647	47.7%	53.4%	$ 5,730	$ 10,141	177.0%	283.1%	$ 15,000	$ 9,270	
Community Center Operations	$ 70,000	$ 107,759	53.9%	$ 41,808	59.7%	38.8%	$ 209,050	$ 62,320	29.8%	49.1%	$ 209,050	$ -	

City of Scotts Valley, California
Revenues - All Funds
Mid-Year Financial Review for the Six-Months Ended December 31, 2016

	FY 2015/16						FY 2016/17						
	Adopted Budget	Actual Year-End Totals	Over (Under) Projected Revenue Totals	Actual Totals for Six-Months Ended 12/31/2015	Actual Six-Month Totals as % of Adopted Budget	Actual Six-Month Totals as % of Year-End Actual	Adopted Budget	Actual Totals for Six-Months Ended 12/31/2016	Actual Six-Month Totals as % of Adopted Budget	Increase (Decrease) from Prior Year 6-Month Totals	Projected Year-End Revenues	Increase (Decrease) from Adopted Budget	Notes
Supplemental Law Enforcement Services	$ 100,160	$ 100,232	0.1%	$ 22,499	22.5%	22.4%	$ 100,200	$ 36,486	36.4%	62.2%	$ 100,200	$ -	
Police Development Fees	$ 400	$ 605	51.3%	$ 266	66.6%	44.0%	$ 550	$ 456	82.9%	71.1%	$ 550	$ -	
Homeland Security Grant	$ -	$ 5,962	N/A	$ -	N/A	0.0%	$ -	$ 1	N/A	N/A	$ -	$ -	
EDG Revolving Loan Fund	$ 1,400	$ 738	-47.3%	$ 737	52.7%	99.8%	$ -	$ 2	N/A	-99.8%	$ -	$ -	
Total Special Revenue Funds	$ 902,845	$ 762,200	-15.6%	$ 264,591	29.3%	34.7%	$ 885,650	$ 429,317	48.5%	62.3%	$ 1,021,690	$ 136,040	
Debt Service													
COP Debt Service	$ 1,700	$ 3,476	104.5%	$ 1,530	90.0%	44.0%	$ 3,060	$ 2,618	85.5%	71.1%	$ 3,060	$ -	
Total Other Governmental Fund Groups	$ 904,545	$ 765,676	-15.4%	$ 266,121	29.4%	34.8%	$ 888,710	$ 431,935	48.6%	62.3%	$ 1,024,750	$ 136,040	
Proprietary Funds													
Enterprise Funds													
Recreation Fund	$ 966,000	$ 981,434	1.6%	$ 489,606	50.7%	49.9%	$ 990,000	$ 515,635	52.1%	5.3%	$ 990,000	$ -	
Wastewater Fund	$ 2,194,990	$ 2,093,214	-4.6%	$ 354,593	16.2%	16.9%	$ 2,285,850	$ 411,764	18.0%	16.1%	$ 2,285,850	$ -	(7)
Internal Service Fund													
Dental Insurance	$ 70,000	$ 64,449	-7.9%	$ 32,916	47.0%	51.1%	$ 70,150	$ 31,002	44.2%	-5.8%	$ 70,150	$ -	
Total Proprietary Funds	$ 3,230,990	$ 3,139,097	-2.8%	$ 877,116	27.1%	27.9%	$ 3,346,000	$ 958,401	28.6%	9.3%	$ 3,346,000	$ -	
Successor Agency Fund	$ -	$ 2,496,213	N/A	$ 19	N/A	0.0%	$ -	$ 1,586,480	N/A	8211494.2%	$ 3,085,000	$ 3,085,000	(8)
Total - All Funds	$ 13,723,760	$ 17,006,694	23.9%	$ 5,136,650	37.4%	30.2%	$ 14,871,050	$ 7,777,677	52.3%	51.4%	$ 18,859,090	$ 3,988,040	

Notes:

(1) Property tax revenues are exceeding expectations due to better-than-anticipated assessed valuations and sales activity generating real transfer taxes. Will finish higher than projected.
(2) Sales tax revenues are varied due to one-time cleanup issues and elimination of the so-called "Triple Flip". Year-end sales taxes may end up falling 5% below original projections by year end.
(3) Franchise taxes are higher than prior year after six months due to delayed payment received after December 31 in prior year. Year-end revenues are expected to meet or exceed original projections.
(4) A change in revenue recognition for business licenses in FY 2015-16 changed the way revenues were treated (collections in May and June of 2016 were recorded as revenue in that year). This is a timing issue. Current year revenues are expected to meet budgeted projections.
(5) The significant development activity in Scotts Valley is generating higher-than-anticipated permit fees and development impact fees. Year-end totals have already or will exceed original projections.
(6) FY 2016-17 revenue includes reimbursement of legal expenses related to the Successor Agency that was received through filing of the Recognized Obligation Payment Schedule (ROPS) in FY 15-16B and FY 16-17A
(7) Wastewater revenues are expected to exceed original projections due to impact fees received for future system expansion due to development projects (see note 5 above).
(8) Successor Agency revenues from ROPS in FY 2015-16 were not received until January 2016. In current year, ROPS payment was received prior to December 31.

City of Scotts Valley, California
Expenditures - All Funds
Mid-Year Financial Review for the Six-Months Ended December 31, 2016

	FY 2015/16						FY 2016/17						
	Adopted Budget	Actual Year-End Totals	Under (Over) Budgeted Expenditures	Actual Totals for Six-Months Ended 12/31/2015	Actual Six-Month Totals as % of Adopted Budget	Actual Six-Month Totals as % of Year-End Actual	Adopted Budget	Actual Totals for Six-Months Ended 12/31/2016	Actual Six-Month Totals as % of Adopted Budget	Increase (Decrease) from Prior Year 6-Month Totals	Projected Year-End Expenditures	Increase (Decrease) from Adopted Budget	Notes
General Fund Expenditures													
City Council (41)	$ 228,244	$ 225,544	1.2%	$ 111,022	48.6%	49.2%	$ 254,789	$ 126,140	49.5%	13.6%	$ 254,789	$ -	
City Attorney (42)	$ 133,500	$ 159,398	-19.4%	$ 53,278	39.9%	33.4%	$ 171,500	$ 75,210	43.9%	41.2%	$ 171,500	$ -	
General Government (43)	$ 699,731	$ 700,105	-0.1%	$ 477,721	68.3%	68.2%	$ 771,801	$ 332,060	43.0%	-30.5%	$ 771,801	$ -	
City Manager/Administration (44)	$ 331,383	$ 468,301	-41.3%	$ 164,904	49.8%	35.2%	$ 354,398	$ 181,519	51.2%	10.1%	$ 424,398	$ 70,000	(A)
Finance (45)	$ 416,593	$ 388,951	6.6%	$ 195,037	46.8%	50.1%	$ 535,075	$ 193,725	36.2%	-0.7%	$ 535,075	$ -	(B)
Police (51)	$ 4,558,150	$ 4,669,229	-2.4%	$ 2,311,417	50.7%	49.5%	$ 4,646,001	$ 2,309,227	49.7%	-0.1%	$ 4,646,001	$ -	
Animal Control (52)	$ 111,199	$ 111,172	0.0%	$ 77,820	70.0%	70.0%	$ 117,842	$ 82,695	70.2%	6.3%	$ 117,842	$ -	
Emergency Services (53)	$ 71,933	$ 76,438	-6.3%	$ 12,857	17.9%	16.8%	$ 81,884	$ 16,918	20.7%	31.6%	$ 81,884	$ -	
Community Development (61, 62)	$ 782,953	$ 1,044,567	-33.4%	$ 399,457	51.0%	38.2%	$ 710,784	$ 412,939	58.1%	3.4%	$ 810,784	$ 100,000	(C)
Public Works (71-76)	$ 1,429,637	$ 1,691,210	-18.3%	$ 690,055	48.3%	40.8%	$ 1,435,959	$ 783,371	54.6%	13.5%	$ 1,525,959	$ 90,000	(D)
Debt Service	$ 367,495	$ 367,345	0.0%	$ 260,098	70.8%	70.8%	$ 364,545	$ 258,398	70.9%	-0.7%	$ 364,545	$ -	
Total General Fund Expenditures	$ 9,130,818	$ 9,902,259	-8.4%	$ 4,753,665	52.1%	48.0%	$ 9,444,578	$ 4,772,201	50.5%	0.4%	$ 9,704,578	$ 260,000	
Major Governmental Funds													
Traffic Impact Mitigation	$ 150,000	$ 87,318	41.8%	$ 32,796	21.9%	37.6%	$ 150,000	$ 6,108	4.1%	-81.4%	$ 150,000	$ -	
Successor Housing Agency	$ -	$ 124,847	N/A	$ 16,704	N/A	13.4%	$ -	$ 14,063	N/A	-15.8%	$ -	$ -	
General Facility Impact Fees	$ 50,000	$ 57,305	-14.6%	$ 52	0.1%	0.1%	$ -	$ 41	N/A	-20.8%	$ -	$ -	
General Capital Improvements	$ 158,400	$ 87,710	44.6%	$ 33,509	21.2%	38.2%	$ 1,415,475	$ 477,352	33.7%	1324.5%	$ 1,415,475	$ -	(E)
Total Major Governmental Funds	$ 358,400	$ 357,179	0.3%	$ 83,062	23.2%	23.3%	$ 1,565,475	$ 497,565	31.8%	499.0%	$ 1,565,475	$ -	
Other Governmental Fund Groups													
Special Revenue Funds													
Recycling	$ 58,500	$ 75,545	-29.1%	$ 38,792	66.3%	51.3%	$ 58,500	$ 14,365	24.6%	-63.0%	$ 58,500	$ -	
Gas Tax	$ 75,000	$ 78,194	-4.3%	$ 47,679	63.6%	61.0%	$ 115,725	$ 33,528	29.0%	-29.7%	$ 115,725	$ -	
SMIP Fees	$ -	$ 6,023	N/A	$ 6,017	N/A	99.9%	$ 4,050	$ 10	0.2%	-99.8%	$ 4,050	$ -	
Drainage Construction	$ -	$ 24	N/A	$ 12	N/A	49.8%	$ -	$ 17	N/A	47.7%	$ -	$ -	
Park and Recreation Facilities	$ 168,000	$ 82,600	50.8%	$ 34,795	20.7%	42.1%	$ 70,000	$ 62,142	88.8%	78.6%	$ 70,000	$ -	(F)
Police Facility	$ 345,000	$ 246	99.9%	$ 131	0.0%	53.3%	$ 60,000	$ 142	0.2%	8.6%	$ 60,000	$ -	
Senior Center	$ 84,367	$ 89,602	-6.2%	$ 47,721	56.6%	53.3%	$ 85,020	$ 36,623	43.1%	-23.3%	$ 85,020	$ -	
Surface Transportation Projects Grant	$ -	$ 37	N/A	$ 20	N/A	53.8%	$ -	$ 20	N/A	1.6%	$ -	$ -	
Tree Replacement	$ 10,000	$ 14,846	-48.5%	$ 13,166	131.7%	88.7%	$ 10,000	$ 914	9.1%	-93.1%	$ 10,000	$ -	
Green Building Fees	$ -	$ 3,042	N/A	$ 2,253	N/A	74.1%	$ 5,000	$ 237	4.7%	-89.5%	$ 5,000	$ -	
Disability Compliance	$ -	$ 379	N/A	$ 2	N/A	0.4%	$ 400	$ 2	0.6%	40.9%	$ 400	$ -	
Pinewood Estates LMD	$ 13,500	$ 5,149	61.9%	$ 2,506	18.6%	48.7%	$ 10,600	$ 2,182	20.6%	-12.9%	$ 10,600	$ -	
Mt. Hermon Traffic Mitigation	$ -	$ 70	N/A	$ 38	N/A	53.8%	$ -	$ 38	N/A	1.6%	$ -	$ -	
Skypark LMD	$ 41,000	$ 38,023	7.3%	$ 11,185	27.3%	29.4%	$ 41,000	$ 11,161	27.2%	-0.2%	$ 41,000	$ -	
Library Fees	$ -	$ 310	N/A	$ 166	N/A	53.6%	$ -	$ 174	N/A	4.9%	$ -	$ -	
Community Center Operations	$ 68,058	$ 63,025	7.4%	$ 31,198	45.8%	49.5%	$ 143,775	$ 31,509	21.9%	1.0%	$ 143,775	$ -	
Supplemental Law Enforcement Services	$ 86,000	$ 144,123	-67.6%	$ 72,526	84.3%	50.3%	$ 95,000	$ 37	0.0%	-99.9%	$ 95,000	$ -	

City of Scotts Valley, California

Expenditures - All Funds

Mid-Year Financial Review for the Six-Months Ended December 31, 2016

	FY 2015/16						FY 2016/17						
	Adopted Budget	Actual Year-End Totals	Under (Over) Budgeted Expenditures	Actual Totals for Six-Months Ended 12/31/2015	Actual Six-Month Totals as % of Adopted Budget	Actual Six-Month Totals as % of Year-End Actual	Adopted Budget	Actual Totals for Six-Months Ended 12/31/2016	Actual Six-Month Totals as % of Adopted Budget	Increase (Decrease) from Prior Year 6-Month Totals	Projected Year-End Expenditures	Increase (Decrease) from Adopted Budget	Notes
Police Development Fees	$ -	$ 224	N/A	$ 121	N/A	53.8%	$ -	$ 122	N/A	1.6%	$ -	$ -	
Homeland Security Grant	$ -	$ 5,029	N/A	$ 2,826	N/A	56.2%	$ 3,000	$ 2,299	76.6%	-18.6%	$ 3,000	$ -	
EDG Revolving Loan Fund	$ -	$ 334	N/A	$ 333	N/A	99.9%	$ -	$ -	N/A	-100.0%	$ -	$ -	
Total Special Revenue Funds	$ 949,425	$ 606,823	36.1%	$ 311,486	32.8%	51.3%	$ 702,070	$ 195,524	27.8%	-37.2%	$ 702,070	$ -	
Debt Service													
Pension Obligation Bonds	$ 444,358	$ 446,428	-0.5%	$ 384,999	86.6%	86.2%	$ 444,905	$ 387,359	87.1%	0.6%	$ 444,905	$ -	(G)
COP Debt Service	$ -	$ 1,285	N/A	$ 692	N/A	53.8%	$ -	$ 703	N/A	1.6%	$ -	$ -	
Total Debt Service Funds	$ 444,358	$ 447,713	-0.8%	$ 385,691	86.8%	86.1%	$ 444,905	$ 388,062	87.2%	0.6%	$ 444,905	$ -	
Total Other Governmental Fund Groups	$ 1,393,783	$ 1,054,535	24.3%	$ 697,177	50.0%	66.1%	$ 1,146,975	$ 583,586	50.9%	-16.3%	$ 1,146,975	$ -	
Proprietary Funds													
Enterprise Funds													
Recreation Fund	$ 1,005,980	$ 1,125,041	-11.8%	$ 526,087	52.3%	46.8%	$ 1,063,684	$ 539,969	50.8%	2.6%	$ 1,063,684	$ -	
Wastewater Fund	$ 2,274,191	$ 2,330,533	-2.5%	$ 1,051,480	46.2%	45.1%	$ 2,334,266	$ 1,177,542	50.4%	12.0%	$ 2,334,266	$ -	
Internal Service Fund													
Dental Insurance	$ 70,000	$ 67,217	4.0%	$ 22,404	32.0%	33.3%	$ 70,000	$ 26,779	38.3%	19.5%	$ 70,000	$ -	
Total Proprietary Funds	$ 3,350,171	$ 3,522,791	-5.2%	$ 1,599,971	47.8%	45.4%	$ 3,467,950	$ 1,744,291	50.3%	9.0%	$ 3,467,950	$ -	
Successor Agency Fund	$ -	$ 1,364,070	N/A	$ 493,888	N/A	36.2%	$ -	$ 1,287,344	N/A	160.7%	$ 2,300,000	$ 2,300,000	(H)
Total - All Funds	$ 14,233,172	$ 16,200,835	-13.8%	$ 7,627,763	53.6%	47.1%	$ 15,624,978	$ 8,884,986	56.9%	16.5%	$ 18,184,978	$ 2,560,000	

Notes:

(A) Administration expenditures are expected to trend higher than budget due to recruitment costs incurred to fill the ACM position and salary and training/travel costs associated with the City Manager's contract not being incorporated into budget. **Recommend an appropriation of $70,000 to cover expenditures through end of fiscal year.**

(B) Finance expenditures are trending lower than forecast due to vacant ACM/Administrative Services Director position. Expenditure savings being used to fund costs for financial management and budget consulting services. Expenditures are expected to be within budget at fiscal year end.

(C) Community Development expenditures are higher than anticipated due to contract building plan check and inspectors to meet the demands of increased development activity. These increased costs are offset by additional permit fee revenue. **Recommend and additional appropriation of $100,000 to cover anticipated costs through end of fiscal year, and a similar adjustment to projected revenues such that increased appropriations are cost neutral and will not impact reserves.**

(D) Public Works Engineering expenditures are trending higher than anticipated due to increased development activity noted in (D) above. These increased costs are offset by additional on-site civil improvement permit fee revenue. **Recommend an additional appropriation of $90,000 to cover anticipated costs through end of fiscal year, and a similar adjustment to projected revenues such that increased appropriations are cost neutral and will not impact reserves.**

(E) CIP expenditures are outpacing prior year at this time due to increased planned CIP activity. Expenditures are expected to finish within budgeted appropriations at fiscal year end.

(F) Parks and Recreation Facilities funded CIP expenditures related to Macdorsa Park improvements were expended in the first half of the year. Expenditures are expected to be within budget at fiscal year end.

(G) Pension Obligation Fund debt service of principal of $325,000 was paid in November 2016. Interest payment will be made in May 2017. Expenditures are expected to stay within budget at fiscal year end.

(H) Expenditures for the Successor Agency are not budgeted. Expenditures are governed by the Recognized Obligation Payment Schedule (ROPS) approved by the Oversight Board and the California Department of Finance.

RESOLUTION NO. 630.36.1

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SCOTTS VALLEY APPROVING AN AMENDMENT TO THE BUDGET FOR FISCAL YEAR 2016 / 2017

WHEREAS, the City Council approved the Annual Budget for the City of Scotts Valley by Resolution 630.36 on June 15, 2016; and,

WHEREAS, staff has performed a Mid-Year Financial Review and has identified revenue and expenditure variances based on actual performance that is projected to impact the appropriations of the General Fund; and,

WHEREAS, it is estimated that FY 2016/17 General Fund revenues will exceed original budget estimates by a total of $767,000; and,

WHEREAS, additional appropriations are required in the Administration, Community Development (Building) and Public Works (Engineering) Departments totaling $260,000 that are covered by projected additional tax and fees revenues through the remainder of FY 2016-17, thereby not having a negative impact on General Fund reserves.

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

1. That revenue estimates for the General Fund Annual Budget for FY 2016-17 are revised as follows:

• Property taxes	Increase $125,000
• Sales taxes - General	Decrease $100,000
• Sales taxes – Measure U	Increase $20,000
• Fees and services	Increase $817,000
• Investment Earnings	Increase $5,000

2. That additional appropriations to the General Fund Annual Budget for FY 2016-17 are approved as follows:

• Administration Department (45)	$70,000
• Community Development – Building Division (62)	$100,000
• Public Works – Engineering Division (71)	$90,000

The above and foregoing resolution was duly and regularly adopted by the City Council of the City of Scotts Valley at a regular meeting held on the 15th day of February 2017 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Approved: ______________________________
Randy Johnson, Mayor

Attest: ______________________________
Tracy A. Ferrara, City Clerk

RESOLUTION NO. 630.36.2

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SCOTTS VALLEY APPROVING A PLACEHOLDER APPROPRIATION IN THE GENERAL FUND FOR FISCAL YEAR 2016 / 2017 FOR DEBT SERVICE ON 2003 CERTIFICATES OF PARTICIPATION

WHEREAS, the City Council approved the Annual Budget for the City of Scotts Valley by Resolution 630.36 on June 15, 2016; and,

WHEREAS, the City of Scotts Valley Successor Agency (“Successor Agency”) listed an enforceable obligation for debt service on the 2003 Certificates of Participation that, since 2012, has been included on the Successor Agency’s Recognized Obligation Payment Schedule and approved by the California Department of Finance (“DOF”); and,

WHEREAS, while the Successor Agency was processing a refunding of the 2003 Certificates of Participation to take advantage of lower interest rate markets the DOF notified the Successor Agency that it was reversing its prior decision to reject the 2003 Certificates of Participation as an enforceable obligation due, in their opinion, to a lack of supporting documentation of the debt being an obligation of the Successor Agency; and,

WHEREAS, while the City is disputing and appealing the DOF reversed ruling the investors of those certificates of participation should not be harmed in the prompt payment of required interest payments on the certificates totaling $160,000 through June 30, 2017.

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

That the City shall amend the FY 2016/17 Annual Budget by including a placeholder appropriation of $160,000 in the City’s General Fund for purposes of fulfilling the debt service obligation on behalf of the Successor Agency through June 30, 2017 until which time the ruling is final.

The above and foregoing resolution was duly and regularly adopted by the City Council of the City of Scotts Valley at a regular meeting held on the 15th day of February 2017 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Approved: ______________________________
Randy Johnson, Mayor

Attest: ______________________________
Tracy A. Ferrara, City Clerk