A G E N D A

Meeting of the
Scotts Valley City Council
REMOTE ACCESS ONLY
Date: February 17, 2021
Time: 6:00 pm

CONTACT INFORMATION	MEETING LOCATION	POSTING
City of Scotts Valley 1 Civic Center Drive Scotts Valley, CA 95066 (831) 440-5600	Zoom Videoconference	The agenda was posted 02-12-21 at City Hall and on the Internet at www.scottsvalley.org.

PUBLIC ADVISORY REGARDING COVID-19 AND PUBLIC PARTICIPATION

Consistent with Executive Order No. N-29-20 issued by Governor Newsom on March 17, 2020, and the County of Santa Cruz Health Services Agency Shelter In Place Public Health Order dated March 31, 2020, this regular meeting of the City Council will be conducted through videoconference. Elected Officials and City Staff Members will be participating remotely via videoconference.

Public Participation:
The meeting will be available on Zoom and broadcast through Community Television of Santa Cruz on Channel 25 and via their website at the following link: https://communitytv.org/watch/ (be sure to click on Channel 25). For those wishing to participate via Zoom you can join the following ways:

- Join from a PC, Mac, iPad, iPhone or Android device:
  Please click this URL to join. https://us02web.zoom.us/j/83761423234
- Or join by phone:
  Dial(for higher quality, dial a number based on your current location):
  US: +1 669 900 9128 or +1 346 248 7799 or +1 253 215 8782 or +1 312 626 6799 or +1 646 558 8656 or +1 301 715 8592
  Webinar ID: 837 6142 3234

You will be given opportunities to provide public comment at the appropriate times throughout the meeting via Zoom. If you are participating via dial-up only, use *9 to raise your hand at the requested time.

How to comment via Zoom:

1. At the appropriate times during the meeting for public comment, on items not on the agenda, and on specific agenda items, the Mayor will announce that public comment will be accepted. Our usual time limits of 3 minutes per individual, or 5 minutes for an individual who is representing a group of three or more, will apply. Please note that per our standard practice, this is not a question and answer time, but simply a time for you to provide your comments to the Council.
2. There is an option on Zoom to raise your hand. Please click on this option when the Mayor announces that public comment will be taken. Zoom places people in line automatically. If you are participating via dial-up, you can raise your hand at the appropriate time by pressing *9. When it is your turn, the City Clerk will unmute you, and you will be able to make your comments based on the above time frames. Once your time is up, you will once again be muted and the next person in line will be given their opportunity to speak.

How to comment via email:

1. Members of the public may provide public comment by sending comments to the City Clerk via email at cityhall@scottsvalley.org.
2. Additional materials and emails must be received by 5:30 pm the day of the meeting and will be distributed to agenda recipients prior to the meeting.
3. Emails received after 5:30 pm the day of the meeting will not be included in the record.

ELECTED OFFICIALS	CITY STAFF MEMBERS
Derek Timm, Mayor	Tina Friend, City Manager
Jim Reed, Vice Mayor	Kirsten Powell, City Attorney
Jack Dilles, Council Member	Steve Walpole, Chief of Police
Randy Johnson, Council Member	Taylor Bateman, Community Development Director
Donna Lind, Council Member	Daryl Jordan, Public Works Director
	Steve Toler, Financial Consultant
	Laurie Grundy, Finance Manager
	Mike Dean, Police Captain
	Tracy Ferrara, City Clerk

MEETING NOTICE AND AGENDA PACKET MATERIALS

Notice regarding City Council Meetings:
The City Council meets regularly on the 1st and 3rd Wednesday of each month at 6:00 pm.

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: http://scottsvalley.org/AgendaCenter. Due to COVID-19, City Hall is closed to the public therefore, the agenda is only available for viewing online.

Televised Meetings:
City Council meetings are cablecast "Live" on Community Television of Santa Cruz County on Comcast Channel 25 and are also available livestream on the Community TV website at the following link: https://communitytv.org/watch/

Zoom Meetings/Webinars:
For those wishing to participate via Zoom you can join from a PC, Mac, iPad, iPhone or Android device by entering or clicking on the following URL:
https://us02web.zoom.us/j/83761423234

CALL TO ORDER 6:00 PM

MOMENT OF SILENCE

ROLL CALL

SPECIAL SET MATTER

Presentation of Mayor's Proclamation for 2020 City Employee of the Year, Police Captain Mike Dean.

COMMITTEE REPORTS

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

CITY MANAGER REPORT

PUBLIC COMMENT TIME

This is the opportunity for individuals to make and/or submit written or oral comments to the Council on any items within the purview of the Council, which are NOT part of the Agenda. No action on the item may be taken, but the Council may request the matter be placed on a future agenda.

ALTERATIONS TO CONSENT AGENDA

Council can remove or add items to the Consent Agenda.

CONSENT AGENDA

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

A. Approve check registers dated 2-5-21, 2-11-21

B. Approve Memoranda of Understanding (MOU):
   (1) MOU between the City of Scotts Valley and the Scotts Valley Bargaining Unit for the period July 1, 2020 to June 30, 2021
   (2) MOU between the City of Scotts Valley and the Scotts Valley Police Supervisors Association for the period July 1, 2020 to June 30, 2021

C. Approve Resolution No. 1993 modifying the Police Recruitment and Retention Program to provide a new referral incentive for City employees and enhance the recruitment incentives for sworn entry-level and lateral applicants

D. Approve the First Amendment to "Covenants, Restrictions and Option to Purchase" between City of Scotts Valley and Ryder Scotts Valley, LLC, the Developer for The Cove

E. Approve second reading and adoption of Ordinance No. 197, amending Title 9 of the Scotts Valley Municipal Code to add Chapter 9.06 regarding Targeted Residential Picketing

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. Receive reports and information regarding the FY 2021/22 Mid-Year Financial Report through December 31, 2020; approve amendments to the FY 2020/21 Annual Budget; consider adoption of guiding budget principles for use in preparing the FY 2021/22 Annual Budget; and, provide direction to the City Manager regarding preparation of the FY 2021/22 Annual Budget
(City Manager Friend / Financial Consultant Toler)

2. Overview of Pension Obligation Bonds and Applicability as a Fiscal Sustainability Tool (City Manager Friend / Financial Consultant Toler)

3. 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.)

ADJOURNMENT

ADA NOTICE

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

PROCEDURAL INFORMATION FOR THE PUBLIC

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

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

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

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

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

Unless otherwise determined by the presiding officer of the meeting:

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

❖ ❖ ❖ ❖ ❖ ❖ ❖ ❖

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SPECIAL SET MATTER
DATE: 2-17-2021

City of Scotts Valley

Mayor's Proclamation

WHEREAS, *the City of Scotts Valley has an annual tradition to name and honor a City Employee of the Year and this award carries the distinction of recognition for extraordinary, above-and-beyond service to the Scotts Valley community, tireless dedication to the well-being of its residents, businesses and visitors, and selfless pursuit of the bettering of the City; and*

WHEREAS, *the year 2020 was marked as one steeped in crises, where a global pandemic swept into all corners of our nation including Scotts Valley, upending all we held as normal; where an uncontrolled, volatile wildfire complex threatened Scotts Valley, requiring the evacuation of thousands of residents for over a week; where the Police Department underwent a staffing contraction that pushed public safety services to critical levels; and where fierce storms and power outages continually disrupted our community and called upon a higher level of safety and service; and*

WHEREAS, *in such a year, the City employee who rose to meet these challenges—and then some—shatters the definition of extraordinary commitment and effort in service to the City and is deserving of rich commendation; and*

WHEREAS, *throughout 2020 and beyond, Police Captain Mike Dean has epitomized excellence and exceptional service, and in a year that tested the City to the limits, provided a steady hand, zealous protection of the community, phenomenal leadership, generous partnership with colleagues and the community, devotion of outstanding effort, and endless perseverance through the cascade of challenges; and*

WHEREAS, *no matter the scale or scope of the work, Police Captain Mike Dean repeatedly answered the call of service: he took on the role of Acting Sergeant and actively patrolled the streets of Scotts Valley to fill shifts; he assumed the workload of both Captain positions and the Detective Sergeant when attrition winnowed staffing; he imbedded himself in the CZU Basecamp to provide liaison and logistical support to provide protection to Scotts Valley through the wildfire event; he shouldered the hiring and recruiting for the Police Department, reviewing over 100 applications and interviewing 75 candidates through the course of the year, resulting in the placement of 10 new employees; he coordinated with the District Attorney's Office to ensure criminal cases would continue to be investigated upon the City's staffing shortfall; he addressed adequacy of equipment and vehicles to ensure our officers had replacement cars and safety gear for their protection; he was instrumental to install enhanced personal protective measures, policies and equipment to keep our officers safe throughout the pandemic; he took on building maintenance coordination for the Police Department and City Hall proper as a whole; he marshaled in the Next Generation 911 installation, which constituted the largest dispatch system upgrade in over a decade; and, in innumerable ways, he supported the success of the City organization in its most difficult year since its formation in 1966; and*

WHEREAS, *with the gratitude of the City of Scotts Valley, Police Captain Mike Dean is honored as the 2020 City of Scotts Valley Employee of the Year.*

NOW, THEREFORE, I *Derek Timm, Mayor of the City of Scotts Valley on behalf of the entire City Council, formally commend Captain Mike Dean for his rare and outstanding dedication to the City of Scotts Valley community and call upon all of the residents of the City of Scotts Valley in joining me in warm congratulations and appreciation for his well-deserved recognition as the 2020 City of Scotts Valley Employee of the Year.*

2020 City of Scotts Valley Employee of the Year
Police Captain Mike Dean

Derek Timm, Mayor

Signed and sealed this 17th day of February 2021

AGENDA ITEM A
DATE: 2-17-2021

SCOTTS VALLEY ACCOUNTS PAYABLE
02/05/2021 10:51:03 Check Register

CITY OF SCOTTS VALLEY
GL050S-V08.15 COVERPAGE
GL540R

Report Selection:

RUN GROUP... 020521 COMMENT... 02/05/2021 A/P

DATA-JE-ID	DATA COMMENT
W-02052021-020	02/05/2021 A/P

Run Instructions:

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

BA GENERAL CHECKING ACCOUNT

BANK	VENDOR	CHECK#	DATE	AMOUNT
003919	ACCO ENGINEERED SYSTEMS	120841	02/05/21	2,908.18
002066	AC3	120842	02/05/21	475.00
000097	AT&T	120843	02/05/21	481.11
003893	BADAWI & ASSOCIATES	120844	02/05/21	1,937.50
000614	BATTERIES + BULBS #314	120845	02/05/21	287.38
001373	BAY TREE, LLC	120846	02/05/21	3,620.38
001822	BC LABORATORIES INC.	120847	02/05/21	154.00
000018	BRINK'S AWARDS & SIGNS	120848	02/05/21	30.59
001017	C.W.E.A.	120849	02/05/21	192.00
003714	CAPITOLA/CITY OF	120850	02/05/21	24,054.14
003887	CHEUNG/ATHENA	120851	02/05/21	50.00
002091	COMCAST	120852	02/05/21	146.31
003564	CREATIVE SECURITY COMPAN	120853	02/05/21	5,458.51
003043	CSG CONSULTANTS, INC	120854	02/05/21	58,599.36
001537	DYNAMIC PRESS	120855	02/05/21	801.18
000202	FEDERAL EXPRESS	120856	02/05/21	461.40
000599	FORD HALL COMPANY,INC	120857	02/05/21	586.96
003654	GENERAL LOGISTICS SYSTEM	120858	02/05/21	39.37
001881	GRAINGER	120859	02/05/21	1,581.63
003706	GRANADOS/JUSTIN	120860	02/05/21	50.00
003127	GRUNDY/LAURIE	120861	02/05/21	50.00
003944	HEBARD/TYLER	120862	02/05/21	50.00
001903	JONES/KIMARIE	120863	02/05/21	50.00
003979	JUDY FORCE	120864	02/05/21	5,164.10
003292	KIMLEY-HORN & ASSOCIATES	120865	02/05/21	18,053.55
001660	KING/KATI	120866	02/05/21	50.00
003761	LEDGER/CHASE	120867	02/05/21	50.00
003913	LONG/AMANDA	120868	02/05/21	740.50
003942	M-GROUP	120869	02/05/21	1,402.50
001591	MARKELL/ROD	120870	02/05/21	1,974.00
001815	MC GRATH/TRISH	120871	02/05/21	50.00
000195	MESITI-MILLER ENGINEERIN	120872	02/05/21	2,278.50
003756	MICHAEL BAKER INTERNATIO	120873	02/05/21	18,311.80
003171	MICHALAK/GENE	120874	02/05/21	125.00
000323	NBS GOVERNMENT FINANCE G	120875	02/05/21	3,154.32
003766	ORMONDE/ROBERT	120876	02/05/21	50.00
001787	PETRINI'S GARDENING SERV	120877	02/05/21	125.00
001097	PRODESSE PROPERTY GROUP	120878	02/05/21	3,523.52
003927	REIN & REIN, APC	120879	02/05/21	247.50
000134	S.V. WATER DISTRICT	120880	02/05/21	2,100.00
000135	SAN LORENZO VALLEY WATER	120881	02/05/21	33.66
001544	SANTA CRUZ COUNTY CONFER	120882	02/05/21	22,938.90
003367	SANTA CRUZ LIVE SCAN, IN	120883	02/05/21	60.00
002065	SOTO/ART	120884	02/05/21	50.00
002053	STEPFORD	120885	02/05/21	6,465.00
001844	STERLING WATER TECHNOLOG	120886	02/05/21	9,407.46
001361	STEVENS DDS/JOHN A	120887	02/05/21	475.20
003252	STEVENS/BRENDA	120888	02/05/21	50.00

BANK	VENDOR	CHECK#	DATE	AMOUNT
BA GENERAL CHECKING ACCOUNT				
003973	THOMAS/TYLER	120889	02/05/21	50.00
003548	TORO PETROLEUM CORP	120890	02/05/21	3,771.47
000098	TROWBRIDGE ENTERPRISES	120891	02/05/21	1,256.34
001590	TSCHANTZ/KIM	120892	02/05/21	2,321.50
000443	WALPOLE/STEVE	120893	02/05/21	252.00
003991	WOWAK/PASCALE	120894	02/05/21	37.21
003722	ZERO CITY	120895	02/05/21	1,417.50
003947	4X4 AND MORE	120896	02/05/21	227.36
GENERAL CHECKING ACCOUNT				208,278.89 ***

BANK	VENDOR	CHECK#	DATE	AMOUNT
REPORT TOTALS:				208,278.89

RECORDS PRINTED - 000092

GL540R

FUND RECAP:

FUND	DESCRIPTION	DISBURSEMENTS
001	GENERAL	155,149.44
004	RECREATION	171.54
008	TRAFFIC IMPACT MITIGATION	9,193.98
010	WASTEWATER OPERATIONS	13,095.89
011	TERTIARY TREATMENT PLANT	3,954.84
019	AFFORDABLE HOUSING	1,974.00
023	SVRDA SUCCESSOR AGENCY	8,195.34
025	GENERAL TRUST	7,233.72
035	GREEN BUILDING FUNDING	707.23
050	PINEWOOD EST LNDSCP MAINT DT	33.66
112	DENTAL INS INTERNAL SERV	1,417.70
123	COMMUNITY FACILITY CENTER	2,908.18
150	GENERAL CAPITAL IMPROVEMENTS	4,243.37
TOTAL ALL FUNDS		208,278.89

BANK RECAP:

BANK	NAME	DISBURSEMENTS
BA	GENERAL CHECKING ACCOUNT	208,278.89
TOTAL ALL BANKS		208,278.89

Report Selection:

RUN GROUP... 021121 COMMENT... 02/11/2021 A/P

DATA-JE-ID	DATA COMMENT
W-02112021-030	02/11/2021 A/P

Run Instructions:

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

BANK	VENDOR	CHECK#	DATE	AMOUNT
BA GENERAL CHECKING ACCOUNT				
003534	ADOBE ANIMAL HOSPITAL SO	120897	02/11/21	338.28
003758	ASCANI, PSY.D./CORIE L.	120898	02/11/21	900.00
000097	AT&T	120899	02/11/21	9.36
003746	AVENU HOLDINGS, LLC	120900	02/11/21	1,951.05
001593	BENEDICT DDS/NANETTE	120901	02/11/21	340.00
000437	BRASS KEY LOCKSMITH	120902	02/11/21	9.84
003894	BURKE, WILLIAMS & SORENS	120903	02/11/21	17,123.75
001566	BUSINESS WITH PLEASURE	120904	02/11/21	1,189.14
001553	CARD SHARK INC/THE	120905	02/11/21	228.84
001896	D & G SANITATION	120906	02/11/21	232.60
000389	DASSEL'S PETROLEUM INC	120907	02/11/21	4,057.59
000207	DEPARTMENT OF JUSTICE	120908	02/11/21	98.00
001362	DUNCAN AUTO TECH	120909	02/11/21	1,912.31
003248	EARTHWORKS	120910	02/11/21	52,433.50
001597	ENVIRONMENTAL INNOVATION	120911	02/11/21	4,730.00
003646	ENVIRONMENTAL LEVERAGE,I	120912	02/11/21	604.13
003984	GIBBS PLANNING GROUP, IN	120913	02/11/21	17,500.00
001881	GRAINGER	120914	02/11/21	564.36
000283	HOSE SHOP	120915	02/11/21	46.37
001903	JONES/KIMARIE	120916	02/11/21	35.00
001092	KNOX ROOFING	120917	02/11/21	656.00
001030	LEAGUE OF CA CITIES	120918	02/11/21	6,170.00
000078	LLOYD'S TIRE SERVICE INC	120919	02/11/21	664.47
003913	LONG/AMANDA	120920	02/11/21	171.00
003565	MANAGEMENT PARTNERS	120921	02/11/21	3,520.00
003403	MAR-KEN INTERNATIONAL PO	120922	02/11/21	375.00
001418	MONTEREY REGIONAL	120923	02/11/21	5,479.33
000939	NATIONAL COMTEL NETWORK	120924	02/11/21	15.81
000101	PACIFIC GAS & ELECTRIC C	120925	02/11/21	32,771.90
003972	PAVEMENT COATING COMPANY	120926	02/11/21	587.76
003977	PECKHAM & MCKENNEY	120927	02/11/21	8,666.67
003152	PETERSON POWER SYSTEMS,	120928	02/11/21	10,054.38
000723	PIED PIPER INC./THE	120929	02/11/21	78.50
003613	PRO SQUAD	120930	02/11/21	1,320.37
.15771	SALINAS VALLEY SOLID	120931	02/11/21	4,000.00
001823	SANTA CRUZ CO ENVIRONMEN	120932	02/11/21	204.00
000127	SANTA CRUZ SENTINEL	120933	02/11/21	1,423.15
000133	SCOTTS VALLEY SPRINKLER	120934	02/11/21	75.34
000805	SHAPE INC.	120935	02/11/21	6,427.01
000143	SUMMIT UNIFORMS	120936	02/11/21	237.08
000153	THOMSON REUTERS-WEST	120937	02/11/21	323.57
001366	U.S. BANCORP OFFICE	120938	02/11/21	1,300.62
003924	VIRTUAL PROJECT MANAGER	120939	02/11/21	1,000.00
000154	WINCHESTER AUTO STORES	120940	02/11/21	2.68
GENERAL CHECKING ACCOUNT				189,828.76 ***

BANK	VENDOR	CHECK#	DATE	AMOUNT
REPORT TOTALS:				189,828.76

RECORDS PRINTED - 000084

GL540R

FUND RECAP:

FUND	DESCRIPTION	DISBURSEMENTS
001	GENERAL	77,151.30
002	RECYCLING/ENVIRONMENTAL	4,440.00
003	GAS TAX - SPECIAL STATE TRST	587.76
004	RECREATION	793.37
010	WASTEWATER OPERATIONS	52,938.41
028	SENIOR CENTER	436.82
031	STP EXCHANGE PROJECTS	52,433.50
050	PINEWOOD EST LNDSCP MAINT DT	10.18
077	SKYPARK MAINT ASSESS DIST	33.88
112	DENTAL INS INTERNAL SERV	546.00
123	COMMUNITY FACILITY CENTER	457.54
TOTAL ALL FUNDS		189,828.76

BANK RECAP:

BANK	NAME	DISBURSEMENTS
BA	GENERAL CHECKING ACCOUNT	189,828.76
TOTAL ALL BANKS		189,828.76

AGENDA ITEM B
DATE: 02-17-2021

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: February 17, 2021

TO: Honorable Mayor and City Council

FROM: Tina Friend, City Manager

SUBJECT: **APPROVE MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN THE CITY OF SCOTTS VALLEY AND THE SCOTTS VALLEY POLICE BARGAINING UNIT AND SCOTTS VALLEY POLICE SUPERVISORS ASSOCIATION**

SUMMARY OF ISSUE

The City of Scotts Valley has been negotiating Scotts Valley Police Bargaining Group (PBU) and Scotts Valley Police Supervisors Association (PSA) since before the expiration of the current contract on July 1, 2020. Although delayed by factors related to COVID-19 and the CZU Lightning Complex Wildfire, the City has reached tentative agreement with the PBU and PSA regarding a new Memorandum of Understanding (MOU). The PBU and PSA memberships approved their respective MOUs, which are attached for your information.

Consistent with the parameters established by Council, the highlights of the new agreement are:

POLICE BARGAINING UNIT

Contract Term:

- One-year contract from July 1, 2020 to June 30, 2021.

Compensation:

- Effective the first full pay period after Union ratification and City Council approval of the successor MOU, the salary range for each classification in the unit will receive a five percent (5.00%) salary increase.

- Standby/On-Call pay increased to the flat rate of $100.00 per day.

- Added ability for the stacking of incentives for Canine Officer Differential, FTO Pay and Temporary Assignment to a Higher Classification pay.

- Increase in the accrual maximum for Compensatory Time Off to 84-hours (cost neutral; pay-out required each calendar year)

POLICE SUPERVISORS ASSOCIATION

Contract Term:

- One-year contract from July 1, 2020 to June 30, 2021.

Compensation:

- Effective the first full pay period after Union ratification and City Council approval of the successor MOU, the salary range for each classification in the unit will receive an eight percent (8.00%) salary increase.

- Standby/On-Call pay increased to the flat rate of $100.00 per day.

- Added ability for the stacking of incentives for Canine Officer Differential, FTO Pay and Temporary Assignment to a Higher Classification pay.

- Increase in the accrual maximum for Compensatory Time Off to 84-hours (cost neutral; pay-out required each calendar year)

CalPERS Retirement System and Employee Contribution:

- Effective the full pay period after Union ratification and City Council approval of the successor MOU, all classic safety employees shall contribute an additional 3% of PERSable salary towards the employee's contribution (for a total of 9%), in alignment with State law requirements.

FISCAL IMPACT

It is estimated that for both bargaining groups, the cumulative total net cost will be approximately $70,000 for the remainder of the contract term (end of the current fiscal year) and approximately $140,000 annually thereafter. This accounts for the savings generated by the PSA Classic PERS member contribution increase.

STAFF RECOMMENDATION

It is recommended that the Council approve the attached Memoranda of Understanding between the City of Scotts Valley and the Police Bargaining Unit (PBU) and Police Supervisors Association (PSA) and authorize the City Manager to sign the agreements.

Additionally, it is recommended that Council authorize the City Manager to take any administrative actions necessary to effectuate the terms and conditions of the agreements.

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Between the CITY OF SCOTTS VALLEY and the
SCOTTS VALLEY POLICE BARGAINING UNIT

July 1, 2020 – June 30, 2021

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MEMORANDUM OF UNDERSTANDING
between
CITY OF SCOTTS VALLEY
and
SCOTTS VALLEY POLICE BARGAINING UNIT
July 1, 2020- June 30, 2021

This **Memorandum of Understanding**, (the "Agreement") is made and entered into this -th day of January 2021, by and between the Scotts Valley Police Bargaining Unit, hereinafter referred to as "Association," and the City of Scotts Valley, hereinafter referred to as "City," for and on behalf of its represented classification hereinafter identified.

1.00 ASSOCIATION RECOGNITION

Rights and Security.

1.01 Recognition of Association

The City hereby recognizes the Association as the exclusive collective bargaining agent for Police Officers and Dispatchers (collectively referred to as "the Association").

1.02 Notice of Recognized Association

The Police Department ("Department") shall give written notice to persons newly employed in the classifications of Police Officers and Dispatchers, which shall contain the name and address of the Association as the organization recognized by the City as the exclusive bargaining agent for the Association. The City will direct all inquiries from employees about Association membership or dues deduction to the Association or Association's designated agent.

1.03 Payroll Deduction and Pay Over

The City shall deduct Association dues, initiation fees, PORAC, Credit Union Share Contribution, and premiums for approved insurance programs from employees' pay in conformance with State, Federal, and local regulations from the monthly pay of each member employee. The Association will provide the City with information regarding the amount of dues deductions and the list of Association member employees who have affirmatively consented to or authorized dues deductions. The City shall remit the deducted dues and any other mutually agreed payroll

deductions, to the extent permitted by law, to the Association as soon as possible after the deduction.

The Association is responsible for providing the City with timely information regarding changes to Association member employees' dues and any other lawful Association-related payroll deduction.

The City agrees to direct each Association member employee to the Association with regard to any questions or concerns related to membership dues or any other mutually agreed payroll deduction, to the extent permitted by law.

1.04 Association Dues, Initiation Fees and Credit Union Share Contribution

1.04.01 Dues and Initiation Fees and Association Certification

The City shall make payroll deductions in reliance on the Association's certification that the Association has and will maintain an authorization, signed by each Association member employee who affirmatively consents to pay Association membership dues. Similarly, the City shall only cancel or modify any membership dues or any other mutually agreed payroll deduction, to the extent permitted by law, for any Association member employees in reliance on the information provided by the Association. The City shall not request the Association to provide a copy of any Association member employees' authorization unless a dispute arises about the existence or terms of the authorization on non-scheduded work days. The Association shall notify the City immediately in writing of any changes to the list of employees from which deductions shall be taken.

1.04.02 Credit Union Share Contributions

The City shall deduct credit union share contributions and transmit these deductions to the employee's applicable credit union at the employee's request. Such deduction(s) shall be authorized by signature on a proper assignment form.

1.05 Indemnification

The Association shall indemnify, defend, protect and hold harmless the City and its elected and appointed officials, officers, employees, officers and agents (collectively hereafter the "Indemnitees") from and against any and all claims, liabilities, losses, damages, fines, penalties, claims, demands, suits, actions, causes of action, judgments, costs and expenses (including, but not limited to, reasonable attorneys' fees and court costs) arising from the application of any provisions under Section 1.03, including, but not limited to, any claims made by any Association member employees for the membership dues deductions the City made in reliance

on the Association's certification, and any claims made by any Association member employees for any deduction cancellation or modification the City made in reliance on the information provided by the Association, provided that the City promptly notify the Association of any such matter for which it is seeking indemnification after the City has knowledge of the occurrence of such matter.

In the event any such action or proceeding is brought against the City by reason of any such claim, the Association, upon notice from the City, covenants to defend such action or proceeding by counsel reasonably satisfactory to the City. Further, the Association agrees to indemnify and hold harmless the Indemnitees for any loss or damage arising from the Union's actions or inaction. However, the Union shall have the exclusive right to direct counsel, control the defense of any action or proceeding, and determine whether any such action or proceeding shall or shall not be compromised, resisted, defended, tried or appealed—on the premise and condition that the Union shall fully compensate for any monetary loss to the City based on the Union's determination, if any.

1.06 Bulletin Boards

Reasonable space shall be allowed on bulletin boards as specified by the Chief of Police for use by the Association to communicate with Association member employees. Material shall be posted on the bulletin board space as designated, and not upon the walls, doors, file cabinets or any other place. Posted material shall not be obscene, defamatory or of a partisan political nature, nor shall it pertain to public issues which do not involve the City or its relations with City employees. The City will post employment solicitations for police positions, however, Association shall maintain notices while they remain on the bulletin board and shall be responsible for their removal in a timely fashion. All posted material shall bear the identity of the sponsor, be neatly displayed and be removed when no longer timely.

1.07 Use of Employer Facilities

City facilities may be made available upon timely application for use by Association member employees. Application for such use shall be made to the management person under whose control the facility is placed.

1.08 Job Contacts

Any authorized representative of the Association shall have the right to contact individual represented employees working within the Association in City facilities during business hours on matters within the scope of representation, providing prior arrangements have been made for each contact with the Chief of Police or the Chief's designated representative

who shall grant permission for such contact if, in his judgment, it will not disrupt the business of the work unit involved or the Department.

1.09 Bargaining Committee

Members of the Association's bargaining committee shall be allowed time to absent themselves from duties for a reasonable period without loss of pay, for the purpose of participating in contract negotiations. No more than two (2) Members at a time may absent themselves from work for this purpose. Off-duty personnel participating in negotiations are not authorized compensation for this time. Members of Association's bargaining committee shall be extended the same privilege to participate in any meetings mutually called by the parties during the term of this Agreement for review of grievances and contract compliance questions. Adequate levels of police protection shall be maintained at all times.

1.10 Alternative Locations

When contact and bargaining on the work location is precluded by reason of confidentiality of records, work situations, health and safety of employees, the public, or disturbance to others, the Chief of Police or the Chief's representative shall have the right to make other arrangements for a contact location removed from the work area.

2.00 HIRING PROVISIONS

2.01 Non-Discrimination

There shall be no discrimination because of a person's political, or Union affiliation or belief, non-affiliation or non-belief, ancestry, age (40 and above), color, disability (physical and mental, including HIV and AIDS), genetic information, gender identity, gender expression, marital status, medical condition (genetic characteristics, cancer or a record or history of cancer), military or veteran status, national origin (includes use and possession of a driver's license issued to persons unable to provide their presence in the United States is authorized under federal law, race, religion (includes religious dress and grooming practices) sex/gender (includes pregnancy, childbirth, breastfeeding, and/or related medical conditions, or sexual orientation.

2.02 Employment

The City shall not discipline, discharge or otherwise discriminate against any represented employee for any Association activity that does not interfere with the proper performance of that employee's work.

3.00 PAYMENTS

3.01 Items Not Covered by Agreement

Existing wages, hours and other terms and conditions of employment including fringe benefits not changed, modified or specifically referenced in this Agreement and not inconsistent with the terms and conditions of this Agreement shall remain in full force and effect during the term of this Agreement.

3.02 New Job Classifications

If a represented employee covered by this Agreement is assigned work of a substantially new or different nature so as to constitute a new job classification, the City and the Association will negotiate the wage rate applicable to the new classification.

4.00 HOURS OF WORK, SHIFT, SCHEDULES AND REST PERIODS

4.01 Work Schedule and Departmental Shift Change

The Chief of Police has implemented a 3/12 work schedule for the patrol division and emergency dispatch/clerical unit ("EDC") (except for the EDC-II and EDC-III positions).

The Chief of Police will designate the schedule that FTO's and their trainees will work.. The SRO schedule is on a 5/8 plan with holidays off.

The Chief of Police or the Chief's designated representative shall prepare a schedule showing the hours each employee is to work. Except under unforeseeable circumstances, the Chief of Police shall make every reasonable effort to assure that no represented employee shall have more than one shift change in any calendar month. Whenever shift changes are required, it shall not result in a reduction in salary where overtime is actually worked.

The normal working hours for detectives, when the investigations division is fully staffed, shall be a 4/10 schedule, which includes a one hour lunch period.

4.02 Hours of Work

Hours of work for patrol officers and Emergency Dispatcher Clerk I (EDC-1) will be twelve (12) hours per shift. For patrol personnel, the normal work period for the purpose of calculating overtime will be twenty-eight (28) days. For emergency dispatchers and all other personnel, the normal period for calculating overtime will be seven (7) days. The normal work

week for employees other than patrol and EDC-1 personnel will be forty (40) hours.

The day shift EDC-1 personnel will work a 40-hour work week beginning Wednesday at 1200 hours and ending the following Wednesday at 1200 hours.

The night shift EDC-1 personnel will begin their work week on Wednesday at 2400 hours and end their work week the following Wednesday at 2400 hours.

For the detectives, hours of work include paid holidays. The work week for all other personnel shall begin on Friday at 2400 hours and end on the following Friday at 2400 hours.

The City may elect to use a 28-day work cycle for patrol division under the 7(k) exemptions contained in the Fair Labor Standards Act (FLSA). All hours worked shall be compensated at the straight hourly rate (Section 5.05), provided that i) hours of work in excess of one hundred and seventy- one (171) per each twenty-eight (28) day work period will be considered overtime for patrol personnel, and ii) hours of work in excess of forty (40) hours per each seven (7) day work period will be considered overtime for all other employees. All overtime hours will be compensated pursuant to the provisions of Section 5.04 of this Agreement.

4.03 Voice Mail / Email

All employees are required to check their voice mail and email at least once daily on scheduled work days. Employees are not required to check voice mail or email during vacation leave. Employees are required to telephonically respond to text messages but will not be entitled to on-call pay.

4.04 Rest Periods

Each employee on the 3/12 plan will have three (3) fifteen (15) minute breaks that will be scheduled throughout the work day. Rest breaks will not be scheduled during the first or last hour of any period of work. Each employee will be granted a forty-five (45) minute lunch break close to the middle of the employee's shift. No wage deduction shall be made nor time off charged against employees taking authorized rest periods, nor shall any rights or overtime be accrued for rest periods voluntarily not taken. There is no obligation upon the City to provide facilities for refreshments during the rest periods, or for procurement thereof.

5.00 OVERTIME

5.01 Regular Work Schedule Requirement

The Department shall prepare a schedule designating the hours each employee shall work. Work for the City by an employee at time other than those so scheduled shall be approved in advance by the Chief of Police or the Chief's designated representative.

5.02 Authorization of Overtime

No employee shall receive compensation for overtime in cash, in time off or a combination thereof unless such overtime work has been approved by the Chief of Police or the Chief's designated representative.

5.03 Definition of Overtime

For the purposes of the 3/12 work schedule, all overtime work for patrol will be defined as all work performed in excess of one hundred and seventy-one (171) hours in an established twenty-eight (28) day work period. For employees other than patrol personnel, all overtime work will be defined as all work performed pursuant to Section 4.01 and 4.02 in excess of forty (40) hours for each seven (7) day work period.

For all employees on the 3/12 work schedule, all work performed does not include the eight (8) hours of holidays paid (whether they work on those holidays or not) and does not include the four (4) hours of additional holiday hours paid to employees who work on holidays as provided elsewhere in this Agreement.

5.04 Payment of Overtime

For patrol personnel, all hours in excess of one hundred seventy-one (171) hours in the twenty-eight day work period will be paid in accordance with the FLSA and settlement agreement reached between the City and Association dated May 8, 2020. For all other employees, all overtime work will be compensated at the rate of one and one half (1.5) times the hourly rate after forty (40) hours in any work week. All paid time off will be considered time worked in determining overtime, except that for employees on the 3/12 work schedule, both the eight (8) or ten (10) hours of holiday paid to employees (whether they work holidays or not) and the four (4) hours or pro-rated hours of additional holiday hours paid to employees who do work holidays other than the floating holiday will not be considered time worked in determining overtime.

5.05 Definition of Hourly Rate

For purposes of this section, hourly rate shall be defined as follows:

- For employees assigned to the patrol division, Base Monthly Pay times (12) months, divided by 2,184 hours (per year) equals hourly rate.

- For all other employees, Base Monthly Pay times (12) months, divided by 2,080 hours (per year) equals hourly rate.

5.06 Fractions of Less than Eight (8) minutes

No overtime payment shall be allowed for any period of less than eight (8) minutes, and fractions of less than eight (8) minutes worked shall not be considered overtime and may not be accumulated in order to total more than eight (8) minutes or more.

5.07 Compensatory Time-Off ("CTO")

At the sole option of an employee, CTO may be accrued in lieu of monetary compensation for overtime and is earned at a rate of one and one-half (1.5) times the hourly rate up to the maximum CTO accruals established herein.

All employees may accrue CTO in lieu of monetary compensation for overtime to a maximum of eighty-four (84) hours. Such CTO may be replenished during the year up to the eighty-four (84) hour maximum. The timing of taking the CTO shall be determined by the Division Captain, considering the employee's preference.

CTO may be granted with a two (2) pay period notice at the discretion of the supervisor. Supervisors are not precluded from granting CTO with a shorter notice if the needs of the Department will allow this time off. CTO will not be approved if it creates undue disruption to cover the absence from the requested CTO.

Any accrued and unusued CTO will be cashed out in the last paycheck of the calendar year.

5.08 Shift Adjustments

If the department intends to adjust an employee's shift due to overtime worked on a shift, the employee's supervisor must notify them of the intended shift adjustment on the day before the adjustment occurs. Such notice shall be given by the end of the employee's shift.

For patrol personnel, all shift adjustments shall be made within the twenty-eight (28) day work period. For all other employees, all shift adjustments shall be made within a forty (40) hour work week. All shift adjustments will be completed at the time that the change in the shift is made. Except for unforeseeable circumstances, the Chief of Police shall make every effort to assure that no employee shall have more than one shift adjustment occur during a pay period.

6.00 HEALTH AND SAFETY

6.01 Health and Safety - Equipment

City shall comply with all applicable State and Federal Safety Regulations and shall furnish all safety equipment required by law or deemed necessary by the Chief of Police to all employees as appropriate. At the commencement of employment, each employee shall be provided safety equipment by the City as follows:

One (1) belt for slacks
One (1) leather duty belt with: holster, double magazine holder, double handcuff case, O.C. spray holder, baton ring, key ring, four (4) keepers, belt buckle
One (1) semiautomatic handgun with three magazines and duty ammunition sufficient for the capacity of a full loaded pistol and three magazines
One (1) O.C. spray canister
One (1) soft body armor ballistic vest, replaced every five years
Two (2) pair of handcuffs with keys
One (1) baton
One (1) police flashlight

6.02 Equipment

City shall provide all equipment deemed essential by the Chief of Police to complete assigned duties.

7.00 UNIFORMS

At the commencement of employment, each employee shall be provided uniforms by the City as follows:

Officers:

One (1) uniform hat and hat piece
Three (3) uniform shirts, long or short sleeve
Three (3) uniform slacks
One (1) uniform duty jacket
One (1) uniform dress jacket

Patches as required for above uniforms
One (1) name tag for uniform shirt
One (1) name tag for uniform jacket
One (1) complete set of rain gear
Two (2) B.D.U. uniforms
One (1) duty badge
One (1) off-duty badge and badge wallet

Dispatchers:

Three (3) uniform shirts, long or short sleeve
Three (3) uniform slacks
One (1) uniform sweater
One (1) duty badge
One (1) name tag for uniform shirt
One (1) belt for slacks
Patches as required for above uniforms

During the course of employment, the City shall replace uniforms, at no cost to the employee, at the discretion of the Chief of Police. The City further agrees to establish an account at a local dry cleaners to clean and maintain said uniforms at no cost to the employee. All above uniform costs shall be subject to the applicable public retirement rate as required by the Public Employees Retirement System (PERS) regulations.

For the detectives, City will pay to clean clothes soiled as a result of a work-related incident, with the approval of the Chief of Police or designee. This cost will be paid through the City's local dry cleaners account.

8.00 HOLIDAYS

All employees on the 3/12 work schedule will receive eight (8) hours of straight time as compensation in lieu of paid holidays for each holiday other than the floating holiday and ten (10) hours of straight time as compensation in lieu of the paid floating holiday. One twelfth (1/12) of the annual aggregate in lieu compensation shall be paid for each calendar month of employment. This compensation shall be received in equal monthly increments. In addition, any employee on the 3/12 work schedule who works a twelve (12) hour shift on a City recognized holiday other than the floating holiday will receive an additional four (4) hours of pay at straight time in addition to regular pay for the day worked. Any employee on the 3/12 work schedule who works less than twelve (12) hours on a City recognized holiday other than the floating holiday will receive pro-rated straight time holiday pay.

Each employee of the bargaining unit who is assigned as a detective shall be entitled to the following holidays and receive wages based on the normal

scheduled work for the day. Any holiday that would otherwise be on a Saturday will be taken on the preceding Friday. Any holiday that would otherwise be on a Sunday will be taken on the following Monday.

A. First day of January
B. Third Monday in January - Dr. Martin Luther King Jr. Day
C. Third Monday in February - Presidents Day
D. Last Monday in May - Memorial Day
E. July 4th
F. First Monday in September - Labor Day
G. Second Monday in October - Columbus Day
H. November 11 - Veterans Day
I. Thanksgiving Day
J. The day following Thanksgiving Day
K. The day preceding Christmas
L. Christmas Day
M. The Day preceding New Year's Day
N. One floating holiday per fiscal year. Employees must use the floating holiday for that fiscal year
O. Every day appointed by the President of the United States, or the Governor of the State of California or the City Council for a public fast, thanksgiving or holiday

Detectives shall take Holidays and shall be paid for those days off. EDC-2 and EDC-3 employees do not take Holidays off. Instead they shall be paid eight (8) additional hours of overtime compensation in lieu of paid holidays for each recognized municipal holiday (refer to Personnel Rules and Regulations). One-twelfth (1/12) of the annual compensation shall be paid for each calendar month of employment. Such compensation shall be received monthly.

9.00 HEALTH AND WELFARE BENEFITS

Health and Welfare Benefits

9.01 PERS Medical Plan

9.01.01 Cafeteria Plan:

The City will provide medical insurance through the Public Employees' Retirement System (PERS). The City's contribution towards medical coverage will be the minimum amount required by Government Code section 22825 for regular full-time employees. All employees who elect coverage in the PERS medical plan may choose any medical plan available.

The City will also make available a Flexible Benefit Plan (Cafeteria Plan). The cafeteria plan contribution rate during the term of this MOU shall be

the PERS HMO rate, minus the Government Code section 22825 contribution. However, for employees choosing the PERS Choice or PORAC Plans, the City shall contribute either the PERS Choice or PORAC plan rate plus 50% of the difference between the PERS Choice or PORAC plan and the PERS HMO plan per month towards the cafeteria plan.

The City shall also pay administrative fees and contingency reserve fund assessments, if any.

Employees may also elect the following optional benefits:

1. Medical reimbursement account
2. Dependent care assistance plan
3. AFLAC supplemental insurance
4. Deferred compensation
5. Taxable cash-out

Employees who wish to participate in the optional benefits in the plan, but do not have any surplus City-contributed cafeteria funds, can elect to make pre-tax deductions in an amount to cover the cost of the optional benefits.

9.01.02 Rebate for Non-Enrolled Dependents:

The City shall pay any full-time (40 hours per week) employee who chooses not to enroll in the PERS Health plan the employee's otherwise eligible dependents the following amount provided proof of alternative medical coverage is provided:

1. Employee eligible to enroll as employee plus one, but enrolls as employee only = $100.

2. Employee eligible to enroll as employee plus two, but enrolls as employee plus one = $100.

3. Employee eligible to enroll employee plus two, but enrolls employee only = $150.

9.01.03 Reopener in the Event of Provider Change:

In the event that no PERS HMO and/or no PERS Choice contract with one of the four major care providers in the area (Sutter, Dominican, Santa Cruz Medical Clinic or Physicians Medical Group) during the term of this MOU, the parties agree that to re-open section 10.01 if employees are covered by the affected health plans.

9.02 Section 125 Plan

The City also agrees, to the extent allowable by law, to adopt the provisions of Section 125 of the Internal Revenue Code, thereby enabling employees to pay allowable medical costs with pre-tax dollars.

9.03 Dental and Vision

The City shall provide reimbursement for employees' and dependents' document dental expenses, with the first $200 in expenses – 100% reimbursed, the next $500 in expenses – 80% reimbursed, and the next $1,000 in expenses – 50% reimbursed up to a maximum of $1,100 in City contribution each calendar year.

Vision coverage benefits shall remain the same as those benefits in effect in the previous MOU in the Vision Service Plan.

9.04 Deductibles

Employees shall be responsible for paying the deductible portion of their medical, dental and vision insurance plans, where applicable.

9.05 Long-Term Disability Insurance

City agrees to maintain a long-term disability plan at City's sole cost, not to exceed one and eight-tenths (1.8%) of annual salary per month.

9.06 Employee Retiree Medical Coverage Program

It is the purpose of the employees Retiree Medical Coverage program to provide for medical insurance compensation to retired employees in order to insure that these individuals, who have dedicated a number of years of service to the City of Scotts Valley, do not face an economic hardship at the time of retirement in paying for medical insurance coverage.

To be eligible for this retirement benefit an employee:

1. Must have been employed with the City for ten (10) years or longer.

2. Shall retire from the City of Scotts Valley. Public safety employees shall be eligible for this benefit upon retiring at age 50 or older; all other employees shall be eligible upon retiring at age 55 or older. Retirement shall be defined as "retiring under the provisions of the PERS Retirement Plan."

3. The retired employee shall provide annual proof on the anniversary of retirement of current medical insurance coverage including the

costs to the retiree. The retiree must notify the City if the medical insurance policy is cancelled. Failure to carry medical insurance or to notify the City of its cancellation will eliminate eligibility for this benefit. The retired employee must secure his/her own medical insurance coverage.

The medical benefit will be provided directly to the retired employee at the following rates:

A. For employees hired on or before June 30, 2018

1. For employees who have served 10 to 15 years with the City: 100% of premiums to a maximum of 33% of the premiums for the PERS-CARE plan (benchmark plan); reduced to 16.5% at social security age.

2. For employees who have served 15-20 years with the City: 100% of the premiums to a maximum of 50% of the PERS-CARE plan; reduced to 25% at social security age.

3. For employees who have served over 20 years: 100% of premiums to a maximum of 67% of the PERS-CARE plan; reduced to 33.5% at social security age.

The medical benefit will be provided to the retired employee and the employee's spouse. However, this benefit shall only be payable while the retiree is living, and shall not be payable to the spouse of the retiree after the retiree's death.

B. For employees hired on or after July 1, 2018

To be eligible for this benefit an employee:

1. Must have been employed with the City for ten (10) years or longer.

2. Shall retire from the City of Scotts Valley. Public safety persons shall be eligible for this benefit upon retiring at age 50 or older; all other employees shall be eligible upon retiring at age 55 or older. Retirement shall be defined as "retiring under the provisions of the PERS Retirement Plan."

3. The retired employee shall provide annual proof on the anniversary of retirement of current medical insurance coverage including the costs to the retiree. The retiree must notify the City if the medical insurance policy is cancelled. Failure to carry medical insurance or to notify the City of its

cancellation will eliminate eligibility for this benefit. The retired must secure his/her own medical insurance coverage. The medical benefit will be provided directly to the retiree at the following rates:

a. For employees who have served 10 to 15 years with the City up to a maximum of monthly contribution which is inclusive of the PEMCHA minimum:

   Employee Only: $250.00
   Employee plus Spouse: $375.00

b. For employees who have served 15 to 20 years with the City up to a maximum of monthly contribution which is inclusive of the PEMCHA minimum:

   Employee Only: $350.00
   Employee plus Spouse: $550.00

c. For employees who have served over 20 years with the City up to a maximum of monthly contribution which is inclusive of the PEMCHA minimum:

   Employee Only: $500.00
   Employee plus Spouse: $750.00

The medical benefit will be provided to the retiree and their spouse. However, this benefit shall only be payable while the retiree is living, and shall not be payable to the spouse of the retiree after the retiree's death.

9.07 Life Insurance

The City shall pay the premium for a $50,000 life insurance plan for all employees.

9.08 Joint Committee for Health Care Cost Containment

City and Association agree to participate in a "Joint Health Care Cost Containment Committee" for the purpose of controlling health care costs. The Committee shall make recommendations consistent with this goal. Recommendations shall be implemented if approved by the City and Association.

10.00 CALL-BACK PAY

Any employee who has departed from the employee's work location and is called back to work by the Chief of Police or the Chief's designated representative on a regularly scheduled work day for that employee shall be guaranteed a minimum of two (2) hours compensation at one and one-half (1.5) times the hourly rate in accordance with Section 4.02. Any employee who has departed from the employee's work location and is called back to work by the Chief of Police or the Chief's designated representative on a day for which the employee is not scheduled to work shall be guaranteed a minimum of four (4) hours compensation at one and one-half times (1.5) the hourly rate in accordance with Section 4.02. A regularly scheduled work day is defined as each day on which the majority of hours worked in each shift falls.

11.00 COURT APPEARANCE

Any employee who is required to testify in connection with a employee's usual official duties or in connection with a case in which the City or Police Department is a party shall be guaranteed a minimum of four (4) hours compensation at one and one-half (1.5) times the hourly rate.

12.00 STANDBY PAY

Employees who are required to perform standby duty by the Chief of Police, or the Chief's designee or the court shall be compensated at the flat rate of one hundred dollars ($100.00) per day. Standby duty is that period of time an employee is required to be available by phone for immediate call out.

12.01 On-Call Pay

On-call positions shall receive a flat rate of one hundred dollars ($100.00) per day. The detective sergeant will rotate the on-call duty with the detectives and juvenile officer.

13.00 ADDITIONAL COMPENSATION

13.01 Temporary Assignment to Higher Level

An employee specifically assigned on a temporary basis to a higher level position shall be compensated at the pay rate for the higher level position if the service in such position exceeds a total of twenty (20) days in any twelve (12) month period. Payment shall be retroactive to the first day of such service. Temporary assignments may not exceed the limits set forth in the Public Employment Retirement Law. In accordance with the Public Employees' Pension Reform Act (PEPRA), temporary assignment pay is not pensionable compensation for employees who are "New Members" of CalPERS, as defined by California Government Code Section 7522.04(f).

If the temporary assignment lasts longer than six (6) months, then the employee will be able to use and accrue forty-eight (48) hours of CTO per fiscal year.

13.02 Designation of Bilingual Position

Upon the recommendation of the Chief of Police or the Chief's designated representative and with the approval of the City Manager, an employee occupying a position designated as requiring fluency in a language other than English shall receive Two Hundred Dollars ($200) per month.

13.03 Daylight Savings Time

All employees working at the time daylight savings time starts or ends shall be paid for actual time worked in accordance with Section 4.00 and its provisions.

13.04 Mileage Allowance

When an employee is required to use the employee's personal vehicle on City business, the City shall pay the mileage allowance provided by the rules and regulations of the International Revenue Service.

13.05 Assignment Differential

A. A five percent (5%) additional salary differential over base pay shall be paid to all employees assigned to the following job assignments:

(1) Motorcycle Officer

(2) Field Training Officer (FTO) and Communications Training Officer (CTO) shall receive a five percent (5%) differential for the hours actually worked in the capacity as FTO or CTO when assigned a trainee at the discretion of the Police Chief. No more than two (2) FTOs and/or (2) CTOs will receive this benefit at any one time, unless more are authorized by the Police Chief.

B. A twenty percent (20%) salary differential over base pay shall be paid to all employees assigned to detective position inclusive of juvenile officer. An assignment differential of twenty percent (20%) is for the purpose of taking on increased responsibilities. The Chief of Police and/or his designee will develop an on-call schedule for all individuals assigned to the investigations unit on a rotational basis. When a detective has been placed on-call, he is expected to be able to respond to the department within one hour and carry a

pager during the on-call assignment period (maximum one detective on-call at a time).

All assignment differentials shall be approved in advance by the Chief of Police. The assignment as stated above shall be noted on the employee time card.

13.06 Canine Officer Differential

All employees assigned as Canine Officers will receive additional compensation at the rate of five percent (5%) of base pay for the care and maintenance of their dog, whether the actual time is more or less than that. The parties mutually agree that this is adequate for care and maintenance.

The California Police Officers Standards of Training currently require canine units to receive a minimum of 16 hours of training a month. These hours will be offset by allowing the Canine Officer to train on duty or during a scheduled training time and then adjust the start time of their work day by four hours.

13.07 Stacking of Incentives

As a general rule, employees are not permitted to receive more than one Differential pay at a time. However, except for when assigned to detectives, an employee is eligible to be paid the Canine Officer Differential, FTO Pay and Temporary Assignment to a Higher Classification pay when performing any or all of these assignments.

14.00 LEAVE OF ABSENCE

14.01 Other Leave Without Pay

The appointing authority may grant an employee a leave of absence without pay for a definite period not to exceed three (3) months. The City Council may grant an employee a leave of absence without pay for a definite period not to exceed one year. The request for leave, and the reasons therefore, shall be submitted in writing by the employee and must be approved by both the Chief of Police and City Manager and, when necessary, the Council.

Upon expiration of the approved leave, the employee shall be reinstated to his/her former position or to a comparable one if the former position is abolished during the period of leave and the employee would otherwise not have been laid off.

Failure on the part of an employee to return to work on the date scheduled shall be cause for termination.

14.02 Outside Employment

A leave of absence without pay may not be granted to an employee for purposes of accepting either private or other public employment outside the service of the City, except as hereinafter provided in this Article 14.00.

An employee may not work outside employment without the prior written approval of the Chief of Police.

14.03 Military Leave

Every employee shall be entitled to military leaves of absence as specified in Chapter 7, Part 1, Division 2, of the California Military and Veterans Code. If such employee shall have been in the service of the City for at least one (1) year prior to the date such absence begins, he shall be entitled to receive pay for up to one (1) month of military leave during any fiscal year at the rate he would have received for service to the City. Time spent on military leave shall be included in determining eligibility to occupy a classification based upon length of service.

14.04 Leave for Jury Duty

Leave of absence with pay shall be granted to a employee while going to and from court and serving on jury duty. Any jury fee awarded to such person shall be deposited with the City Treasurer. Any employee who serves jury duty on any calendar day in which he would have commenced a regularly scheduled shift shall receive that shift off as leave of absence with pay.

14.05 Maternity Leave

Refer to City Personnel Rules and Regulations (Section 17.08 adopted 11/11/86).

14.06 Paternity Leave

All male employees whose spouse or significant other is pregnant may take up to a four (4) month leave of absence. Said leave shall be called a "Paternity Leave" and must be applied for, in writing, to the Chief of Police. Included with said application shall be a doctor's certificate, certifying the pregnancy, and estimating the delivery date. Application will also state the beginning and ending dates of requested leave.

A longer leave may be granted where extenuating circumstances exist. All paternity leaves shall be without pay and without a loss in seniority. Employees may use accumulated sick leave, vacation, or compensatory

time during this period, immediately preceding this period, or immediately following this period; subject to the City approval of any leave totaling more than four months.

Vacation and sick leave benefits do not accrue during paternity leave. All other benefits accrue in accordance with the provisions of the City Personnel Rules and Regulations.

14.07 Bereavement Leave

Employees shall be granted a leave with full pay in the event of the death of any member of the employee's immediate family. The leave shall be for a period of twenty-four (24) hours or forty (40) hours if travel in excess of five hundred (500) miles is required. The immediate family is defined as mother, step-mother, father, step-father, husband, wife, domestic partner, son, step-son, daughter, step-daughter, foster parent, foster child or any person sharing the relationship of loco parentis, and which living in the household of the employee, a brother, sister, brother-in-law, sister-in-law, mother-in-law, father-in-law, or grandparent, or any other special circumstance as approved the City Manager.

15.00 VACATION

15.01 Vacation

Employees covered by the provisions of this Agreement shall receive annual vacation leave in accordance with the following schedule:

Years of Service	Vacation Hours
Less than 5 years	80 hours
5-10 years	120 hours
10 years	160 hours
15 or more years	168 hours

Vacation hours are those an employee would be normally scheduled to work. Holidays, hours off, sick leave hours and emergency or personal leave hours shall not be considered or charged as vacation hours.

At the discretion of the Chief of Police and with approval by the City Manager, a new hire with prior experience as a police officer or dispatcher may have all or a portion of their prior years of experience counted as years of service for the purposes of accruing vacation.

15.02 Vacation Accrual

An employee may not carry forward from year to year more than two (2) times his annual vacation rate unless the employee has first received a written extension granted by the City Manager at the recommendation of the Chief of Police. Written extensions shall be granted in cases where, due to service requirements of the department, it was not reasonably possible for the employee to reduce his vacation accumulation below two (2) times. Employees who have refused to take vacation during the calendar year are not guaranteed of receiving written extension.

15.03 Effect of Absence on Continuous Service

Absence or authorized leave with or without pay, time during which an employee is laid off because his services are not needed and time during which an employee is temporarily not employed by the City shall not be considered as an interruption of continuous service if such absence is followed by re-employment within one (1) year. However, such absences shall not be counted in computing the employee's years of continuous service.

15.04 Vacation Scheduling

The Chief of Police or the Chief's designated representative shall determine when vacation leave may be taken. The employee shall be allowed to divide vacation leave in any calendar year into two (2) segments. The Chief of Police may grant an employee additional segments of vacation. Seniority in department service among employees in a classification and working unit consistent with Department operating requirements shall be the basis on which vacation schedule conflicts shall be resolved in favor of the most senior employee who has not, by virtue of employee's senior position, previously had such a conflict resolved in the employee's favor during the calendar year. In the event of vacation schedule conflicts among employees who have had such conflicts resolved in their favor before, the senior employee who has had the least number of successful conflict resolutions shall prevail. Vacation may be started on any day of the week.

15.05 Rate of Vacation Pay

Compensation during vacation shall be at the rate that the employee is entitled to receive, including premium pay, as if the employee was on active service during such vacation.

15.06 Vacation Request Notification

All vacation requests will be made no less than ninety (90) days prior to the requested time for leave. Supervisors will not be precluded from granting vacation requests upon shorter notice provided that the needs of the Department will allow for the requested time off.

15.07 Vacation Buy-back

The City will buy back up to one week (40 hours) of vacation annually, after 10 years of service with the City and an additional one week (40 hours) of vacation annually, after 15 years of service with the City, so long as the employee has an accrued vacation balance of at least one week (40 hours) remaining following the buy back. To request a vacation buy back, the employee shall submit a written request to the City Manager. So long as the employee meets the requirement of this subsection, the City Manager shall grant the request.

16.00 SICK LEAVE

16.01 Definition of Sick Leave

As used in this section, "sick leave" means leave of absence of an employee because of any of the following: (1) illness or injury which renders them incapable of performing the employee's work or duties for the City; (2) the employee's exposure to contagious disease as evidenced by a doctor's certification that this exposure necessitates the employee being on sick leave; and (3) routine medical or dental appointments of the employee.

16.02 Exclusion of Self-Inflicted Injury

In no case shall an absence due to purposeful or intentional self-inflicted incapacity or injury be deemed a basis for granting either sick leave or sick leave with pay under the provision of this section.

16.03 Industrial Sick Leave

If an employee is incapacitated by sickness or injury received in the course of his employment with the City, he shall be entitled to pay as provided herein.

16.04 Amount and Duration of Payment

Such employee shall be entitled to receive industrial sick leave with pay equal to the difference between 100% of his normal salary and the amount of any Workers' Compensation temporary disability payments to which he

is entitled during such incapacity for a period not to exceed one (1) calendar year from the date of such sickness or injury.

16.05 Denial of Payment

Notwithstanding the foregoing provisions of this section, such payment shall not be made pursuant to this subsection to an employee:

(1) who does not apply for or receive temporary disability benefits under the Worker's Compensation Law;

(2) whose injury or illness has become permanent;

(3) whose injury or illness, although continuing to show improvement, is unlikely to improve sufficiently to permit the employee's return to work in his position;

(4) who is retired on permanent disability or pension;

(5) whose injury or illness is the result of intentional failure to observe City health or safety regulations or the commission of a criminal offense;

(6) whose injury or illness has been aggravated or delayed in healing by reason of the employee's failure to receive medical treatment or follow medical advice, except where such treatment or advice has not been sought or followed by reason of the employee's religious beliefs; and

(7) whose injury or illness is a recurrence or re-injury of an earlier job-related injury or illness or is contributed to by a susceptibility or predisposition to such injury.

16.06 Employees Excluded

The provisions of Article 16.00 do not apply to safety employees who are subject to the provisions of California Labor Code section 4850.

16.07 Cumulative Sick Leave Plan

Each employee will accumulate sick leave at the rate of eight (8) hours per each full calendar month on a paid status. The Chief of Police or the Chief's designated representative shall grant sick leave with pay, not to exceed an employee's accumulated unused sick leave, to an employee incapacitated by injuries or sickness.

16.08 Medical Report

As a condition of granting sick leave with pay, the Chief of Police may require medical evidence of sickness or injury acceptable to the Department, which may include a statement of diagnosis and treatment from a licensed physician or a medical clearance to return to work.

16.09 Emergency Leave: Sickness in Immediate Family

Leave of absence with pay because of sickness or injury in the immediate family of an employee shall be granted by the Chief of Police or the Chief's designated representative for up to forty-eight (48) hours per fiscal year but not to exceed the amount of time which the person has accrued for sick leave in Section 16.07. Time taken for leave of absence under the provisions of this subsection shall be deducted from the employee's accrued sick leave balance. For the purposes of this subsection, "immediate family" means mother, step-mother, father, step-father, husband, wife, domestic partner, son, step-son, daughter, step-daughter, foster parent, foster child or any person sharing the relationship of loco parentis; and, which living in the household of the employee, a brother, sister, brother-in-law, sister-in-law, mother-in-law, father-in-law or grandparent.

16.10 Sick Leave Compensation on Termination

City shall pay to each terminated, separated employee the value of his accrued and unused sick leave not to exceed a maximum of nine hundred and sixty (960) hours, based on the following sliding scale, representing the percentage of salary to be applied to available accumulated hours of sick leave applicable at the time of separation from City service:

Years of Service	% of Compensation
5 years, 1 day - 10 years	20%
10 years, 1 day - 15 years	25%
15 years, 1 day - 20 years	30%
20 years, 1 day - 25 years	40%
25 years, 1 day - 30 years	50%
Over 30 years or at retirement	60%

This compensation will be paid with the final paycheck.
The City has implemented PERS option Section 20862.8 (Credit for Unused Sick Leave) for sworn personnel.

16.11 Personal Leave

City shall allow each employee twenty-four (24) hours of accrued sick leave annually for personal reasons. Personal Leave shall be taken in

minimum of four (4) hour periods, and shall be approved in advance by the Chief of Police or the Chief's designated representative with due consideration for the needs of the employee and the Department.

Personal Leave periods taken will not be charged against the stay well bonus described in Section 28.00, unless the periods are used immediately before or immediately following vacation or holidays (for those employees who receive holidays off), except as otherwise authorized by the Chief of Police.

16.12 State Disability Insurance

Employees receiving State Disability Insurance payments shall file the "notice of calculation" for disability insurance with the City immediately upon receipt from the Employment Development Department. Upon receipt of notice, the City shall adjust the employee's sick leave usage and wages for the effective period so that his net pay, including SDI, is equal to that which he would receive if working.

17.00 WAGES

17.01 Effective the first full pay period after Union ratification and City Council approval of the successor MOU whichever is later, the salary range for each classification in the unit will receive a five percent (5.0%) salary increase.

17.02 All employees assigned to patrol shall be paid for eighty-four (84) hours at straight time on the first pay date for each 28-day pay period, notwithstanding hours actually worked, and shall be paid for the balance of hours actually worked (which will normally also be 84 hours) on the second pay date for that pay period. The purpose of this section is to more equitably spread wage payments to employees over the 28-day pay period. However, this provision shall not apply if the combination of hours worked and hours of paid leave by patrol employees in any 28-day pay period is less than 84 hours. For example, if any patrol employee only works fifty (50) hours and receives ten (10) hours of paid vacation during the 28 day pay period, the employee will only be paid for sixty (60) hours.

17.03 All employees will be eligible to receive a one percent (1%) longevity stipend upon completion of five consecutive years of service, an additional two percent (2%) longevity stipend upon completion of ten consecutive years of service and an additional three percent (3%) longevity stipend upon completion of fifteen consecutive years of service.

18.00 GRIEVANCE PROCEDURES

Refer to Rule 15 of the Personnel Rules and Regulations.

18.01 Effect of Failure of Timely Action

Failure of the employee to file an appeal within the required time limit at any step shall constitute an abandonment of the grievance. Failure of the City to respond within the time limit at any step shall result in an automatic advancement of the grievance to the next step.

18.02 Limitation on Stale Grievances

A grievance shall be void unless presented within thirty (30) calendar days from the date upon which the City has allegedly failed to provide a condition of employment, or within thirty (30) calendar days from the time at which an employee might reasonably have been expected to have learned of such alleged failure to provide. In no event shall any grievance include a claim for monetary relief for more than the thirty (30) day period plus such reasonable discovery period.

18.03 Exclusion of Non-Recognized Organizations

For the purposes of this section, the provisions of Section 1.00 of this Agreement shall be construed to limit the employee's right of selection of a representative to the extent that agents or any other employee organization, which is not party to this Agreement, are specifically excluded from so acting. In those cases where an employee elects to represent themselves or arranges for other representation, the Association shall have the right to participate in the resolution procedure for the purpose of protecting the interest of its employees in negotiated conditions of employment.

19.00 SAVINGS CLAUSE

If any provision of this Agreement shall be held invalid by operation of law, or by any court of competent jurisdiction, or if compliance with enforcement of any provision shall be restrained by any tribunal, the remainder of this Agreement shall not be affected thereby, and the parties shall enter into negotiations for the sole purpose of arriving at a mutually satisfactory replacement for such provision.

20.00 ENACTMENT

It is agreed that the foregoing shall be jointly submitted to the City Council by the City Manager and Association for Council's consideration and approval.

21.00 PEACE OFFICERS BILL OF RIGHTS

The City and the Association acknowledge and reaffirm all rights and privileges granted to the employees by law, including, but without limitation, those provisions of the Peace Officers' Procedural Bill of Rights (Gov. Code §3300 et seq.) and the Meyers-Milias-Brown Act (Gov. Code §3500 et seq.).

22.00 DEPARTMENT VEHICLES AND EQUIPMENT

22.01 Definition of Vehicles

Any motor vehicle as defined by Sections 165 and 414 of the California Vehicle Code.

22.02 Repairs

All necessary repairs and maintenance of vehicles (as defined in Section 23.01) shall be performed to insure the safety of the operator of the vehicle.

22.03 Unsafe Vehicles

Under no circumstances shall a supervisor of the City require an employee to operate an unsafe department vehicle.

22.04 Claims - Unsafe Vehicles

Claims of unsafe vehicles will be made by the representatives of the Association to the shift supervisor. The City shall have the sole authority to remove vehicles from service.

22.05 Vehicle Maintenance

Routine maintenance of departmental vehicles shall be no less than required by the manufacturer. Only high quality parts and tires will be used on the vehicles. Department vehicles with over 80,000 miles will be inspected annually by a certified mechanic to include frame, suspension and mechanical parts for wear and stress fractures. Any vehicle deemed unsafe will be repaired or pulled from service, as determined by the Chief of Police.

22.06 Vehicle Equipment

All equipment, lights, sirens and switches shall be uniform and provided the same on each patrol vehicle.

22.07 Mileage

All departmental vehicles used for patrol or emergency response shall be taken out of service upon exceeding 115,000 miles, or sooner, and a replacement vehicle shall be properly equipped in accordance with Section 23.06. The Association agrees to continue to meet and confer

over the need to extend these mileage limits due to economic constraints of the City.

22.08 Vehicle Equipment Determination

Any equipment deemed necessary by the Chief of Police shall be provided for the departmental vehicles for the safety of any operator.

23.00 VOLUNTARY EDUCATIONAL INCENTIVE PROGRAM

23.01 Definition and Purpose

Scotts Valley Police Department's Educational Achievement Program is designed to upgrade and/or improve the law enforcement skills and knowledge of its personnel. The Department encourages additional educational achievement, which can lead to a higher level of performance.

23.02 Objectives

(1) To upgrade the educational level of technical skills of the personnel of Scotts Valley Police Department to insure a high quality of law enforcement.

(2) To provide an additional attraction for qualified individuals at the entry level who have an interest in law enforcement as a career.

(3) To provide an additional inducement to personnel to improve themselves throughout their career.

(4) To promote the most highly qualified officers to supervisory and administrative levels.

23.03 Procedures for Establishing Educational Incentive Pay

Courses used to obtain the educational incentive pay shall represent a logical progression of the employee's goals and/or those classes that shall be applied toward the achievement of a degree within an approved curriculum.

23.04 Eligibility

The employee shall submit the curriculum to the Education Committee for approval with the following exceptions, which do not require pre-approval:

Police Science Majors
Administration of Justice Majors
Criminology Majors

Public Administration Majors (with minor in any of the above)

23.05 Education Committee

The Committee shall be composed of the following:

(1) Chief of Police or the Chief's designated representative; and

(2) Association President or his designated representative.

The Committee shall determine the appropriateness of courses and/or curriculum outside of the above-named majors. In the event the members of the Committee are unable to agree on the appropriateness of the courses and curriculum, the City Manager shall be asked to participate in the decision making process and shall be entitled to vote therein.

23.06 Certification

The Education Committee shall certify to the employee's eligibility in accordance with Section 23.05. Such notification shall then be sent to the City Manager.

23.07 Effective Date

Educational incentive pay shall be effective the first day of the next pay period following receipt by the City Manager of certification in accordance with Section 23.06.

23.08 Educational Incentive Pay

All employees will be eligible for the following educational incentive program (amounts are not cumulative) based upon earning a degree in higher education as follows:

AA or AS degree	$150 per month
BA or BS degree	$250 per month
MA or MS degree	$300 per month

23.09 Course Reimbursement

The City agrees to reimburse employees for the costs associated with college courses and training sessions approved in advance, in writing, by the Chief of Police, up to a maximum of one thousand dollars ($1,000) per employee per fiscal year. Reimbursable costs include only the following:

(a) Tuition; (b) Books; and (c) Course-related fees

The City will not reimburse employees for supplies or mileage used traveling to and from such courses.

To ensure that the City budget has adequate funds to pay for an employee's course reimbursement request, the employee should submit a request for reimbursement no later than February 15 of each year preceding the July 1 through June 30 fiscal year.

24.00 RETIREMENT

A. CLASSIC MISCELLANEOUS EMPLOYEES

The City provides the CalPERS pension formula of 2.5% at age 55 plan for all eligible employees hired on or before December 31, 2012, or hired after such date but already in the CalPERS system as a classic without a six-month break in service.

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all classic miscellaneous employees shall contribute 9.0% PERSable salary towards the employee's contribution.

The City shall provide the Government Code 20042 single highest year benefit for all Miscellaneous employees at City expense.

B. PEPRA MISCELLANEOUS EMPLOYEES

For those employees hired on or after January 1, 2013 to the City of Scotts Valley, who are new to the CalPERS system, the City shall provide 2% at 62 for those employees in accordance with State law. The contribution for new PEPRA employees shall be shared in accordance with State law. PEPRA employee contributions shall be 50% of the normal cost as determined by CalPERS and may change on an annual basis.

C. SAFETY EMPLOYEES ONLY

Classic Safety Employees: The City provides the CalPERS pension formula of 3% at age 50 plan based on the highest average annual compensation during any consecutive 36-month (three year) period for all eligible employees hired on or before December 31, 2012 or hired after such date but already in the CalPERS system as a classic employee without a six-month break in service.

Effective the first full pay period after Union ratification and Council approval of the successor MOU, all classic safety employees shall contribute 9.0% of PERSable salary towards the employee's contribution.

D. PEPRA SAFETY EMPLOYEES

For those safety employees hired on or after January 1, 2013 who are new to the City of Scotts Valley, the City shall provide 2.7% at age 57 plan for those employees in accordance with State law. The contribution for new PEPRA safety employees shall be shared in accordance with State law. PEPRA employee contributions shall be 50% of the normal cost as determined by CalPERS and may change on an annual basis.

25.00 LAYOFF POLICY

25.01 Layoffs

The following procedures will be followed in the event of layoffs and/or reductions of personnel.

25.02 Order

Layoffs and/or reductions shall occur in the following order:

(1) Temporary employees
(2) Probationary employees
(3) Regular part-time employees
(4) Regular employees on "Needs to Improve"
(5) Regular employees

The Police Department's monthly evaluations shall not be considered as the appropriate evaluation. The Chief of Police shall evaluate the employee's last yearly evaluations concern #4 above.

25.03 Seniority

Within each classification of sworn or non-sworn personnel, layoffs and reductions shall be made on the basis of inverse order to seniority in City Service.

25.04 Special Skills

Where the Chief of Police or the Chief's appointing authority deems it in the best interest of the Department, he may waive the order of layoffs or reductions when loss of an employee's skills on a particular assignment or loss of his special skills would negatively affect the Department's work.

25.05 Association President

The President of the Association shall be exempt from layoffs during his/her term of office.

25.06 Notification

The City Manager and the Association agree that the City Manager shall notify the Association immediately (at least thirty (30) days prior) of any pending layoffs and/or reductions affecting employees covered by the Agreement. The Association shall have the right to meet and confer concerning such layoffs and/or reductions.

26.00 MANAGEMENT RIGHTS

The City reserves all rights with respect to matters of general legislative and managerial policy including, among others, the exclusive right to determine the mission of its constituent departments, divisions, commissions and boards; set standards of service; determine the procedures and standards for recruitment and selection of employees within the law; direct its employees; take disciplinary action; relieve its employees of duties because of lack of work or for other good reasons; maintain the efficiency of governmental operations; determine the methods, means and personnel by which governmental operations will be conducted; require overtime; take all necessary actions to carry out its mission in emergencies; and exercise complete control and discretion over its organization and the technology of performing its work; and to develop positive and productive employer/employee relationships. These rights shall not be limited except as specified in this agreement.

27.00 PEACEFUL PERFORMANCE

The Association agrees that during the term of this Agreement neither it nor the employees it represents will engage in, encourage, sanction, or support: (1) strikes; (2) slowdowns; (3) mass resignations; (4) mass absenteeism; (5) picketing which would involve suspension of or interference with normal work of the department or other City departments; or (6) any other similar actions which would involve suspension of or interference with normal work of the department or other City departments.

28.00 STAY WELL PLAN

The City has implemented the following Stay Well Plan, which includes the following conditions:

(1) Each stay well year will be from December 1 through November 30.

(2) Eligible employees are those who have accumulated two hundred forty (240) hours of unused sick leave.

(3) The stay well bonus will be paid each year in a separate check on the first pay date in December.

(4) Eligible employees shall receive a bonus according to the following schedule, or a pro rata share of this bonus, should they achieve their two hundred forty (240) hours at some point during the stay well year.

Sick Leave Used	Straight Time Bonus	Pro Rata Bonus
0 sick hours	48 hours	50.0%
8 sick hours	40 hours	41.6%
12 sick hours	36 hours	37.5%
16 sick hours	32 hours	33.3%
24 sick hours	24 hours	25.0%
32 sick hours	16 hours	16.6%
36 sick hours	12 hours	12.5%
40 sick hours	8 hours	8.3%
48 - 96 sick hours	0 hours	0.0%

For example, if an employee has accumulated two hundred forty (240) hours by August of the stay well year and then accrues an additional twenty-four (24) hours from September 1 to November 30, the employee will have a total of two hundred sixty-four (264) hours. If the employee has taken sixteen (16) sick hours, the employee will receive 33.3% of the twenty-four (24) hours in excess of the required two hundred forty (240) hour minimum.

(5) Personal leave hours are considered sick leave hours for the purpose of the stay well bonus, only if they are used immediately before or immediately following vacation or holidays (for those employees who receive holidays off) except as otherwise authorized by the Chief of Police.

(6) The stay well bonus is payable at straight time.

(7) Employees shall have the option of receiving the bonus on the first pay date in December or crediting their unused sick hours to their total accumulations. Such a decision must be received by the City Manager prior to December 1 of each year. The City Manager shall forward this notification to the Finance Department immediately.

(8) Sick hours taken off by employees, regardless of the reason, shall be deducted from the potential stay well bonus.

The specific purpose of the Stay Well Plan is to encourage employees to stay physically fit and well and to miss as few work hours as possible due to illness or any other reason.

29.00 TERM OF AGREEMENT

The term of this Agreement shall be July 1, 2020, through June 30, 2021.

30.00 ENTIRE AGREEMENT

This Agreement rescinds and replaces any prior agreements between the parties except side letter agreements that are in effect by their terms.

"City"
CITY OF SCOTTS VALLEY

"Association"
SCOTTS VALLEY POLICE
BARGAINING UNIT

Aaron U. Roberts

Derek Timm, Mayor

Aaron Roberts, Police Officer

P. Wowack 84

Tina Friend, City Manager

Pascale Wowack, Police Sergeant

Approved as to form:

Kirsten Powell, City Attorney

CITY OF SCOTTS VALLEY
SCOTTS VALLEY POLICE BARGAINING UNIT

07/01/2020 - 06/30/2021

Position Classification	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7
Emergency Dispatcher/ Clerk I	3,801	3,991	4,191	4,400	4,621	4,852	5,094
Emergency Dispatcher/ Clerk II	4,213	4,423	4,644	4,877	5,120	5,377	5,646
Emergency Dispatcher/ Clerk III	4,298	4,513	4,738	4,975	5,224	5,486	5,759
Officer	5,535	5,812	6,103	6,408	6,728	7,065	7,418

Between the CITY OF SCOTTS VALLEY and the
SCOTTS VALLEY POLICE SUPERVISORS ASSOCIATION

JULY 1, 2020 – JUNE 30, 2021

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MEMORANDUM OF UNDERSTANDING
between
CITY OF SCOTTS VALLEY
and
SCOTTS VALLEY POLICE SUPERVISORS ASSOCIATION

July 1, 2020 – June 30, 2021

This **Memorandum of Understanding**, (the "Agreement") is made and entered into this __day of January 2021, by and between the Scotts Valley Police Supervisors Association, hereinafter referred to as "Association," and the City of Scotts Valley, hereinafter referred to as "City," for and on behalf of its representative classification hereinafter identified.

1.00 ASSOCIATION RECOGNITION

Rights and Security.

1.01 Recognition of Association

The City hereby recognizes the Association as the exclusive collective bargaining agent for classifications of Police Lieutenant, Police Sergeants and Police Services Supervisor (collectively referred to as "the Association").

1.02 Notice of Recognized Association

The Police Department ("Department") shall give written notice to persons newly employed in the classifications set out in Section 1.01, which shall contain the name and address of the Association as the organization recognized by the City as the exclusive bargaining agent for the Association. The City will direct all inquiries from employees about Association membership or dues deduction to the Association or Association's designated agent.

1.03 Payroll Deduction and Pay Over

The City shall deduct Association dues, initiation fees, PORAC, Credit Union Share Contribution and premiums for approved insurance programs from employees' pay in conformance with State, Federal, and local regulations from the monthly pay of each Association member employee. The Association will provide the City with information regarding the amount of dues deductions and the list of Association member employees

who have affirmatively consented to or authorized dues deductions. The City shall remit the deducted dues and any other mutually agreed payroll deductions, to the extent permitted by law, to the Association as soon as possible after the deduction.

The Association is responsible for providing the City with timely information regarding changes to Association member employees' dues and any other lawful Association-related payroll deduction.

The City agrees to direct each Association member employee to the Association with regard to any questions or concerns related to membership dues, or any other mutually agreed payroll deduction, to the extent permitted by law.

1.04 Association Dues, Initiation Fees and Credit Union Share Contribution

1.04.1 Dues and Initiation Fees and Association Certification

The City shall make payroll deductions in reliance on the Association's certification that the Association has, and will, maintain an authorization signed by each Association member employee who affirmatively consents to pay Association membership dues.. Similarly, the City shall only cancel or modify any membership dues or any other mutually agreed payroll deduction, to the extent permitted by law, for any Association member employees in reliance on the information provided by the Association. The City shall not request the Association to provide a copy of any Association member employees' authorization unless a dispute arises about the existence or terms of the authorization. The Association shall notify the City immediately in writing of any changes to the list of employees from which deductions shall be taken.

1.04.2 Credit Union Share Contributions

In addition, the City agrees to deduct credit union share contributions and to transmit these deductions to the employee's applicable credit union at the employee's request. Such deduction(s) shall be authorized by signature on a proper assignment form.

1.04.3 PORAC Dues

At the request of the Members, City agrees to deduct and send deducted quarterly dues to the Peace Officers Research Association ("PORAC") headquarters for the general membership and to the PORAC Legal Defense Fund ("LDF"). Payments to PORAC and LDF are voluntary and deductions shall be made only for those Members who have executed a proper deduction authorization form and presented it to the Chief of

Police. Once the form is received, deductions will commence. Members should present forms to the Chief as soon as possible. Payments will be made concurrently with and only in the amount of authorized deductions.

1.05 Indemnification

The Association shall indemnify, defend, protect, and hold harmless the City and its elected and appointed officials, officers, employees, officers and agents (collectively hereafter the "Indemnitees") from and against any and all claims, liabilities, losses, damages, fines, penalties, claims, demands, suits, actions, causes of action, judgments, costs, and expenses (including but not limited to reasonable attorneys' fees and court costs) arising from the application of provisions under Section 1.03, including but not limited to, any claims made by any Association member employees for the membership dues deductions the City made in reliance on the Association's certification and any claims made by any Association member employees for any deduction cancellation or modification the City made in reliance on the information provided by the Association, provided that the City promptly notify the Association of any such matter for which it is seeking indemnification after the City has knowledge of the occurrence of such matter.

In the event any such action or proceeding is brought against the City by reason of any such claim, the Association, upon notice from the City, covenants to defend such action or proceeding by counsel reasonably satisfactory to the City. Further, the Association agrees to indemnify and hold harmless the Indemnitees for any loss or damage arising from the Union's actions or inaction. However, the Union shall have the exclusive right to direct counsel, control the defence of any action or proceeding, and determine whether any such action or proceeding shall or shall not be compromised, resisted, defended, tried or appealed—on the premise and condition that the Union shall fully compensate for any monetary loss to the City based on the Union's determination, if any.

1.06 Bulletin Boards

Reasonable space shall be allowed on bulletin boards as specified by the Chief of Police for use by the Association to communicate with represented employees. Material shall be posted on the bulletin board space as designated, and not upon the walls, doors, file cabinets or any other place. Posted material shall not be obscene, defamatory or of a partisan political nature, nor shall it pertain to public issues which do not involve the City or its relations with City employees. The City will post employment solicitations for police positions; however, Association shall maintain notices while they remain on the bulletin board and shall be responsible for their removal in a timely fashion. All posted material shall

bear the identity of the sponsor, be neatly displayed and be removed when no longer timely.

1.07 Use of Employer Facilities

City facilities may be made available upon timely application for use by Association member employees. Application for such use shall be made to the management person under whose control the facility is placed.

1.08 Job Contacts

Any authorized representative of the Association shall have the right to contact individual Association member employees working within the Association in City facilities during business hours on matters within the scope of representation, providing prior arrangements have been made for each contact with the Chief of Police or the Chief's designated representative who shall grant permission for such contact if, in his judgment, it will not disrupt the business of the work unit involved or the Department.

1.09 Bargaining Committee

Members of the Association's bargaining committee shall be allowed time to absent themselves from duties for a reasonable period without loss of pay, for the purpose of participating in contract negotiations. No more than two (2) Members at a time may absent themselves from work for this purpose. Off-duty personnel participating in negotiations are not authorized compensation for this time. Members of Association's bargaining committee shall be extended the same privilege to participate in any meetings mutually called by the parties during the term of this Agreement for review of grievances and contract compliance questions. Adequate levels of police protection shall be maintained at all times.

1.10 Alternative Locations

When contact and bargaining on the work location is precluded by reason of confidentiality of records, work situations, health and safety of employees, the public, or disturbance to others, the Chief of Police or the Chief's representative shall have the right to make other arrangements for a contact location removed from the work area.

2.00 HIRING PROVISIONS

2.01 Non-Discrimination

There shall be no discrimination because of a person's political, or Union affiliation or belief, non-affiliation or non-belief, ancestry, age (40 and above), color, disability (physical and mental, including HIV and AIDS), genetic information, gender identity, gender expression, marital status, medical condition (genetic characteristics, cancer or a record or history of cancer), military or veteran status, national origin (includes use and possession of a driver's license issued to persons unable to provide their presence in the United States is authorized under federal law, race, religion (includes religious dress and grooming practices) sex/gender (includes pregnancy, childbirth, breastfeeding, and/or related medical conditions, or sexual orientation.

2.02 Employment

The City shall not discipline, discharge or otherwise discriminate against any Association member employee for any Association activity which does not interfere with the proper performance of that employee's work.

3.00 PAYMENTS

3.01 Items Not Covered by Agreement

Existing wages, hours and other terms and conditions of employment including fringe benefits not changed, modified or specifically referenced in this Agreement and not inconsistent with the terms and conditions of this Agreement shall remain in full force and effect during the term of this Agreement.

3.02 New Job Classifications

If a Association member employee covered by this Agreement is assigned work of a substantially new or different nature so as to constitute a new job classification, the City and the Association will negotiate the wage rate applicable to the new classification.

3.03 Lieutenant Position

The filling of the Lieutenant position will be at the sole discretion of the City. The position is exempt from all other forms of salary, including longevity, and holiday pay except as otherwise expressly provided in this Agreement. The position will receive City holidays off with pay, but will be exempt from all overtime compensation.

4.00 HOURS OF WORK, SHIFT, SCHEDULES AND REST PERIODS

4.01 Work Schedule and Departmental Shift Change

The Chief of Police has implemented a 3/12 work schedule for the patrol division.

The Chief of Police will designate the schedule that FTO's and their trainees will work.

The Chief of Police or the Chief's designated representative shall prepare a schedule showing the hours each Association member employee is to work. Except under unforeseeable circumstances, the Chief of Police shall make every reasonable effort to assure that no Association member employee shall have more than one shift change in any calendar month. Whenever shift changes are required, it shall not result in a reduction in salary where overtime is actually worked.

The normal working hours for each detective sergeant shall be from 0800 to 1700 with one hour for lunch. In the event a detective sergeant is called to duty during his/her lunch hour, it shall be that employee's option to leave work one hour early unless the employee's supervisor determines that it is necessary for the operations of the department for the employee to continue to work in which event the employee shall receive overtime pay for the lost lunch period. Staggered lunches will not be required.

The Lieutenant position shall be exempt from this provision.

4.02 Hours of Work

Hours of work for patrol sergeants will be twelve (12) hours per shift. For patrol personnel, the normal work period for the purpose of calculating overtime will be twenty-eight (28) days. For all other personnel, the normal work period for calculating overtime will be seven (7) days. The normal work week for employees other than patrol will be forty (40) hours.

For the detective sergeant, hours of work include paid holidays. The work week for all other personnel shall begin on Friday at 2400 hours and end on the following Friday at 2400 hours.

The City may elect to use a 28-day work cycle for patrol division under the 7(k) exemptions contained in the Fair Labor Standards Act (FLSA). All hours worked shall be compensated at the straight hourly rate (Section 5.05) provided that i) hours of work in excess of one hundred seventy-one (171) per each twenty-eight (28) day work period will be considered

overtime for patrol personnel, and ii) hours of work in excess of forty (40) hours per each seven (7) day work period will be considered overtime for all other employees. All overtime hours will be compensated pursuant to the provisions of Section 5.04 of this Agreement.

The Services Supervisor works from 8 a.m. to 5 p.m. and has a one hour lunch break. The Services Supervisor is off for holidays.

The Lieutenant position shall be exempt from all overtime compensation.

4.03 Voice Mail / Email

All employees are required to check their voice mail and email at least once daily on scheduled work days. Employees are not required to check voice mail and email during vacation leave. Employees are required to telephonically respond to text messages on non scheduled work days but will not be entitled to on-call pay.

4.04 Rest Periods

Each Association member employee on the 3/12 plan will have three (3) fifteen (15) minute breaks that will be scheduled throughout the work day. Rest breaks will not be scheduled during the first or last hour of any period of work. Each employee will be granted a forty-five (45) minute lunch break close to the middle of the employee's shift. No wage deduction shall be made nor time off charged against employees taking authorized rest periods, nor shall any rights or overtime be accrued for rest periods voluntarily not taken. There is no obligation upon the City to provide facilities for refreshments during the rest periods, or for procurement thereof.

5.00 OVERTIME

5.01 Regular Work Schedule Requirement

The Department shall prepare a schedule designating the hours each employee shall work. Work for the City by an employee at time other than those so scheduled shall be approved in advance by the Chief of Police or the Chief's designated representative.

5.02 Authorization of Overtime

No employee (excluding Lieutenants) shall receive compensation for overtime in cash, in time off or a combination thereof, unless such overtime work has been approved by the Chief of Police or the Chief's designated representative as set forth above.

The Lieutenant position shall be exempt from all overtime compensation.

5.03 Definition of Overtime

For the purposes of the 3/12 work schedule, all overtime work for patrol will be defined as all work performed in excess of one hundred and seventy-one (171) hours in an established twenty-eight (28) day work period. For employees other than patrol personnel, all overtime work will be defined as all work performed pursuant to Section 4.01 and 4.02 in excess of forty (40) hours for each seven (7) day work period.

For all employees on the 3/12 work schedule, all work performed does not include the eight (8) hours of holidays paid (whether they work on those holidays or not) and does not include the four (4) hours of additional holiday hours paid to employees who work on holidays as provided elsewhere in this Agreement.

5.04 Payment of Overtime

For patrol personnel, all hours in excess of one hundred seventy-one (171) hours in the twenty-eight (28) day work period will be paid in accordance with the FLSA and the settlement agreement between the City and Association dated May 8, 2020. For all other employees, all overtime work will be compensated at the rate of one and one-half (1.5) times the hourly rate after forty (40) hours in any work week. All paid time off will be considered time worked in determining overtime, except that for employee s on the 3/12 work schedule, both the eight (8) or ten (10) hours of holiday paid to employees (whether they work holidays or not) and the four (4) hours or pro-rated hours of additional holiday hours paid to employees who do work holidays other than the floating holiday will not be considered time worked in determining overtime.

5.05 Definition of Hourly Rate

For purposes of this section, hourly rate shall be defined as follows:

- For employees assigned to the patrol division, Base Monthly Pay times (12) months, divided by 2,184 hours (per year) equals hourly rate.

- For all other employees, Base Monthly Pay times (12) months, divided by 2,080 hours (per year) equals hourly rate.

The Lieutenant position shall be exempt from this provision.

5.06 Fractions of Less than Eight (8) Minutes

No overtime payment shall be allowed for any period of less than eight (8) minutes, and fractions of less than eight (8) minutes worked shall not be considered overtime and may not be accumulated in order to total more than eight (8) minutes or more.

5.07 Compensatory Time Off ("CTO")

At the sole option of an Association member employee CTO may be accrued in lieu of monetary compensation for overtime and is earned at a rate of one and one-half (1.5) times the hourly rate up to the maximum CTO accruals established herein.

All employees may accrue CTO in lieu of monetary compensation for overtime to a maximum of eighty-four (84)hours. Such CTO may be replenished during the year up to the eighty-four (84) hour maximum. The timing of taking the CTO shall be determined by the Division Captain considering the employee's preference.

CTO may be granted with a two (2) pay period notice at the discretion of the supervisor. Supervisors are not precluded from granting CTO with a shorter notice if the needs of the Department will allow this time off. CTO will not be approved if it creates undue disruption to cover the absence from the requested CTO.

Any accrued and unused CTO will be cashed out in the last paycheck of the calendar year.

The Lieutenant position shall be exempt from this provision.

5.08 Shift Adjustments

If the department intends to adjust an employee's shift due to overtime worked on a shift, the employee's supervisor must notify him of the intended shift adjustment on the day before the adjustment occurs. Such notice shall be given by the end of the employee's shift.

For patrol personnel, all shift adjustments shall be made within the twenty-eight (28) day work period. For all other employees, all shift adjustments shall be made within a forty (40) hour work week. All shift adjustments will be completed at the time that the change in the shift is made. Except for unforeseeable circumstances, the Chief of Police shall make every effort to assure that no Association member employee shall have more than one shift adjustment occur during a pay period.

6.00 HEALTH AND SAFETY

6.01 Health and Safety - Equipment

City shall comply with all applicable State and Federal Safety Regulations and shall furnish all safety equipment required by law or deemed necessary by the Chief of Police to all employees as appropriate. At the commencement of employment, each Association member employee shall be provided safety equipment by the City as follows:

One (1) belt for slacks
One (1) leather duty belt with: holster, double magazine holder, double handcuff case, O.C. spray holder, baton ring, key ring, four (4) keepers, belt buckle
One (1) semiautomatic handgun with three magazines and duty ammunition sufficient for the capacity of a full loaded pistol and three magazines
One (1) O.C. spray canister
One (1) soft body armor ballistic vest, replaced every five years
Two (2) pair of handcuffs with keys
One (1) baton
One (1) police flashlight

6.02 Equipment

City shall provide all equipment deemed essential by the Chief of Police to complete assigned duties.

7.00 UNIFORMS

At the commencement of employment, each employee shall be provided uniforms by the City as follows:

Lieutenants and Sergeants:

One (1) uniform hat and hat piece
Three (3) uniform shirts, long or short sleeve
Three (3) uniform slacks
One (1) uniform duty jacket
One (1) uniform dress jacket
Patches as required for above uniforms
One (1) name tag for uniform shirt
One (1) name tag for uniform jacket
One (1) complete set of rain gear and rain boots

Two (2) B.D.U. uniforms
One (1) duty badge
One (1) off-duty badge and badge wallet

Services Supervisor:

The City agrees to maintain any required uniform for the Services Supervisor.

During the course of employment, the City shall replace uniforms, at no cost to the employee, at the discretion of the Chief of Police. The City further agrees to establish an account at a local dry cleaners to clean and maintain said uniforms at no cost to the employee. All above uniform costs shall be subject to the applicable public retirement rate as required by the Public Employees Retirement System (PERS) regulations.

For the detective sergeant only, City will pay to clean clothes soiled as a result of a work-related incident, with the approval of the Chief of Police or designee. This cost will be paid through the City's local dry cleaners account.

8.00 HOLIDAYS

All employees on the 3/12 work schedule will receive eight (8) hours of straight time as compensation in lieu of paid holidays for each holiday other than the floating holiday and ten (10) hours of straight time as compensation in lieu of the paid floating holiday. One twelfth (1/12) of the annual aggregate in lieu compensation shall be paid for each calendar month of employment. This compensation shall be received in equal monthly increments. In addition, any Association member employee on the 3/12 work schedule who works a twelve (12) hour shift on a City recognized holiday other than the floating holiday will receive an additional four (4) hours of pay at straight time in addition to regular pay for the day worked. Any Association member employee on the 3/12 work schedule who works less than twelve (12) hours on a City recognized holiday other than the floating holiday will receive pro-rated straight time holiday pay.

Each Association member employee of the bargaining unit who is assigned as a detective shall be entitled to the following holidays and receive wages based on the normal scheduled work for the day. Any holiday that would otherwise be on a Saturday will be taken on the preceding Friday. Any holiday that would otherwise be on a Sunday will be taken on the following Monday.

A. First day of January
B. Third Monday in January - Dr. Martin Luther King Jr. Day
C. Third Monday in February - Presidents Day
D. Last Monday in May - Memorial Day
E. July 4th

F. First Monday in September - Labor Day
G. Second Monday in October - Columbus Day
H. November 11 - Veterans Day
I. Thanksgiving Day
J. The day following Thanksgiving Day
K. The day preceding Christmas
L. Christmas Day
M. The Day preceding New Year's Day
N. One floating holiday per fiscal year. Employees must use the floating holiday for that fiscal year
O. Every day appointed by the President of the United States, or the Governor of the State of California or the City Council for a public fast, thanksgiving or holiday.

Detectives, sergeants, and lieutenants shall take Holidays and shall be paid for those days off.

9.00 HEALTH AND WELFARE BENEFITS

Health and Welfare Benefits

9.01 PERS Medical Plan

9.01.1 Cafeteria Plan

The City will provide medical insurance through the Public Employees' Retirement System (PERS). The City's contribution towards medical coverage will be the minimum amount required by Government Code section 22825 for regular full-time employees. All employees who elect coverage in the PERS medical plan may choose any medical plan available.

The City will also make available a Flexible Benefit Plan (Cafeteria Plan). The cafeteria plan contribution rate during the term of this MOU shall be the PERS Choice rate, minus the Government Code Section 22825 contribution. However, for employees choosing the PERS Choice or PORAC plans, the City shall contribute the PERS Choice or PORAC rate plus 50% of the difference between the PERS Choice or PORAC rates and the PERS HMO rate to be used in the cafeteria plan.

The City shall also pay administrative fees and contingency reserve fund assessments, if any.

Employees may also elect the following optional benefits if the employee has surplus cafeteria plan funds remaining after electing medical insurance coverage:

1. Medical reimbursement account
2. Dependent care assistance plan
3. AFLAC supplemental insurance
4. Deferred compensation
5. Taxable cash-out

Employees who wish to participate in the optional benefits in the plan, but do not have any surplus City-contributed cafeteria funds, can elect to make pre-tax deductions in an amount to cover the cost of the optional benefits.

9.01.2 Rebate for Non-Enrolled Dependants

The City shall pay any full-time (40 hours per week) employee who chooses not to enroll in the PERS Health plan the employee's otherwise eligible dependents the following amount provided proof of alternative medical coverage is provided:

1. Employee eligible to enroll as employee plus one, but enrolls as employee only = $100.

2. Employee eligible to enroll as employee plus two, but enrolls as employee plus one = $100.

3. Employee eligible to enroll employee plus two, but enrolls employee only = $150.

9.01.3 Reopener in the Event of Provider Change

In the event that no PERS HMO and/or PERS Choice contract with one of the four major care providers in the area (Sutter, Dominican, Santa Cruz Medical Clinic or Physicians Medical Group) during the term of this MOU, the parties agree to re-open section 10.01 if employees are covered by the affected plans.

9.02 Section 125 Plan

The City also agrees, to the extent allowable by law, to adopt the provisions of Section 125 of the Internal Revenue Code, thereby enabling employees to pay allowable medical costs with pre-tax dollars.

9.03 Dental and Vision

The City shall provide reimbursement for employee's and dependents' documented dental expenses, with the first $200 in expenses – 100% reimbursed, the next $500 in expenses – 80% reimbursed, and the next $1,000 in expenses – 50% reimbursed up to a maximum of $1,100 in City contribution each calendar year.

Vision coverage benefits shall remain the same as those benefits in effect in the previous MOU in the Vision Service Plan.

9.04 Deductibles

Employees shall be responsible for paying the deductible portion of their medical, dental and vision insurance plans, where applicable.

When two employees are married to each other, the City shall reimburse the married employees for the deductible portion of the medical premiums up to a maximum of Three Hundred Dollars ($300.00) per calendar year per couple.

9.05 Long-Term Disability Insurance

City agrees to maintain a long-term disability plan at City's sole cost, not to exceed one and eight-tenths (1.8%) of annual salary per month.

9.06 Association member employee Retiree Medical Coverage Program

It is the purpose of the employees Retiree Medical Coverage program to provide for medical insurance compensation to retired employees in order to insure that these individuals, who have dedicated a number of years of service to the City of Scotts Valley, do not face an economic hardship at the time of retirement in paying for medical insurance coverage.

To be eligible for this retirement benefit an employee:

1. Must have been employed with the City for ten (10) years or longer.

2. Shall retire from the City of Scotts Valley. Public safety employees shall be eligible for this benefit upon retiring at age 50 or older; all other employees shall be eligible upon retiring at age 55 or older. Retirement shall be defined as "retiring under the provisions of the PERS Retirement Plan."

3. The retired employee shall provide annual proof on the anniversary of retirement of current medical insurance coverage including the

costs to the retiree. The retiree must notify the City if the medical insurance policy is cancelled. Failure to carry medical insurance or to notify the City of its cancellation will eliminate eligibility for this benefit. The retired employee must secure his/her own medical insurance coverage.

The medical benefit will be provided directly to the retired employee at the following rates:

A. For employees hired on or before June 30, 2018

1. For employees who have served 10 to 15 years with the City: 100% of premiums to a maximum of 33% of the premiums for the PERS-CARE plan (benchmark plan); reduced to 16.5% at social security age.

2. For employees who have served 15-20 years with the City: 100% of the premiums to a maximum of 50% of the PERS-CARE plan; reduced to 25% at social security age.

3. For employees who have served over 20 years: 100% of premiums to a maximum of 67% of the PERS-CARE plan; reduced to 33.5% at social security age.

The medical benefit will be provided to the retired employee and the employee's spouse. However, this benefit shall only be payable while the retiree is living, and shall not be payable to the spouse of the retiree after the retiree's death.

B. For employees hired on or after July 1, 2018

To be eligible for this benefit an employee:

1. Must have been employed with the City for ten (10) years or longer.

2. Shall retire from the City of Scotts Valley. Public safety persons shall be eligible for this benefit upon retiring at age 50 or older; all other employees shall be eligible upon retiring at age 55 or older. Retirement shall be defined as "retiring under the provisions of the PERS Retirement Plan."

3. The retired employee shall provide annual proof on the anniversary of retirement of current medical insurance coverage including the costs to the retiree. The retiree must notify the City if the medical insurance policy is cancelled.

Failure to carry medical insurance or to notify the City of its cancellation will eliminate eligibility for this benefit. The retired must secure his/her own medical insurance coverage. The medical benefit will be provided directly to the retiree at the following rates:

a. For employees who have served 10 to 15 years with the City up to a maximum of monthly contribution which is inclusive of the PEMCHA minimum:

   Employee Only: $250.00
   Employee plus Spouse: $375.00

b. For employees who have served 15 to 20 years with the City up to a maximum of monthly contribution which is inclusive of the PEMCHA minimum:

   Employee Only: $350.00
   Employee plus Spouse: $550.00

c. For EMPLOYEES who have served over 20 years with the City up to a maximum of monthly contribution which is inclusive of the PEMCHA minimum:

   Employee Only: $500.00
   Employee plus Spouse: $750.00

The medical benefit will be provided to the retiree and their spouse. However, this benefit shall only be payable while the retiree is living, and shall not be payable to the spouse of the retiree after the retiree's death.

9.07 Life Insurance

The City shall pay the premium for a $50,000 life insurance plan for all employees.

9.08 Joint Committee for Health Care Cost Containment

City and Association agree to participate in a "Joint Health Care Cost Containment Committee" for the purpose of controlling health care costs. The Committee shall make recommendations consistent with this goal. Recommendations shall be implemented if approved by the City and Association.

10.00 CALL-BACK PAY

Any employee who has departed from the employee's work location and is called back to work by the Chief of Police or the Chief's designated representative (on a regularly scheduled work day for that employee) shall be guaranteed a minimum of two (2) hours compensation at one and one-half (1.5) times the hourly rate in accordance with Section 4.02. Any employee who has departed from the employee's work location and is called back to work by the Chief of Police or the Chief's designated representative on a day for which the employee is not scheduled to work shall be guaranteed a minimum of four (4) hours compensation at one and one-half times (1.5) the hourly rate in accordance with Section 4.02. A regularly scheduled work day is defined as each day on which the majority of hours worked in each shift falls.

The Lieutenant position shall be exempt from this provision.

11.00 COURT APPEARANCE

Any employee who is required to testify in connection with an employee's usual official duties or in connection with a case in which the City or Police Department is a party shall be guaranteed a minimum of four (4) hours compensation at one and one-half (1.5) times the hourly rate.

The lieutenant position shall be exempt from this provision.

12.00 STANDBY PAY

Employees who are required to perform standby duty by the Chief of Police, or the Chief's designee or the court shall be compensated at the flat rate of one hundred dollars ($100.00) per day. Standby duty is that period of time an employee is required to be available by phone for immediate call out.

The Lieutenant position shall be exempt from this provision.

12.01 On-Call Pay

On-call positions shall receive a flat rate of one hundred dollars ($100.00) per day for on-call status. The detective sergeant will rotate the on-call duty with the detectives

13.00 ADDITIONAL COMPENSATION

13.01 Temporary Assignment to Higher Level

An employee specifically assigned on a temporary basis to a higher level position shall be compensated at the pay rate for the higher level position

if the service in such position exceeds a total of twenty (20) days in any twelve (12) month period. Payment shall be retroactive to the first day of such service. Temporary assignments may not exceed the limits set forth in the Public Employment Retirement Law. In accordance with the Public Employees' Pension Reform Act (PEPRA), temporary assignment pay is not pensionable compensation for employees who are "New Members" of CalPERS, as defined by California Government Code Section 7522.04(f).

If the temporary assignment lasts longer than six (6) months, then the employee will be able to use and accrue forty-eight (48) hours of CTO per fiscal year, unless the position is the Lieutenant position.

13.02 Designation of Bilingual Position

Upon the recommendation of the Chief of Police or the Chief's designated representative and with the approval of the City Manager, an employee occupying a position designated as requiring fluency in a language other than English shall receive Two Hundred Dollars ($200) per month.

13.03 Daylight Savings Time

All employee s working at the time daylight savings time starts or ends shall be paid for actual time worked in accordance with Section 4.00 and its provisions.

13.04 POST Incentive Compensation

The Lieutenant position shall be paid a Seventy-five dollar ($75.00) monthly incentive for attaining a POST Management Certificate.

13.05 Mileage Allowance

When an employee is required to use the employee's personal vehicle on City business, the City shall pay the mileage allowance provided by the rules and regulations of the International Revenue Service.

13.06 Assignment Differential

A five percent (5%) additional salary differential over base pay shall be paid to all employees assigned as a motorcycle officer.

A twenty percent (20%) salary differential over base pay shall be paid to all employees assigned to detective position. An assignment differential of twenty percent (20%) is for the purpose of taking on increased responsibilities. The Chief of Police and/or his designee will develop an on-call schedule for all individuals assigned to the investigations unit on a rotational basis. When a detective sergeant has been placed on-call, he is expected to be able to respond to the department within one hour and

carry a pager during the on-call assignment period (maximum one detective on-call at a time).

All assignment differentials shall be approved in advance by the Chief of Police. The assignment as stated above shall be noted on the employee time card.

13.07 Canine Officer Differential

All employees assigned as Canine Officers will receive additional compensation at the rate of five percent (5%) of base pay for the care and maintenance of their dog, whether the actual time is more or less than that. The parties mutually agree that this is adequate for care and maintenance.

The California Police Officers Standards of Training currently require canine units to receive a minimum of 16 hours of training a month. These hours will be offset by allowing the Canine Officer to train on duty or during a scheduled training time and then adjust the start time of their work day by four hours.

13.08 FTO Pay

Field Training Officers (FTO) shall receive a five percent (5%) differential for the hours actually worked in the capacity as FTO when assigned a trainee at the discretion of the Police Chief. No more than two (2) FTOs will receive this benefit at any one time, unless more are authorized by the Police Chief. Such salary differential shall only be paid for the hours worked during the pay period in the capacity as FTO.

13.09 Stacking of Incentives

As a general rule, employees are not permitted to receive more than one differential pay at a time. However, except for when assigned to detectives, an employee is eligible to be paid the Canine Officer Differential, FTO Pay and Temporary Assignment to a Higher Classification pay when performing any or all of those assignments.

14.00 LEAVE OF ABSENCE

14.01 Other Leave Without Pay

The appointing authority may grant an employee a leave of absence without pay for a definite period not to exceed three (3) months. The City Council may grant an employee a leave of absence without pay for a definite period not to exceed one year. The request for leave, and the reasons therefore, shall be submitted in writing by the employee and must

be approved by both the Chief of Police and City Manager and, when necessary, the Council.

Upon expiration of the approved leave, the employee shall be reinstated to his/her former position or to a comparable one if the former position is abolished during the period of leave and the employee would otherwise not have been laid off.

Failure on the part of a Member to return to work on the date scheduled shall be cause for termination.

14.02 Outside Employment

A leave of absence without pay may not be granted to an employee for purposes of accepting either private or other public employment outside the service of the City, except as hereinafter provided in this Article 14.00.

An employee may not work outside employment without the prior written approval of the Chief of Police.

14.03 Military Leave

Every employee shall be entitled to military leaves of absence as specified in Chapter 7, Part 1, Division 2, of the California Military and Veterans Code. If such employee shall have been in the service of the City for at least one (1) year prior to the date such absence begins, he shall be entitled to receive pay for up to one (1) month of military leave during any fiscal year at the rate he would have received for service to the City. Time spent on military leave shall be included in determining eligibility to occupy a classification based upon length of service.

14.04 Leave for Jury Duty

Leave of absence with pay shall be granted to an employee while going to and from court and serving on jury duty. Any jury fee awarded to such person shall be deposited with the City Treasurer. Any employee who serves jury duty on any calendar day in which he would have commenced a regularly scheduled shift shall receive that shift off as leave of absence with pay.

14.05 Maternity Leave

Refer to City Personnel Rules and Regulations (Section 17.08 adopted 11/11/86).

14.06 Paternity Leave

All male employees whose spouse or significant other is pregnant may take up to a four (4) month leave of absence. Said leave shall be called a "Paternity Leave" and must be applied for, in writing, to the Chief of Police. Included with said application shall be a doctor's certificate, certifying the pregnancy, and estimating the delivery date. Application will also state the beginning and ending dates of requested leave.

A longer leave may be granted where extenuating circumstances exist. All paternity leaves shall be without pay and without a loss in seniority. Employees may use accumulated sick leave, vacation, or compensatory time during this period, immediately preceding this period, or immediately following this period; subject to the City approval of any leave totaling more than four months.

Vacation and sick leave benefits do not accrue during paternity leave. All other benefits accrue in accordance with the provisions of the City Personnel Rules and Regulations.

14.07 Bereavement Leave

Employees shall be granted a leave with full pay in the event of the death of any member of the employee's immediate family. The leave shall be for a period of twenty-four (24) hours or forty (40) hours if travel in excess of five hundred (500) miles is required. The immediate family is defined as mother, step-mother, father, step-father, husband, wife, domestic partner, son, step-son, daughter, step-daughter, foster parent, foster child or any person sharing the relationship of loco pare, a brother, sister, brother-in-law, sister-in-law, mother-in-law, father-in-law, or grandparent, or any other special circumstance as approved by the City Manager.

14.08 Administrative Leave

The Lieutenant position shall be entitled to take eighty (80) hours of Administrative Leave per fiscal year. Administrative Leave shall not cumulate from year to year, and no compensation shall be made for any unused leave. Administrative Leave shall be prorated if employment is commenced during the fiscal year.

15.00 VACATION

15.01 Vacation

Employees covered by the provisions of this Agreement shall receive annual vacation leave in accordance with the following schedule:

Years of Service	Vacation Hours
Less than 5 years	80 hours
5-10 years	120 hours
10 years	160 hours
15 or more years	168 hours

The Lieutenant position shall accrue an additional forty (40) hours of vacation after fifteen (15) years of service.

Vacation hours are those an employee would be normally scheduled to work. Holidays, hours off, sick leave hours and emergency or personal leave hours shall not be considered or charged as vacation hours.

At the discretion of the Chief of Police and with approval by the City Manager, a new hire with prior experience as a detective, sergeant, or lieutenant may have all or a portion of their prior years of experience counted as years of service for the purposes of accruing vacation.

15.02 Vacation Accrual

An Association member employee may not carry forward from year to year more than two (2) times his annual vacation rate unless he has first received a written extension granted by the City Manager at the recommendation of the Chief of Police. Written extensions shall be granted in cases where, due to service requirements of the department, it was not reasonably possible for the employee to reduce his vacation accumulation below two (2) times. Employees who have refused to take vacation during the calendar year are not guaranteed of receiving written extension.

15.03 Effect of Absence on Continuous Service

Absence or authorized leave with or without pay, time during which an employee is laid off because his services are not needed and time during which an employee is temporarily not employed by the City shall not be considered as an interruption of continuous service if such absence is followed by re-employment within one (1) year. However, such absences shall not be counted in computing the employee's years of continuous service.

15.04 Vacation Scheduling

The Chief of Police or the Chief's designated representative shall determine when vacation leave may be taken. The employee shall be allowed to divide his vacation leave in any calendar year into two (2) segments. The Chief of Police may grant an employee additional segments of vacation. Seniority in department service among employees in a classification and working unit consistent with Department operating requirements shall be the basis on which vacation schedule conflicts shall be resolved in favor of the most senior employee who has not, by virtue of employee's senior position, previously had such a conflict resolved in the employee's favor during the calendar year. In the event of vacation schedule conflicts among employees who have had such conflicts resolved in their favor before, the senior employee who has had the least number of successful conflict resolutions shall prevail. Vacation may be started on any day of the week.

15.05 Rate of Vacation Pay

Compensation during vacation shall be at the rate that the employee is entitled to receive, including premium pay, as if the employee was on active service during such vacation.

15.06 Vacation Request Notification

All vacation requests will be made no less than ninety (90) days prior to the requested time for leave. Supervisors will not be precluded from granting vacation requests upon shorter notice provided that the needs of the Department will allow for the requested time off.

15.07 Vacation Buy-back

The City will buy back up to one week (40 hours) of vacation annually, after 10 years of service with the City and an additional one week (40 hours) of vacation annually, after 15 years of service with the City, so long as the employee has an accrued vacation balance of at least one week (40 hours) remaining following the buy back. To request a vacation buy back, the employee shall submit a written request to the City Manager. So long as the employee meets the requirement of this subsection, the City Manager shall grant the request.

16.00 SICK LEAVE

16.01 Definition of Sick Leave

As used in this section, "sick leave" means leave of absence of an employee because of any of the following: (1) illness or injury which renders them incapable of performing the employee's work or duties for the City; (2) the employee's exposure to contagious disease as evidenced by a doctor's certification that this exposure necessitates the employee being on sick leave; and (3) routine medical or dental appointments of the employee.

16.02 Exclusion of Self-Inflicted Injury

In no case shall an absence due to purposeful or intentional self-inflicted incapacity or injury be deemed a basis for granting either sick leave or sick leave with pay under the provision of this section.

16.03 Industrial Sick Leave

If an employee is incapacitated by sickness or injury received in the course of his employment with the City, he shall be entitled to pay as provided herein.

16.04 Amount and Duration of Payment

Such Association member employee shall be entitled to receive industrial sick leave with pay equal to the difference between 100% of his normal salary and the amount of any Workers' Compensation temporary disability payments to which he is entitled during such incapacity for a period not to exceed one (1) calendar year from the date of such sickness or injury.

16.05 Denial of Payment

Notwithstanding the foregoing provisions of this section, such payment shall not be made pursuant to this subsection to an employee:

(1) who does not apply for or receive temporary disability benefits under the Worker's Compensation Law;

(2) whose injury or illness has become permanent;

(3) whose injury or illness, although continuing to show improvement, is unlikely to improve sufficiently to permit the employee's return to work in his position;

(4) who is retired on permanent disability or pension;

(5) whose injury or illness is the result of intentional failure to observe City health or safety regulations or the commission of a criminal offence;

(6) whose injury or illness has been aggravated or delayed in healing by reason of the employee's failure to receive medical treatment or follow medical advice, except where such treatment or advice has not been sought or followed by reason of the employee's religious beliefs; and

(7) whose injury or illness is a recurrence or re-injury of an earlier job-related injury or illness or is contributed to by a susceptibility or predisposition to such injury.

16.06 Employees Excluded

The provisions of Article 16.00 do not apply to safety employees who are subject to the provisions of California Labor Code Section 4850.

16.07 Cumulative Sick Leave Plan

Each employee will accumulate sick leave at the rate of eight hours per each full calendar month on a paid status. The Chief of Police or the Chief's designated representative shall grant sick leave with pay, not to exceed an employee's accumulated unused sick leave, to an employee incapacitated by injuries or sickness.

16.08 Medical Report

As a condition of granting sick leave with pay, the Chief of Police may require medical evidence of sickness or injury acceptable to the Department, which may include a statement of diagnosis and treatment from a licensed physician or a medical clearance to return to work.

16.09 Emergency Leave: Sickness in Immediate Family

Leave of absence with pay because of sickness or injury in the immediate family of an employee shall be granted by the Chief of Police or the Chief's designated representative for up to forty-eight (48) hours per fiscal year, but not to exceed the amount of time which the person has accrued for sick leave in Section 16.07. Time taken for leave of absence under the provisions of this subsection shall be deducted from the employee's accrued sick leave balance. For the purposes of this subsection, "immediate family" means mother, step-mother, father, step-father,

husband, wife, domestic partner, son, step-son, daughter, step-daughter, foster parent, foster child or any person sharing the relationship of loco parentis; and, when living in the household of the employee, a brother, sister, brother-in-law, sister-in-law, father-in-law or grandparent.

16.10 Sick Leave Compensation on Termination

City shall pay to each terminated, separated employee the value of his accrued and unused sick leave not to exceed a maximum of nine hundred and sixty (960) hours, based on the following sliding scale, representing the percentage of salary to be applied to available accumulated hours of sick leave applicable at the time of separation from City service:

Years of Service	% of Compensation
5 years, 1 day - 10 years	20%
10 years, 1 day - 15 years	25%
15 years, 1 day - 20 years	30%
20 years, 1 day - 25 years	40%
25 years, 1 day - 30 years	50%
Over 30 years or at retirement	60%

This compensation will be paid with the final paycheck.

The City has implemented PERS option Section 20862.8 (Credit for Unused Sick Leave) for sworn personnel.

16.11 Personal Leave

City shall allow each employee twenty-four (24) hours of accrued sick leave annually for personal reasons. Personal Leave shall be taken in minimum of four (4) hour periods, and shall be approved in advance by the Chief of Police or the Chief's designated representative with due consideration for the needs of the Association member employee and the Department.

Personal Leave periods taken will not be charged against the stay well bonus described in Section 28.00, unless the periods are used immediately before or immediately following vacation or holidays (for those employees who receive holidays off), except as otherwise authorized by the Chief of Police.

16.12 State Disability Insurance

Employees receiving State Disability Insurance payments shall file the "notice of calculation" for disability insurance with the City immediately

upon receipt from the Employment Development Department. Upon receipt of notice, the City shall adjust the employee's sick leave usage and wages for the effective period so that his net pay, including SDI, is equal to that which he would receive if working.

17.00 WAGES

17.01 Effective the first full pay period after Union ratification and City Council approval of the successor MOU, the salary range for each classification in the unit will receive a eight percent (8.0%) salary increase.

17.02 All employees assigned to patrol shall be paid for eighty-four (84) hours at straight time on the first pay date for each 28 day pay period, notwithstanding hours actually worked, and shall be paid for the balance of hours actually worked (which will normally also be 84 hours) on the second pay date for that pay period. The purpose of this section is to more equitably spread wage payments to employees over the 28 day pay period. However, this provision shall not apply if the combination of hours worked and hours of paid leave by patrol employees in any 28 day pay period is less than 84 hours. For example, if any patrol Association member employee only works fifty (50) hours and receives ten (10) hours of paid vacation during the 28 day pay period, the Association member employee will only be paid for sixty (60) hours.

17.03 All employees will be eligible to receive a one percent (1%) longevity stipend upon completion of five consecutive years of City service, an additional two percent (2%) longevity stipend upon completion of ten consecutive years of City service and an additional three percent (3%) longevity stipend upon completion of fifteen consecutive years of service.

18.00 GRIEVANCE PROCEDURES

Refer to Rule 15 of the Personnel Rules and Regulations.

18.01 Effect of Failure of Timely Action

Failure of the Association member employee to file an appeal within the required time limit at any step shall constitute an abandonment of the grievance. Failure of the City to respond within the time limit at any step shall result in an automatic advancement of the grievance to the next step.

18.02 Limitation on Stale Grievances

A grievance shall be void unless presented within thirty (30) calendar days from the date upon which the City has allegedly failed to provide a condition of employment, or within thirty (30) calendar days from the time

at which an Association member employee might reasonably have been expected to have learned of such alleged failure to provide. In no event shall any grievance include a claim for monetary relief for more than the thirty (30) day period plus such reasonable discovery period.

18.03 Exclusion of Non-Recognized Organizations

For the purposes of this section, the provisions of Section 1.00 of this Agreement shall be construed to limit the employee's right of selection of a representative to the extent that agents or any other employee organization, which is not party to this Agreement, are specifically excluded from so acting. In those cases where an employee elects to represent themselves or arranges for other representation, the Association shall have the right to participate in the resolution procedure for the purpose of protecting the interest of its employees in negotiated conditions of employment.

19.00 SAVINGS CLAUSE

If any provision of this Agreement shall be held invalid by operation of law, or by any court of competent jurisdiction, or if compliance with enforcement of any provision shall be restrained by any tribunal, the remainder of this Agreement shall not be affected thereby, and the parties shall enter into negotiations for the sole purpose of arriving at a mutually satisfactory replacement for such provision.

20.00 ENACTMENT

It is agreed that the foregoing shall be jointly submitted to the City Council by the City Manager and Association for Council's consideration and approval.

21.00 PEACE OFFICERS BILL OF RIGHTS

The City and the Association acknowledge and reaffirm all rights and privileges granted to the employees by law, including, but without limitation, those provisions of the Peace Officers' Procedural Bill of Rights (Gov. Code §3300 et seq.) and the Meyers-Milias-Brown Act (Gov. Code §3500 et seq.).

22.00 DEPARTMENT VEHICLES AND EQUIPMENT

22.01 Definition of Vehicles

Any motor vehicle as defined by Sections 165 and 414 of the California Vehicle Code.

22.02 Repairs

All necessary repairs and maintenance of vehicles (as defined in Section 23.01) shall be performed to insure the safety of the operator of the vehicle.

22.03 Unsafe Vehicles

Under no circumstances shall a supervisor of the City require an employee to operate an unsafe department vehicle.

22.04 Claims - Unsafe Vehicles

Claims of unsafe vehicles will be made by the representatives of the Association to the shift supervisor. The City shall have the sole authority to remove vehicles from service.

22.05 Vehicle Maintenance

Routine maintenance of departmental vehicles shall be no less than required by the manufacturer. Only high quality parts and tires will be used on the vehicles. Department vehicles with over 80,000 miles will be inspected annually by a certified mechanic to include frame, suspension and mechanical parts for wear and stress fractures. Any vehicle deemed unsafe will be repaired or pulled from service, as determined by the Chief of Police.

22.06 Vehicle Equipment

All equipment, lights, sirens and switches shall be uniform and provided the same on each patrol vehicle.

22.07 Mileage

All departmental vehicles used for patrol or emergency response shall be taken out of service upon exceeding 115,000 miles, or sooner, and a replacement vehicle shall be properly equipped in accordance with Section 23.06. The Association agrees to continue to meet and confer over the need to extend these mileage limits due to economic constraints of the City.

22.08 Vehicle Equipment Determination

Any equipment deemed necessary by the Chief of Police shall be provided for the departmental vehicles for the safety of any operator.

23.00 VOLUNTARY EDUCATIONAL INCENTIVE PROGRAM

23.01 Definition and Purpose

Scotts Valley Police Department's Educational Achievement Program is designed to upgrade and/or improve the law enforcement skills and knowledge of its personnel. The Department encourages additional educational achievement which can lead to a higher level of performance.

23.02 Objectives

(1) To upgrade the educational level of technical skills of the personnel of Scotts Valley Police Department to insure a high quality of law enforcement.
(2) To provide an additional attraction for qualified individuals at the entry level who have an interest in law enforcement as a career.
(3) To provide an additional inducement to personnel to improve themselves throughout their career.
(4) To promote the most highly qualified officers to supervisory and administrative levels.

23.03 Procedures for Establishing Educational Incentive Pay

Courses used to obtain the educational incentive pay shall represent a logical progression of the employee's goals and/or those classes which shall be applied toward the achievement of a degree within an approved curriculum.

23.04 Eligibility

The Association member employee shall submit the curriculum to the Education Committee for approval with the following exceptions, which do not require pre-approval:

Police Science Majors
Administration of Justice Majors
Criminology Majors
Public Administration Majors (with minor in any of the above)

23.05 Education Committee

The Committee shall be composed of the following:

(1) Chief of Police or the Chief's designated representative; and

(2) Association President or his designated representative.

The Committee shall determine the appropriateness of courses and/or curriculum outside of the above-named majors. In the event the members of the Committee are unable to agree on the appropriateness of the courses and curriculum, the City Manager shall be asked to participate in the decision making process and shall be entitled to vote therein.

23.06 Certification

The Education Committee shall certify to the employee's eligibility in accordance with Section 23.05. Such notification shall then be sent to the City Manager.

23.07 Effective Date

Educational incentive pay shall be effective the first day of the next pay period following receipts by the City Manager of certification in accordance with Section 23.06.

23.08 Educational Incentive Pay

All employees, including the Lieutenant, shall be eligible for the following educational incentive program (amounts are not cumulative) based upon earning a degree in higher education as follows:

AA or AS degree	$175 per month
BA or BS degree	$250 per month
MA or MS degree	$300 per month

23.09 Course Reimbursement

The City agrees to reimburse employees for the costs associated with college courses and training sessions approved in advance, in writing, by the Chief of Police, up to a maximum of One Thousand Dollars ($1,000) per employee per fiscal year. Reimbursable costs include only the following:

(a) Tuition
(b) Books
(c) Course-related fees

The City will not reimburse employees for supplies or mileage used traveling to and from such courses.

To ensure that the City budget has adequate funds to pay for an employee's course reimbursement request, the Association member

employee should submit a request for reimbursement no later than February 15 of each year preceding the July 1 through June 30 fiscal year.

24.00 RETIREMENT

A. CLASSIC SAFETY EMPLOYEES

The City provides the CalPERS pension formula of 3% at age 50 plan based on the highest average annual compensation during any consecutive 36-month (three-year) period for all eligible employees hired on or before December 31, 2012, or hired after such date but already in the CalPERS system as a classic member without a six-month break in service.

Effective the first full pay period after Union ratification and approval by the City Council of the successor MOU, all classic safety employees shall contribute (9%) of PERSable salary towards the employee's contribution.

B. PEPRA SAFETY EMPLOYEES

For those safety employees hired on or after January 1, 2013 who are new to the City of Scotts Valley, the City shall provide 2.7% at 57 for those employees in accordance with State law. The contribution for new PEPRA safety employees shall be shared in accordance with State law. PEPRA employee contributions shall be 50% of the normal cost as determined by CalPERS and may change on an annual basis.

C. CLASSIC MISCELLANEOUS EMPLOYEES

The City provides the CalPERS pension formula of 2.5% at age 55 plan for all eligible employees hired on or before December 31, 2012, or hired after such date but already in the CalPERS system as a classic without a six-month break in service. All classic miscellaneous employees shall contribute 9.0% PERSable salary towards the employee's contribution.

D. PEPRA MISCELLANEOUS EMPLOYEES

For those employees hired on or after January 1, 2013 to the City of Scotts Valley, who are new to the CalPERS system, the City shall provide 2% at 62 for those employees in accordance with State law. The contribution for new PEPRA employees shall be shared in accordance with State law. PEPRA employee contributions shall be 50% of the normal cost as determined by CalPERS and may change on an annual basis.

25.00 LAYOFF POLICY

25.01 Layoffs

The following procedures will be followed in the event of layoffs and/or reductions of personnel.

25.02 Order

Layoffs and/or reductions shall occur in the following order:

(1) Temporary employees

(2) Probationary employees

(3) Regular part-time employees

(4) Regular employees on "Needs to Improve"

(5) Regular employees

The Police Department's monthly evaluations shall not be considered as the appropriate evaluation. The Chief of Police shall evaluate the employee's last yearly evaluations concern #4 above.

25.03 Seniority

Within each classification of sworn or non-sworn personnel, layoffs and reductions shall be made on the basis of inverse order to seniority in City Service.

25.04 Special Skills

Where the Chief of Police or appointing authority deems it in the best interest of the Department, he may waive the order of layoffs or reductions when loss of an employee's skills on a particular assignment or loss of his special skills would negatively affect the Department's work.

25.05 Association President

The President of the Association shall be exempt from layoffs during his/her term of office.

25.06 Notification

The City Manager and the Association agree that the City Manager shall notify the Association immediately (at least thirty (30) days prior) of any pending layoffs and/or reductions affecting employees covered by the Agreement. The Association shall have the right to meet and confer concerning such layoffs and/or reductions.

26.00 MANAGEMENT RIGHTS

The City reserves all rights with respect to matters of general legislative and managerial policy including, among others, the exclusive right to determine the mission of its constituent departments, divisions, commissions and boards; set standards of service; determine the procedures and standards for recruitment and selection of employees within the law; direct its employees; take disciplinary action; relieve its employees of duties because of lack of work or for other good reasons; maintain the efficiency of governmental operations; determine the methods, means and personnel by which governmental operations will be conducted; require overtime; take all necessary actions to carry out its mission in emergencies; and exercise complete control and discretion over its organization and the technology of performing its work; and to develop positive and productive employer/employee relationships. These rights shall not be limited except as specified in this agreement.

27.00 PEACEFUL PERFORMANCE

The Association agrees that during the term of this Agreement neither it nor the employees it represents will engage in, encourage, sanction, or support: (1) strikes; (2) slowdowns; (3) mass resignations; (4) mass absenteeism; (5) picketing which would involve suspension of or interference with normal work of the department or other City departments; or (6) any other similar actions which would involve suspension of or interference with normal work of the department or other City departments.

28.00 STAY WELL PLAN

The City has implemented the following Stay Well Plan which includes the following conditions:

(1) Each stay well year will be from December 1 through November 30.

(2) Eligible employees are those who have accumulated two hundred forty (240) hours of unused sick leave.

(3) The stay well bonus will be paid each year in a separate check on the first pay date in December.

(4) Eligible employees shall receive a bonus according to the following schedule, or a pro rata share of this bonus, should they achieve their two hundred forty (240) hours at some point during the stay well year.

Sick Leave Used	Straight Time Bonus	Pro Rata Bonus
0 sick hours	48 hours	50.0%
8 sick hours	40 hours	41.6%
12 sick hours	36 hours	37.5%
16 sick hours	32 hours	33.3%
24 sick hours	24 hours	25.0%
32 sick hours	16 hours	16.6%
36 sick hours	12 hours	12.5%
40 sick hours	8 hours	8.3%
48 - 96 sick hours	0 hours	0.0%

For example, if an employee has accumulated two hundred forty (240) hours by August of the stay well year and then accrues an additional twenty-four (24) hours from September 1 to November 30, the Association member employee will have a total of two hundred sixty-four (264) hours. If the Association member employee has taken sixteen (16) sick hours, the Association member employee will receive 33.3% of the twenty-four (24) hours in excess of the required two hundred forty (240) hour minimum.

(5) Personal leave hours are considered sick leave hours for the purpose of the stay well bonus, only if they are used immediately before or immediately following vacation or holidays (for those employees who receive holidays off) except as otherwise authorized by the Chief of Police.

(6) The stay well bonus is payable at straight time.

(7) Employees shall have the option of receiving the bonus on the first pay date in December or crediting their unused sick hours to their total accumulations. Such a decision must be received by the City Manager prior to December 1 of each year. The City Manager shall forward this notification to the Finance Department immediately.

(8) Sick hours taken off by employees, regardless of the reason, shall be deducted from the potential stay well bonus.

The specific purpose of the Stay Well Plan is to encourage employees to stay physically fit and well and to miss as few work hours as possible due to illness or any other reason.

29.00 TERM OF AGREEMENT

The term of this Agreement shall be July 1, 2020, through June 30, 2021.

30.00 ENTIRE AGREEMENT

This Agreement rescinds and replaces any prior agreements between the parties except side letter agreements that are in effect by their terms.

"City" CITY OF SCOTTS VALLEY	"Association" SCOTTS VALLEY POLICE SUPERVISORS ASSOCIATION
Derek Timm, Mayor	Meredith Roberts, Police Sergeant
Tina Friend, City Manager	Jason Rutherford, Police Sergeant

Approved as to form:

Kirsten Powell, City Attorney

CITY OF SCOTTS VALLEY
SCOTTS VALLEY POLICE SUPERVISORS ASSOCIATION

07/01/2020 - 06/30/2021

Position Classification	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7
Lieutenant	8,253	8,666	9,099	9,554	10,031	10,533	11,059
Sergeant	6,762	7,100	7,455	7,828	8,219	8,630	9,062
Services Supervisor	5,067	5,321	5,587	5,867	6,160	6,468	6,791
Services Supervisor/ Information Tech & Project Manager	5,824	6,116	6,421	6,743	7,080	7,434	7,805

AGENDA ITEM C
DATE: 02-17-2021

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: February 17, 2021

TO: Honorable Mayor and City Council

FROM: Steve Walpole, Chief of Police

APPROVED: Tina Friend, City Manager

SUBJECT: **POLICE RECRUITMENT AND RETENTION INCENTIVE PROGRAM**

SUMMARY OF ISSUE

The Scotts Valley Police Department (SVPD) is currently experiencing a significant sworn staffing shortage. The department was fully staffed in May of 2019, which was the first time that has been accomplished in more than twenty years, but since that time we have had a number of vacancies which have gone unfilled.

We have been actively recruiting for new and lateral officers to fill the void, but have had limited success finding qualified applicants. The reasons have been numerous, but are not specific to the City of Scotts Valley. Some of those reasons include the current nationwide problem of recruiting people interested in law enforcement, the high cost of living in the area, and the added challenge of the pay disparity all agencies in Santa Cruz County face when compared to similar law enforcement positions in the Silicon Valley area.

The Scotts Valley Police Department currently offers a $10,000 signing bonus to any applicant who successfully completes the hiring process. The bonus is paid in installments over the course of three years after meeting certain benchmarks. This signing bonus had been effective at its inception six years ago, but most agencies in our area now meet or exceed this level of financial incentive for new recruits and/or lateral hires. This limits the effectiveness in differentiating our agency from others that are also actively recruiting from the same limited applicant hiring pool.

Staff is recommending doubling the signing bonus to $20,000 for entry-level (police officer) applicants and offering $40,000 to lateral applicants (police officers and sergeants). These bonuses would place SVPD above what other area agencies are currently offering and provide a material financial incentive for new officers, and officers looking to move, to apply with our department. The hiring bonus would be spread out in installments over a longer period of time (5 years) to give the new employees financial incentives to stay with our department for at least the five-year period.

In addition to the hiring bonuses for entry level and lateral hires, we are also recommending a referral incentive to all City employees in the amount of $2,500. We have had the most success hiring quality candidates in the past who had a prior connection to current City staff. The proposed referral incentive would provide further encouragement to our valued employees to actively recruit their friends, neighbors, and family members to join them at the City where they enjoy going to work each day. The recruitment bonus would be paid upon the candidate's successful completion of the probationary period.

FISCAL IMPACT

The cost of the incentive program was not included in the FY2020/21 Budget; however, the continued difficulty in recruitment has resulted in salary savings that is available for the incentive program. The $20,000/$40,000 bonus per new employee will be spread over a five-year period with the payments in the current year paid out of available salary savings from unfilled positions.

STAFF RECOMMENDATION

Staff recommends that the City Council adopt Resolution No. 1993 modifying the police recruitment and retention program to provide a new referral incentive for City employees and enhance the recruitment incentives for sworn entry-level and lateral applicants.

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Resolution No. 1993 3

RESOLUTION NO. 1993

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SCOTTS VALLEY MODIFYING THE POLICE RECRUITMENT AND RETENTION PROGRAM TO PROVIDE A NEW REFERRAL INCENTIVE FOR CITY EMPLOYEES AND ENHANCE THE RECRUITMENT INCENTIVES FOR SWORN ENTRY-LEVEL AND LATERAL APPLICANTS

WHEREAS, the City Council has determined that in order to effectively address the ongoing recruitment and hiring difficulties faced by the Scotts Valley Police Department pertaining to the position of Police Officer and Sergeant, the Police Recruitment and Retention Program should be modified; and

WHEREAS, the Police Recruiting Incentive will encourage employees of the City to recommend qualified candidates to apply for these traditionally difficult-to-fill positions; and

WHEREAS, the increased hiring bonus for entry-level Police Officers and lateral Police Officers and Sergeants will encourage qualified applicants to join and remain with the City of Scotts Valley Police Department; and

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that the City Council of the City of Scotts Valley, modifies the Police Recruitment and Hiring Incentive Program as follows:

1. City Employees who refer a candidate for a new entry or lateral Police Officer or Sergeant position will receive $2,500 upon the new employee's successful completion of the probationary period.

2. New entry level Police Officers will receive $20,000 in hiring bonuses if employment is continued for five (5) years with the Scotts Valley Police Department. These incentives will be paid in installments based on the following benchmarks: $2,000 upon hiring, $3,000 upon the completion of the Field Training Program, $3,000 upon the completion of the second year of employment, $4,000 upon completion of the third year of employment, $4,000 upon completion of the fourth year of employment, and the final payment of $4,000 upon completion of the fifth year of employment with the city. This specific portion of the policy is limited to the fiscal year funding availability, as determined by the City Manager.

3. New lateral Police Officers or Sergeants will receive $40,000 in hiring bonuses if completion is continued for five (5) years with the Scotts Valley Police Department. These incentives will be paid in installments based on the following benchmarks: $4,000 upon hiring, $6,000 upon the completion of the Field Training Program, $6,000 upon the completion of the second year of employment, $8,000 upon completion of the

third year of employment, $8,000 upon completion of the fourth year of employment, and the final payment of $8,000 upon completion of the fifth year of employment with the City of Scotts Valley. This specific portion of the policy is limited to the fiscal year funding availability, as determined by the City Manager.

The above and foregoing resolution was adopted at a duly held regular meeting of the City Council on the 17th day of February, 2021 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Approved: _____
Derek Timm, Mayor

Attest:

_____
Tracy A. Ferrara, City Clerk

AGENDA ITEM D
DATE: 2-17-2021

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: February 17, 2021

TO: Honorable Mayor and City Council

FROM: Taylor Bateman, Community Development Director

APPROVED: Tina Friend, City Manager

SUBJECT: **APPROVE FIRST AMENDMENT TO COVENANTS, RESTRICTIONS AND OPTION TO PURCHASE FOR THE COVE**

SUMMARY OF ISSUE

In May 2018, the City executed an Agreement with the Developers of The Cove for affordability restrictions on the three "Below Market Rate" (BMR) units required to be developed on the property. These BMR units were recently sold to three eligible, moderate income households. Upon a review of the escrow documents, City staff became aware of a mistake in the original affordability restrictions regarding the term of the restrictions. Specifically, the 2018 "Covenants, Restrictions and Option to Purchase" refer to a 55 year term for the affordability restrictions. California State law provides that for-sale units may be restricted for a period of no more than 45 years. The 55 year term is appropriate for rental units, but not for ownership units such as The Cove.

Therefore, in order for the affordability restrictions to reflect current State law, it is recommended that the City Council approve an amendment as attached to change the affordability term to 45 years.

FISCAL IMPACT

There is no fiscal impact as there is no cost to the City.

STAFF RECOMMENDATION

It is recommended that the City Council approve the First Amendment to "Covenants, Restrictions and Option to Purchase" between City of Scotts Valley and Ryder Scotts Valley, LLC, the Developer for The Cove.

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First Amendment to Covenants, Restrictions and Option to Purchase (The Cove).....2

RECORDED AT THE REQUEST OF:

City of Scotts Valley

WHEN RECORDED MAIL TO:

City of Scotts Valley - Planning Dept.

One Civic Center Drive

Scotts Valley, CA 95066

(Space above this line for recorder's use only)

Exempt from Recording Fees per GC 27383
City of Scotts Valley

First Amendment to Covenants, Restrictions and Option to Purchase

Between City of Scotts Valley and
Ryder Scotts Valley, LLC
(the "Developer")

Tentative Map _____

This page added to provide adequate space for recording information (Cal. Gov. Code §27361.6)

4791BC

Recording Requested By:

City of Scotts Valley

When Recorded Return To:
City of Scotts Valley
One Civic Center Drive
Scotts Valley, CA 95066
Attention: Community Development Director

NOTE: RESTRICTED OPTION AND SALES PRICE

TO BE RECORDED WITHOUT FEE PER GOVERNMENT CODE §§6103 AND 27383

FIRST AMENDMENT TO COVENANTS, RESTRICTIONS AND OPTION TO PURCHASE

Owner: Ryder Scotts Valley LLC
Residence: The Cove
Units: 3 out of 25 total
Tentative Map _____

This First Amendment to Covenants, Restrictions and Option to Purchase ("First Amendment") is entered into as of this _____ day of January, 2021 by and between the City of Scotts Valley, a public body corporate and politic (the "City"), and Ryder Scotts Valley, LLC, a California limited liability company (the "Developer").

R E C I T A L S

A. The City and the Developer are parties to those certain Covenants, Restrictions and Option to Purchase dated May 25, 2018 and recorded September 21, 2018, as Instrument No. 2018-0028869 in the Official Records of Santa Cruz County (the "Covenants").

B. Each of the Terms used in this First Amendment and not otherwise defined in this First Amendment shall have the meaning given to it in the Covenants.

C. The Covenants provide for a 55 year term of restriction; however, California state law provides that for-sale units may be restricted for a period of no more than 45 years.

D. The City and Developer desire to amend the Covenants for the sole purpose of correcting the term of restriction to be consistent with state law.

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Developer and the City hereby agree as follows:

1. **Section 11 of the Covenants is hereby amended to read as follows:**
"These Covenants shall bind, and the benefit shall inure to, the Owner, his or her heirs, legal representatives, executors, successors in interest and assigns, and to the City and its successors, until the earlier of (a) forty-five (45) years after execution of these Covenants ("Term of Restrictions") or (b) the date the Contribution is paid to the Owner by the City. Upon sale/transfer of the any dwelling unit which is covered by an affordability covenant, the developer will transfer its full responsibility of the affordable housing obligation to the new property owner. Upon each new approved Transferee (owner of the obligated affordable housing unit), the transferee shall become the new owner of the affordability covenant for the term of the covenant from the original date of covenant recordation and obligation."

2. **Miscellaneous**. Except as expressly amended in this First Amendment, the Covenants shall remain in full force and effect and are hereby ratified and reaffirmed. This First Amendment may be signed in counterparts with the same effect as if the parties had each executed the same instrument.

IN WITNESS WHEREOF, the parties have executed this First Amendment as of the date first written above.

CITY:

CITY OF SCOTTS VALLEY

By: Derek Timm
Title: Mayor

DEVELOPER:

RYDER SCOTTS VALLEY, LLC
a California limited liability company

By:_____
Name:_____
Its:_____

[NOTE: Signatures must be notarized.]

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF _____)
) SS
COUNTY OF _____)

On _____ before me, _____ , a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

4791BC

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF _____)
) SS
COUNTY OF _____)

On _____ before me, _____ **,** a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

City of Scotts Valley
INTEROFFICE MEMORANDUM

DATE: February 17, 2021

TO: Honorable Mayor and City Council

FROM: Kirsten Powell, City Attorney

SUBJECT: **SECOND READING AND ADOPTION OF ORDINANCE NO. 197 PROHIBITING TARGETED RESIDENTIAL PICKETING**

SUMMARY OF ISSUE

A City Council Member requested that the City Council consider the adoption of an ordinance prohibiting targeted picketing within 300 feet of the residence of a particular person. Targeted picketing is defined as picketing activity that is targeted at a particular residential dwelling and proceeds on a definite course or route in front of or around that particular residential dwelling. Picketing activity that is targeted at a particular residence may harass and intimidate such occupants, is inherently and unreasonably offensive to and intrusive upon the right to privacy in the home and may cause the occupants of such home to experience great emotional distress. Such unwelcome and targeted picketing activity creates a 'captive audience' situation because the occupants of a residence or household cannot readily move to another residence or household in order to avoid the unwelcome picketing activity being directed at them.

The ordinance is narrowly tailored to protect the safety and tranquility of residents while leaving open ample alternative channels of communication. The ordinance is content neutral and merely restricts the time, place and manner of picketing. Adopting this ordinance will protect residents from being individually targeted while not prohibiting other lawful demonstrations. Ordinances similar to this have been adopted by many cities in the State of California and around the Country and have withstood legal challenge.

At their regular meeting of February 3, 2021, the City Council approved the first reading and introduction of Ordinance No. 197.

FISCAL IMPACT

There is no fiscal impact associated with the adoption of this ordinance.

STAFF RECOMMENDATION

It is recommended that City Council approve the second reading and adoption of Ordinance No. 197, an Ordinance of the City Council of the City of Scotts Valley amending Title 9 of the Scotts Valley Municipal Code to add Chapter 9.06 regarding Targeted Residential Picketing.

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Ordinance No. 197 2

ORDINANCE NO. 197

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SCOTTS VALLEY AMENDING TITLE 9 OF THE SCOTTS VALLEY MUNICIPAL CODE TO ADD CHAPTER 9.06 REGARDING TARGETED RESIDENTIAL PICKETING

WHEREAS, picketing activity that is targeted at a particular residence or household whose occupants do not welcome such activity may harass and intimidate such occupants, is inherently and unreasonably offensive to and intrusive upon the right to privacy in the home and may cause the occupants of such home to experience great emotional distress; and

WHEREAS, such unwelcome and targeted picketing activity creates a 'captive audience' situation because the occupants of a residence or household cannot readily move to another residence or household in order to avoid the unwelcome picketing activity being directed at them; and

WHEREAS, an ordinance limiting targeted picketing within 300 feet of a residence is a narrowly tailored regulation which protects the tranquility and safety of residents but leaves open alternative channels of communication.

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

SECTION 1. Title 9 of the Scotts Valley Municipal Code is amended to add a new Chapter 9.06 to read as follows:

"**Chapter 9.06 Residential Targeted Picketing**

Sections:

9.06.010 Targeted Residential Picketing Prohibited
9.06.020 Picketing Before or About a Residential Dwelling Prohibited
9.06.030 Private Right of Action
9.06.040 Penalty

"**9.06.010 - Targeted residential picketing prohibited.**

A. No person shall engage in picketing activity that is targeted at and is within three hundred feet of a residential dwelling.

B. For purposes of this chapter, the term "residential dwelling" means any permanent building being used by its occupants solely for non-transient residential uses.

C. For purposes of this chapter, the term "targeted" picketing means picketing activity that is targeted at a particular residential dwelling and proceeds on a definite course or route in front of or around that particular residential dwelling.

D. This chapter does not and shall not be interpreted to preclude picketing in a residential area that is not targeted at a particular residential dwelling.

9.06.020 - Picketing before or about a residential dwelling prohibited.

A. It is unlawful for any person to engage in picketing before or about a residential dwelling of any individual in the City of Scotts Valley.

B. Enforcement of this section shall be limited to those situations where the picketing proceeds on a definite course or route in front of a residential dwelling and is directed at that residential dwelling.

C. This section does not and shall not be interpreted to preclude general marching through residential neighborhoods.

9.06.030- Private right of action.

A. Any person who is aggrieved by an act prohibited by this Chapter may bring an action for damages, injunctive and/or declaratory relief, as appropriate, in a court of competent jurisdiction against any person who has violated, has conspired to violate, or proposes to violate the provisions of this chapter.

B. Any aggrieved person who prevails in such an action shall be entitled to recover from the violator those damages, costs, attorneys' fees and such other relief as determined by the court. In addition to all other damages or relief, the court may award to the aggrieved person a civil penalty of up to one thousand dollars for each violation of this chapter.

C. The remedies provided by this chapter are in addition to any other legal or equitable remedies the aggrieved person may have and are not intended to be exclusive.

9.06.040- Penalty.

In addition to any civil remedy created herein, the violation of any provision of §§ 9.06.010 or 9.06.020 shall constitute a misdemeanor and shall be punishable by a fine not to exceed $1,000 or by imprisonment for a period not to exceed six months, or by both such fine and imprisonment. Each and every day such a violation exists shall constitute a separate and distinct violation of those sections. In addition to the foregoing, any violation of §§ 9.06.010 or 9.06.020 shall constitute a public nuisance and shall be subject to abatement as provided by all applicable provisions of law."

SECTION 2. SEVERABILITY. If any provision, section, paragraph, sentence, clause or phrase of this ordinance, or any part thereof, or the application thereof to any person or circumstance is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance, or any part thereof, or its application to other persons or

circumstances. The City Council hereby declares that it would have passed and adopted each provision, section, paragraph, subparagraph, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, paragraphs, subparagraphs, sentences, clauses or phrases, or the application thereof to any person or circumstance, be declared invalid or unconstitutional.

SECTION 3. CEQA EXEMPTION. The City Council finds pursuant to Title 14 of the California Code of Regulations, Section 15061(b)(3), that this ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) in that it is not a Project which has the potential for causing a significant effect on the environment.

SECTION 4. EFFECTIVE DATE. This Ordinance shall take effect thirty days after the date of its adoption. Prior to the expiration of fifteen days from the date of adoption, this Ordinance shall be published in three public places within the City.

THE ABOVE AND FOREGOING ORDINANCE was introduced for a first reading on the 3rd day of February 2021, and passed and adopted on the 17th day of February 2021, at a duly held meeting of the City Council of the City of Scotts Valley by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED: _____
Derek Timm, Mayor

ATTEST:

_____
Tracy A. Ferrara, City Clerk

APPROVED AS TO FORM:

_____
Kirsten Powell, City Attorney

AGENDA ITEM F
DATE: 2-17-2021

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: February 17, 2021

TO: Honorable Mayor and City Council

FROM: Mike Dean, Captain

APPROVED: Kirsten Powell, City Attorney

SUBJECT: **RESOLUTION NO. 1896.1 APPROVING THE UPDATED BAIL SCHEDULE**

SUMMARY OF ISSUE

On November 02, 2019, the Superior Court of Santa Cruz issued a letter to local municipalities regarding the submission of updated bail schedules. This letter indicated that bail schedules should be submitted to the court each year with any changes. Our records indicate the last bail schedule submission occurred in the later part of 2014.

Since the last submission, the courts have tacked on various fees and surcharges per government and penal codes. Additional fees which are added to the base fine amount include fees for both State and County, County EMS, DNA processing, new court construction, court operations, air ambulance, court operations, and conviction assessment. The additional fees and surcharges almost quadruple the original base fine amount.

Working with the courts to update our current bail schedule, it was determined that some of our current fine amounts with the associated fees and surcharges could be viewed as unreasonable for the crime or violation committed. For, example a base fine amount of $25.00 would turn into a fine of $196.00 after the court-imposed fees, and a base fine amount of $150.00 would turn into a fine amount of $694.00.

A comparison of bail schedules with other Santa Cruz County agencies was conducted. Most, if not all of the agencies, have lowered their base fine amounts to accommodate the added court-imposed fees and maintain reasonable fines. Most agencies have also done away with a multi-tiered bail schedule for second and third violations, opting to go with one set amount. The proposed bail schedule is consistent with this practice throughout the County. A summary of the current fees and the proposed fees is attached for reference.

FISCAL IMPACT

The City of Scotts Valley would see a small decrease in revenue from Municipal Code violations. These fees would be off-set with the raising our current parking fees which are below other local jurisdictions.

STAFF RECOMMENDATION

It is recommended that the City Council approve Resolution No. 1896.1 approving the updated bail schedule, accommodating the court-imposed fees and bringing the City in alignment with other local jurisdictions.

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RESOLUTION NO. 1896.1

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SCOTTS VALLEY APPROVING THE 2021 AMENDED BAIL SCHEDULE

WHEREAS, the City Council previously approved a bail schedule to be utilized by the Santa Cruz County Superior Court; and

WHEREAS, the bail schedule has been reviewed by the City Manager, the City Attorney, the Police Department and other staff members in the areas which involve violations within their supervision or jurisdiction; and

WHEREAS, the City Council desires to amend the City's bail schedule to accurately reflect the penalties outlined in the Scotts Valley Municipal Code and be consistent with State law.

NOW, THEREFORE, BE IT RESOLVED that the above recitals are true and correct.

BE IT FURTHER RESOLVED that this Council does hereby adopt the Amended Bail Schedule attached hereto as Exhibit A, which will supersede and replace the prior bail schedule.

BE IT FURTHER RESOLVED that the bail for any offense not specifically described herein shall be one hundred ($100) dollars.

PASSED, APPROVED, AND ADOPTED this 17th day of February, 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Approved: _____
Derek Timm, Mayor

Attest:_____
Tracy A. Ferrara, City Clerk

EXHIBIT A
COURT BAIL SCHEDULE

Violation Code	Description	Proposed Fine
5.04.010	Business license required	$100.00
5.04.190	Failure to procure a business license	$75.00
5.04.190	Entertainment permit required	$100.00
5.16.030	Violate Entertainment Permit condition	$100.00
5.17.040A	Offensive Noises	$100.00
5.17.040B	Offensive Noises 10pm-8am	$100.00
5.17.040C	Second violation within 48 hours	$200.00
5.18.030	Private Patrol Operator, Permit required	$100.00
5.18.040A	Private Patrol Operator, Employee list	$100.00
5.18.040B	Private Patrol Operator, Permit card req.	$100.00
5.18.050	Private Patrol, advertisement approval	$100.00
5.18.060	Private Patrol, uniform, badge approval	$100.00
5.18.070A	Private Patrol Veh, deception of public	$100.00
5.18.070B	Private Patrol Veh, Improper display	$100.00
5.18.070C	Private Patrol Veh, req. lettering	$100.00
5.20.020A	Occasional sale, without permit	$100.00
5.20.020B	Occasional sale, +3 in one month	$100.00
5.20.020C	Occasional sale, outside time frame	$100.00
5.20.030	Occasional sale, compliance with app.	$100.00
5.20.050	Occasional sale, display of property	$100.00
6.08.010F	Refuse to deliver animal to Poundmaster	$100.00
6.08.110	Failure to neuter adopted animal	$100.00
6.10.030A	Mandatory spaying/neutering	$100.00
6.12.010A	Dog license required	$30.00
6.12.020A	Failure to display license tag on dog	$30.00
6.12.030	Vaccination Requirements	$40.00
6.16.010	Prohibition Dogs at large	$60.00
6.16.020	Leash req. in specific areas	$30.00
6.16.030	Safety of animal in motor vehicle	$60.00
6.16.040	Safety of animal in parked vehicle	$60.00
6.16.050	Prohibit dog harass, threat, people	$100.00
6.16.055	Dogs kill domestic animals or dogs	$100.00
6.16.060	Prohibit dog harass, threat, animals	$100.00
6.16.070	Defecating on pubic or private property	$30.00
6.16.080	Unrestrained vicious animal	$100.00
6.16.100	Number of dogs/cats kept in one place	$100.00
6.16.110	Habitual animal noises	$30.00
6.16.120	Prohibit livestock to be at large	$30.00
6.16.130	Possess prohibit wild animals	$110.00
6.16.190	Lack of proper care	$100.00
6.20.030	Interference with Poundmaster	$100.00

EXHIBIT A
COURT BAIL SCHEDULE

Violation Code	Description	Proposed Fine
6.20.040	Failure to state name,license, vaccine	$50.00
7.10.020A1	Skatepark without safety equip	$30.00
7.10.020A2	Skatepark under 10 with parent	$30.00
7.10.020A3	Ride device other skateboard, scooter	$30.00
7.10.020A4	Skatepark possess food, beverages	$30.00
7.10.020A5	Skatepark additional obstacles	$30.00
7.10.020A6	Skatepark, engage reckless behavior	$30.00
7.12.010	Possess alcohol in prohibited parks	$50.00
7.12.020	Fly power model airplanes in park	$30.00
7.12.030	Golf activities prohibited	$30.00
7.12.100(g)	Parking in City Park after Closing	$30.00
7.12.120	Enter/remain in park after hours	$30.00
7.12.140	Overnight camping prohibited	$50.00
7.16.020B	Failure to follow park rules	$30.00
7.16.030	Enter prohibited area	$30.00
8.12.020	Accumulation of waste prohibited	$100.00
8.12.040	Garbage container required	$100.00
8.12.060	Bulk waste, failure to comply	$100.00
8.12.070	Rubbish +2 CU yrds approved container	$100.00
8.12.080	Dumping other than authorized site	$100.00
8.12.090	Unauthorized burning of waste	$100.00
8.12.100	Removal of garbage frequency	$100.00
8.12.110	Removal of refuse to prevent hazard	$100.00
8.12.115D	Scavenge recyclables at curbside	$50.00
8.20.090B	Smoking in area where prohibited	$50.00
9.08.010	Discharge firearms in city limits	$150.00
9.12.040	Minor in room where 11364 being sold	$100.00
9.12.050	11364 for sale with separate room	$100.00
9.20.010B	Loud/unruly gatherings	$100.00
10.08.010(a)	Storage Of Veh On Cty St Proh	$40.00
10.08.010(b)	Storage/Prkg of Fleet Veh on City Street	$40.00
10.08.040(a)	Display For Sale	$40.00
10.08.040(b)	Parking For Repair	$40.00
10.08.070	Storage In Scotts Village/Valley Square	$40.00
10.08.080	Parked Outside Stall	$40.00
10.08.100(a)	Prkd Outside Stall in Cty Owned Lot	$40.00
10.08.110	Comm Veh Over 10,000 in Res Area	$40.00
10.08.120	Veh Over 6ft w/in 100ft of intersection	$40.00
10.12.020	Exceeding 6 Tons On S.V. Dr.	$100.00
10.20.010	Prkg & Use of Vech by Intinerant Vendors	$40.00
10.22.010A	Skateboarding private road parking lot	$30.00
10.22.010B	Skate, bike on road/sidewalkd city park	$30.00
12.08.070	Fail to obtain encroachment permit	$100.00

EXHIBIT A
COURT BAIL SCHEDULE

Violation Code	Description	Proposed Fine
17.44.080C	Destroy/ remove tree w/o permit	$250 / $500
17.44.150D	Permit required for external antennae	$100.00
17.46.040	Maintenance of Private Stables	$100.00
17.46.050	Violation of height limits	$100.00
17.46.080	Guest house rent, leased dwelling unit	$100.00
17.46.080	Maintain fence or wall around pool	$100.00
17.46.100	Maintenance of kennels	$100.00
17.46.110	fence, wall, pool, non conform height	$100.00
17.46.120	Removal of dead animals	$100.00
17.46.140	Construction trailer standards	$100.00
17.46.160A	Regulation for construction standards	$100.00
17.46.160B	Construction hours	$100.00
17.50.040	Violation of any provision of home occu	$100.00
17.56.070	Sign permit required	$100.00
Vehicle Code Violation Parking Fines		
21113(a)	Trespassing Any Schl/Pub Grnds	$45.00
21209	Vehicle Parked Bicycle Lane	$45.00
21458 a (1)	Parked In Red Zone	$45.00
21458 a (2)	Parked In Yellow Zone	$45.00
21458 a (3)	Parked In White Zone	$45.00
21458 a (4)	Parked In Green Zone	$45.00
21461(A)	Failure To Obey Posted Sign	$45.00
21657	Pkd Against Traffic 1 Wy St	$45.00
22500.1	Parked In Posted Fire Lane	$45.00
22500(A)	Parked Within Intersection	$45.00
22500(B)	Parked On Crosswalk	$45.00
22500(C)	Safety Zone	$45.00
22500(D)	Fifteen Feet From Firehouse	$45.00
22500(E)	Blocking A Driveway	$45.00
22500(F)	Parked On A Sidewalk	$45.00
22500(G)	Blocking Excavation	$45.00
22500(H)	Double Parking	$45.00
22500(I)	In Posted Bus Loading Zone	$45.00
22500(J)	In Tube Or Tunnel	$45.00
22500(K)	Upon A Bridge	$45.00
22500(L)	Blkng Sdwlk Wheelchair Access	$288.00
22502(A)	Rt Wheels Within 18 In Of Curb	$45.00
22502(E)	Lft Whls Prllel & W/In 18"-1Wy	$45.00
22505(B)	State Highway Parking	$45.00
22507.8(A)	Pk Handicap Violation	$288.00
22507.8(B)	Pk/Blkng Spc Of Disabled,Offst	$288.00

EXHIBIT A
COURT BAIL SCHEDULE

22507.8(C)	Lines Of Disabled Stl,No Plcrd	$288.00
22509	PARKED ON HILL	$45.00
22514	Fire Hydrant w/15'	$45.00
22515(A)	Unatnd Veh,Mtr Running,No Brk	$45.00
22515(B)	Unatnded Veh,Whls Not Blk/Set	$45.00
22516	Person Locked In Vehicle	$45.00
22517	Usafe Opening Door	$45.00
22522	Pk W/In 3' Of Sidewlk Accs Rmp	$288.00
22523(a)	Abandoned Vehicle	$133.00
22523(b)	Abandoned Vehicle on Highway	$133.00
22526(a)	Gridlock	$45.00
22526(B)	Gridlock-Left Turn Blkng Intersection	$108.00
22651(A)	Veh Unattended on Bridge	$73.00
22651(B)	Veh Lft On Hwy Obstructing Traffic	$73.00
22651(D)	Parked Blocking Driveway	$45.00
4000(a)	Unregistered Vehicle	$68.00
5200(a)	License Plate Display Specified	$68.00
5201	Plates Improperly Positioned	$68.00
5202(a)	Period of Display of Plates	$68.00
5204(a)	Registration Tabs	$116.00

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: February 17, 2021

TO: Honorable Mayor and City Council

FROM: Daryl Jordan PE, Public Works Director/City Engineer

APPROVED: Tina Friend, City Manager

SUBJECT: **APPROVE 25' PUBLIC TRAIL EASEMENT ON PARCEL "B" TRACT 1603 DUNSLEE, MAP VOLUME 128 OF MAP 3**

SUMMARY OF ISSUE

On June 6, 2018, Tract 1603 Dunslee was approved by City Council and recorded June 26, 2018, Vol 128 of Map Page 3, in the County of Santa Cruz Recorders Office. On this tract map, a 25' Pedestrian Trail Easement (PTE) was offered for dedication on Parcel "A".

In order to access Parcel "A", an additional 25' Open Space Public Trail Easement is required on Parcel "B" of said map, providing the connection from Parcel "A" trail system to Dunslee Way. This Easement will complete the additional access necessary for connectivity from Dunslee Way to the trail system located on Parcel "A" located on Tract No. 1603 Dunslee (128-M-3).

In order to effectuate the easement and provide for maintenance of the easement, staff is recommending that the City Council authorize the City Manager to execute the Trail Easement and Maintenance Agreement between the City and Ryder Homes Scotts Valley LLC. Pursuant to the agreement, Ryder Homes Scotts Valley LLC will maintain the easement area until such time as the City elects to develop the public trail system. At that time, the City shall be responsible for maintenance and construction of the easement area.

FISCAL IMPACT

There is no fiscal impact to the General Fund by accepting this easement. The City will incur costs to construct and maintain the easement when the decision is made to move forward with that project.

STAFF RECOMMENDATION

It is recommended that City Council adopt Resolution No. 1928.6 to accept the 25' Open Space Public Trail Easement on Parcel "B" Public Trail Easement, for pedestrian trail access, and authorize the City Manager to execute the Trail Easement and Maintenance Agreement.

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RESOLUTION NO. 1928.6

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SCOTTS VALLEY ACCEPTING THE OFFER OF DEDICATION OF A PUBLIC TRAIL EASEMENT ON PARCEL "B" TRACT 1603 ADJACENT TO DUNSLEE WAY AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE TRAIL EASEMENT AND MAINTENANCE AGREEMENT

WHEREAS, on June 6, 2018, the City Council of the City of Scotts Valley approved Tract Map 1603, which contained a public trail easement; and

WHEREAS, at that time, the offer of dedication did not provide connectivity for public access at Dunslee Way; and

WHEREAS, the developer, Ryder Homes Scotts Valley LLC, has offered an additional public trail easement on Parcel B on the Tract Map to provide public access from the existing public trail easement to Dunslee Way ("Public Trail Easement"); and

WHEREAS, pursuant to the proposed Trail Easement and Maintenance Agreement, a copy of which is attached hereto as Exhibit A, the developer shall maintain the Public Trail Easement until such time as a public trail system is installed and then the City will assume maintenance responsibilities; and

WHEREAS, the Council has determined that it is in the interest of the City to accept the dedication of the Public Trail Easement to enable the access to public trails and to enter into the Trail Easement and Maintenance Agreement with Ryder Homes Scotts Valley LLC.

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

1. The City Council does hereby accept the Public Trail Easement.

2. The City Clerk shall record this Resolution in the office of the Recorder of Santa Cruz County.

3. The City Manager is authorized to enter into the agreement entitled "Trail Easement and Maintenance Agreement" between the City and Ryder Homes Scotts Valley LLC.

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 17th day of February, 2021 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Approved: _____
Derek Timm, Mayor

Attest: _____
Tracy A. Ferrara, City Clerk

EXHIBIT A

RECORDED AT THE REQUEST OF AND
WHEN RECORDED, RETURN TO:

_____
_____
_____
_____

TRAIL EASEMENT AND MAINTENANCE AGREEMENT

THIS TRAIL EASEMENT AND MAINTENANCE AGREEMENT (the "**Agreement**") dated _____, 20___, is executed by RYDER SCOTTS VALLEY LLC, a California limited liability company (the "**Declarant**") with reference to the following facts:

A. Declarant is the owner of that certain real property in the City of Scotts Valley, California (the "**Development**"), shown as Lots 1 through 25, inclusive, and Parcels A, B, C, D, E, F, G, H, I and J, more particularly described on the subdivision map entitled "Tract 1603 Dunslee" filed on June 26, 2018, in Volume 128 of Maps at Page 3 in the records of Santa Cruz County, California (the "**Map**").

B. The Development is immediately adjacent to open space to the northwest shown as Parcel M on the Map that contains easements for a future public trail system shown as "PTE" on the Map. The public has no direct access to the public trails within Parcel M from any publicly accessible street.

C. The City of Scotts Valley's ("**City**") approval of the Development requires the grant of an easement within certain common area of the Development for the installation and ongoing maintenance, operation, repair and replacement of a public trail in order to provide access to the public from a publicly accessible street to the future trails within Parcel M. The purpose of this Agreement is to provide a binding and recordable agreement obligating Declarant to grant an easement for the construction of the future public trails and obligating the City to maintain the future public trails within the Development's common area. When the Declarant deeds the Common Area (as that term is defined in The Cove at Scott's Valley Declaration of Restrictions (CC&Rs) (the "**Declaration**")) to The Cove at Scotts Valley Townhome Association, a California nonprofit mutual benefit corporation (the "**Association**"), the Association shall assume the Declarant's obligations hereunder.

D. The purposes of this Agreement are to: (i) grant a trail easement over the Development's Common Area in the area specified to provide public access to the public trail system adjacent to the Development; (ii) provide for maintenance and repair of the trail easement area, including any amenities associated with the trail such as dog-bag stations, hand sanitizer stations, trash receptacles, benches, and the like; and (iii) establish the covenants, easements, restrictions, rights, duties, benefits and burdens set forth herein as covenants running with the land under Civil Code section 1468 and equitable servitudes under common law that benefit and bind the Development, the City, and each successor and/or assign thereof.

ARTICLE 1 - Definitions

Unless the context indicates otherwise, the following terms shall have the following definitions:

1.1 Agreement: This Trail Easement and Maintenance Agreement and any modifications thereto.

1.2 Association. The Cove at Scotts Valley Townhome Association and any successor or assign thereto.

1.3 City: The City of Scotts Valley, California.

1.4 Declarant: Ryder Scotts Valley LLC, a California limited liability company, and any successor or assign that assumes in writing all or a portion of the rights and duties of the Declarant hereunder.

1.5 Map: The subdivision map entitled "Tract 1603 Dunslee" filed on June 26, 2018, in Volume 128 of Maps at Page 3 in the records of Santa Cruz County, California.

1.6 Trail Costs: The cost to inspect, clean, maintain, repair, and/or replace the Trail Improvements.

1.7 Trail Easement Area: The area described in **Section 2.1** encumbering Parcels A, B and/or J containing the trail between the public road at Dunslee Way and the public trail system within Parcel M on the Map.

1.8 Trail Improvements: The trail bed improvements within the Trail Easement Area. In addition, Trail Improvements may include trash receptacles, dog-bag stations, hand sanitizer stations, exercise stations, signage, and trail-side furniture such as benches.

ARTICLE 2– Grant of Easement

2.1 Grant of Floating Trail Easement. Declarant grants to the City a limited, irrevocable, non-exclusive easement over Lots A, B and/or J (the "Trail Easement Area") as the servient tenement, in favor of the general public, of a "floating" easement ("Floating Easement"). The purpose of the Floating Easement is to locate, construct, and maintain, and for the public to use and access the Trail Easement Area for pedestrian and bicycle ingress and egress for recreational purposes. The location of the Floating Easement will be within the area described in **Exhibit A** (legal description) and shown on **Exhibit B** (plat) and shall be fixed when the Trail Improvements are constructed. Upon construction of the Trail Improvements, the City shall prepare, execute and record a quitclaim deed relinquishing any right, title and interest to the Floating Easement property that is not within the Trail Easement Area as established by the Trail Improvements and area needed for maintenance of the Trail Improvements. The Floating Easement and the Trail Easement are appurtenant to the servient tenement (Parcels A, B and/or J), subject to the provisions of this **Section 2.1**, and any conveyance of the servient tenement, whether voluntary or involuntary, automatically conveys the easement appurtenant thereto regardless of whether the instrument of conveyance describes the easement. The easement is in perpetuity unless otherwise terminated by operation of law.

2.2 Force Majeure Events. Notwithstanding the description of the Trail Easement Area, both Declarant and City acknowledge that the Trail Easement Area consists of dirt and vegetation that are subject to movement, degradation, erosion and destruction from various influences including, without limitation, earthquakes, floods, wind, rain or other acts of God or events beyond the control of Declarant or City (collectively and, as applicable, "**Force Majeure Events**"). Accordingly, Declarant and City agree that, upon the occurrence of any Force Majeure Event that results in the movement of the Trail Easement Area or otherwise results in the total or partial destruction of the Trail Improvements granted hereby, Declarant and City agree to cooperate with each other reasonably and in good faith in relocating the Trail Easement Area or otherwise establishing a new Trail Easement Area. In furtherance of the foregoing, Declarant and City agree

to execute and record an amendment to this Agreement identifying and establishing the revised Trail Easement Area.

2.3 Prohibited Uses; Restrictions. Any activity on or use of the Trail Easement Area inconsistent with the purposes of the easement as described in this Agreement is prohibited. Without limiting the generality of the foregoing, the following uses are expressly prohibited on/in the Trail Easement Area:

(i) The Trail Easement Area is not to be encroached upon by fences, vegetation, earth mounds, drainage ditches, sheds, animal houses or structures of any kind.

(ii) There shall be no dumping of rubbish, building materials, garden clippings, run off water, etc., on the Trail Easement Area.

(iii) Any vegetation shall be planted at sufficient distance from the Trail Easement Area to ensure that present or future branches do not interfere with safe passage. If said branches do interfere with safe passage and Declarant does not remove them after being requested to do so by the City, the City shall have the right to remove said branches or growth at Declarant's expense.

(iv) Because the trail easement is over private property, the Declarant may post signs indicating the area that is "Private;" the City may post trail signs indicating the location of the actual Trail Easement Area and showing appropriate identification and directions.

(v) Public passage over the Trail Easement Area shall not be restricted or obstructed in any manner after the City has installed a trail.

ARTICLE 3 – Construction and Maintenance

3.1 Trail Construction. Notwithstanding the foregoing, in exercising its easement rights, the City covenants to the Declarant, its successors and assigns, that the City shall pay all costs associated with the installation of the Trail Improvements.

3.2 Trail Improvements Maintenance. Upon completion of the installation of the Trail Improvements, the City shall accept sole responsibility for all costs and expenses related to the maintenance, repair, replacement and insurance of the Trail Improvements. The Declarant is informed by the City and understands that members of the general public will have access to the Trail Easement Area once it has been improved with the Trail Improvements. Until that time, the Declarant shall retain all responsibilities and shall bear all costs and liabilities of any kind related to the ownership, operation, upkeep, and maintenance of the Trail Easement Area.

Trash containers shall be emptied on a regular basis so that trash does not exceed the capacity of the containers. The trail shall be maintained in a smooth and level condition with the type of material originally installed or material that is similar or better in quality, use and durability. Potholes and cracks resulting in vertical displacement shall be repaired in a timely manner. Trail Improvements, including benches and signage, shall be maintained in good condition and repair at all times.

Notwithstanding the foregoing, the Declarant has the authority to make any necessary emergency repairs to the Trail Improvements if the Declarant makes a good faith determination that repairs are necessary to prevent an imminent threat of property damage or personal injury. The Declarant shall notify the City as soon as is reasonably possible. The cost of the emergency repairs shall be reimbursed to Declarant, subject to the dispute resolution procedures described in **Article 4**.

ARTICLE 4 – Dispute Resolution Procedures

4.1 Dispute Resolution Requirements: Any disputes between the Declarant and the City regarding the rights and duties hereunder shall be resolved in accordance with the provisions of **Sections 4.2** and **4.3** in that order.

4.2 Good Faith Negotiations: The parties shall meet no later than ten (10) calendar days following receipt of a written request to meet signed by one party and delivered to the other party (the "**Resolution Notice**"). The parties shall negotiate in good faith in an effort to resolve the dispute.

4.3 Binding Arbitration: If the parties cannot resolve the claim pursuant to the procedures described in **Section 4.2**, any party may commence binding arbitration under the commercial rules of the American Arbitration Association or any other arbitration provider that may be mutually acceptable to the parties. The following rules and procedures shall apply in all cases unless the parties agree otherwise in writing:

(i) the proceedings shall be heard in Santa Cruz County, California;

(ii) any fee to initiate the arbitration shall be paid by the party initiating the procedure, provided that the arbitration costs and fees, including any initiation fee, ultimately shall be borne as determined by the arbitrator;

(iii) the arbitrator shall be appointed within sixty (60) days of the administrator's receipt of a written request to arbitrate the dispute. In selecting the arbitrator, the provisions of section 1297.121 of the Code of Civil Procedure shall apply. The arbitrator may be challenged for any of the grounds listed therein or in section 1297.124 of the Code of Civil Procedure;

(iv) the arbitration shall be conducted in accordance with the commercial arbitration rules and procedures of the dispute resolution provider;

(v) the arbitrator may require one or more pre-hearing conferences;

(vi) the arbitrator may issue temporary restraining orders or preliminary injunctions prohibiting a party from taking any action or requiring a party to take an action pending a full hearing on the matter (by way of example, the arbitrator may require the temporary transfer of maintenance and repair responsibilities pending a full hearing);

(vii) the arbitrator shall apply the rules of law, unless expressly waived by both parties;

(viii) at the request of any party, a stenographic record of the hearing shall be made, provided that the record shall remain confidential except as may be necessary for post-hearing motions and any appeals (the requesting party shall pay the stenographic fees, which shall be included as court costs);

(ix) the arbitrator's statement of decision shall contain findings of fact and conclusions of law to the extent applicable, and the arbitrator's decision shall be rendered within thirty (30) days of the conclusion of the hearing;

(x) the arbitrator in his or her discretion may award costs and/or attorneys' fees to the party that the arbitrator determines was the prevailing party;

(xi) the arbitrator shall be authorized to provide all recognized remedies available in law or equity for any cause of action that is the basis of the arbitration, provided that the arbitrator shall not have the authority to award punitive damages and/or equitable relief; and

(xii) the arbitrator's decision shall be final and binding on the parties unless corrected or vacated under the grounds authorized in Code of Civil Procedure section 1286.2 or 1286.6 or any successor statutes thereto.

The arbitrator's award may be enforced in any court of competent jurisdiction.

ARTICLE 5 – Miscellaneous

5.1 Term of Agreement. The term of this Agreement shall be in perpetuity unless otherwise agreed in writing by the Declarant and City and recorded in the records of Santa Cruz County, California.

5.2 Notices. All notices, demands or other communications that this Agreement contemplates or authorizes shall be in writing and shall be personally delivered or mailed to the respective parties as follows:

Declarant:	Ryder Scotts Valley LLC 1425 Treat Blvd, Suite B Walnut Creek, CA 94597 Attn: _____
Association:	The Cove at Scotts Valley Townhome Association Mark Cunnington Mark Cunnington Attn: President
City:	City of Scotts Valley _____ _____ Attn: _____

Notwithstanding the prescribed method of delivery set forth in this **Section 5.2**, actual receipt of written notice shall constitute notice given in accordance with this Agreement on the date received, unless receipt is deemed earlier in accordance with delivery made under the prescribed method.

5.3 Controlling Law. The interpretation and performance of this Agreement shall be governed by the laws of the State of California.

5.4 Severability. If any provision of this Agreement, or the application thereof to any person or circumstance, is found to be invalid, the remainder of the provisions of this Agreement or the application of such provision to persons or circumstances other than those as to which it is found to be invalid, as the case may be, shall not be affected thereby.

5.5 Entire Agreement. This instrument sets forth the entire agreement of the parties with respect to the Agreement and supersedes all prior discussions, negotiations, understandings, or agreements relating to the Agreement, all of which are merged herein.

5.6 Attorneys' Fees. If any action is commenced regarding the rights or duties of the Lot Owners, the prevailing party in such action shall be entitled to recover the costs of such action and reasonable attorneys' fees.

5.7 Covenants Running with the Land and Equitable Servitudes. The easements, covenants, restrictions, rights, duties, benefits and burdens contained herein constitute covenants running with the land under Civil Code section 1468 and equitable servitudes under common law that benefit and bind each Lot and each Lot Owner and successive Lot Owner thereto. Lot Owners shall be liable under this Agreement only for acts or omissions committed during the period that Lot Owner held title to all or any portion of a Lot. No Lot

Owner shall be liable for actions or omissions by any predecessor or successor Lot Owner unless assumed in signed writing. If there are multiple Owners of a Lot, each Lot Owner shall be jointly and severally liable for the duties contained herein.

5.8 Future Owners' Association. When the Association is formed as described in the Declaration and the Common Area is deeded to the Association, the Association shall assume, automatically, all of the Declarant's interests, rights, and obligations under this Agreement. At that time, all references to Declarant in this agreement shall mean the Association.

5.9 Amendments. This Agreement may be amended from time to time with the written consent of the City and the Declarant. If the Declarant has conveyed the subject Common Area to the Association, the consent of the Association shall be required, acting through the Associations' Board of Directors as described in the Declaration, instead of the Declarant. The amendment shall be in writing, shall be signed by the Lot Owners and shall be effective when recorded in the records of Santa Cruz County, California.

5.10 Counterparts. This Agreement may be executed by the signing in counterparts of this instrument. The execution by the Declarant and the City by each signing a counterpart of this instrument shall constitute a valid execution, and this instrument and all of its counterparts so executed shall be deemed for all purposes to be a single agreement.

[SIGNATURES ON FOLLOWING PAGE]

CITY:

CITY OF SCOTTS VALLEY, a municipal corporation

By: _____
Title: City Manager
Date: _____

DECLARANT:

RYDER SCOTTS VALLEY LLC,
a California limited liability company

By: Ryder Homes of California, Inc.,
a California corporation
Its Manager

By: _____
Title: President
Date: 12/8/20

ATTEST:

By: _____
Title: City Clerk
Date: _____

APPROVED AS TO FORM:

By: _____
Title: City Attorney
Date: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Contra Costa)

On December 8, 2020 before me, Trenton David Moon, a Notary Public, personally appeared Ned Jay Ryder, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (seal)

TRENTON DAVID MOON
Notary Public - California
Contra Costa County
Commission # 2166417
My Comm. Expires Oct 1, 2020

EXHIBIT A – Legal Description of Floating Easement for Trail Easement Area

EXHIBIT B – Plat of Floating Easement for Trail Easement Area

"EXHIBIT A"
LEGAL DESCRIPTION
FOR A PUBLIC TRAIL EASEMENT

All that real property situated in the City of Scotts Valley, County of Santa Cruz, State of California, being a portion of "Parcel A" and "Parcel B" as shown on the map entitled "Tract 1603, Dunslee", filed June 26, 2018 in Volume 128 of Maps, at Page 3, Records of Santa Cruz Country, California, being more particularly described as follows:

Beginning at the northwest corner of said "Parcel A", thence along the northwest line, of said "Parcel A", N38°42'29"E, a distance of 25.00 feet to a point 25 feet northerly of, and parallel with, the southwest lines of said "Parcel A" and said "Parcel B"; thence leaving said northwest line and along said parallel line, S51°18'29"E, a distance of 118.08 feet to a point on the north line of "Parcel J" as shown on said map entitled "Tract 1603, Dunslee", said point also being the beginning of a non-tangent curve to the left, from which the radius point bears S20°58'15"E, a radial distance of 49.50 feet; thence leaving said parallel line, along said northerly line, and southwesterly along said curve, through a central angle of 30°20'06", a distance of 26.21 feet to the southeast corner of said "Parcel B"; thence along said southwest lines of said "Parcel A" and "Parcel B", N51°18'29"W, a distance of 111.31 feet to the **Point of Beginning**.

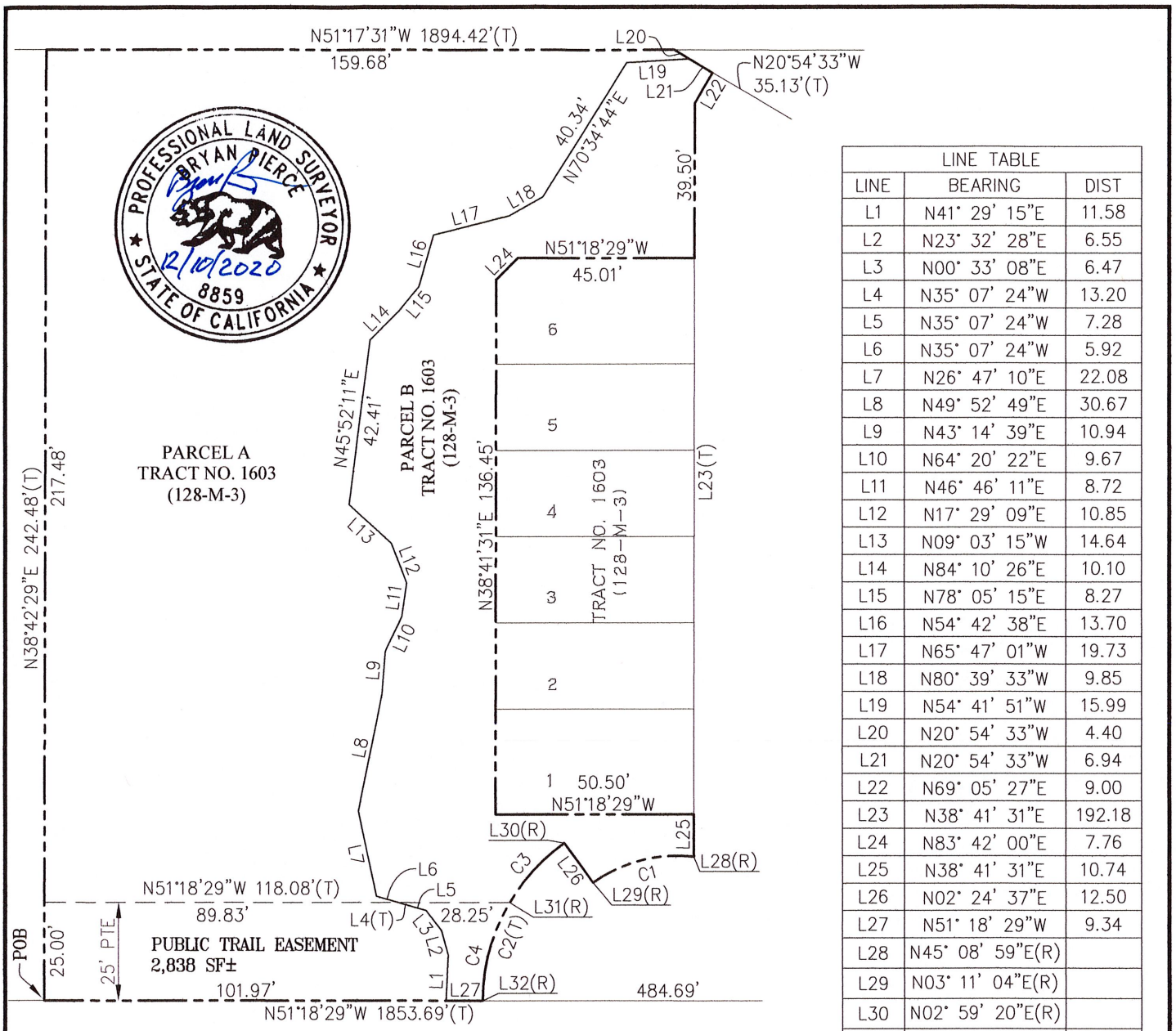
Containing 2,838 square feet, more or less.
As shown on "Exhibit B", attached hereto and made a part hereof.

END OF DESCRIPTION.

This description was prepared by me or under my direction pursuant to the requirements of the Professional Land Surveyor's Act.

12/10/2020

Bryan Pierce, PLS 8859 Date



LINE TABLE		
LINE	BEARING	DIST
L1	N41° 29' 15"E	11.58
L2	N23° 32' 28"E	6.55
L3	N00° 33' 08"E	6.47
L4	N35° 07' 24"W	13.20
L5	N35° 07' 24"W	7.28
L6	N35° 07' 24"W	5.92
L7	N26° 47' 10"E	22.08
L8	N49° 52' 49"E	30.67
L9	N43° 14' 39"E	10.94
L10	N64° 20' 22"E	9.67
L11	N46° 46' 11"E	8.72
L12	N17° 29' 09"E	10.85
L13	N09° 03' 15"W	14.64
L14	N84° 10' 26"E	10.10
L15	N78° 05' 15"E	8.27
L16	N54° 42' 38"E	13.70
L17	N65° 47' 01"W	19.73
L18	N80° 39' 33"W	9.85
L19	N54° 41' 51"W	15.99
L20	N20° 54' 33"W	4.40
L21	N20° 54' 33"W	6.94
L22	N69° 05' 27"E	9.00
L23	N38° 41' 31"E	192.18
L24	N83° 42' 00"E	7.76
L25	N38° 41' 31"E	10.74
L26	N02° 24' 37"E	12.50
L27	N51° 18' 29"W	9.34
L28	N45° 08' 59"E(R)	
L29	N03° 11' 04"E(R)	
L30	N02° 59' 20"E(R)	
L31	N20° 58' 15"W(R)	
L32	N51° 18' 21"W(R)	

LEGEND

———	BOUNDARY LINE
———	EXISTING LOT LINE
— — —	NEW EASEMENT LINE
PTE	PUBLIC TRAIL EASEMENT
(T)	TOTAL DIMENSION
POB	POINT OF BEGINNING

0 40 80

SCALE IN FEET: 1"= 40'

CURVE TABLE			
CURVE	LENGTH	RADIUS	DELTA
C1	27.10'	37.00'	041°57'55"
C2	46.91'	49.50'	054°17'41"
C3	20.70'	49.50'	023°57'35"
C4	26.21'	49.50'	030°20'06"

PROFESSIONAL LAND SURVEYOR
BRYAN PIERCE
12/10/2020
8859
STATE OF CALIFORNIA

EXHIBIT B

PLAT TO ACCOMPANY DESCRIPTION
FOR A PUBLIC TRAIL EASEMENT

BEING A PORTION OF "PARCEL A" AND "PARCEL B" AS SHOWN ON THE MAP ENTITLED "TRACT 1603, DUNSLEE", FILED JUNE 26, 2018 IN VOLUME 128 OF MAPS, AT PAGE 3, RECORDS OF SANTA CRUZ COUNTY, CALIFORNIA
SCOTTS VALLEY, CA

SHEET 1 OF 1

RJA
RUGGERI-JENSEN-AZAR
ENGINEERS ▪ PLANNERS ▪ SURVEYORS
8055 CAMINO ARROYO GILROY, CA 95020
PHONE: (408) 848-0300 FAX: (408) 848-0302

SCALE:	DATE:	JOB NO.:
1"= 40'	11/11/2020	092037

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: February 17, 2021

TO: Honorable Mayor and City Council

FROM: Tina Friend, City Manager

PREPARED BY: Steve Toler, Financial Consultant, Management Partners

SUBJECT: **MID-YEAR FINANCIAL REVIEW FOR FY 2020/21 AND DIRECTION FOR PREPARATION OF THE FY 2021/22 ANNUAL BUDGET**

SUMMARY OF ISSUE

This report provides an overview of the City's current financial performance based on a Mid-Year Review for FY 2020/21 through December 31, 2020. This financial summary identifies mid-year revenue and expenditure trends for all City funds and a preliminary forecast for FY 2020/21 year-end fund balance.

This report also recommends that the City Council consider adoption and/or provide feedback on a set of budget principles that will help guide staff in preparing the FY 2021/22 annual budget and five-year financial forecast, and serve as a basis for Council's consideration of the proposed budget presented by the City Manager in April 2021.

FY 2020/21 MID-YEAR FINANCIAL REVIEW THROUGH DECEMBER 31, 2020

The first six months of FY 2020/21 have been unprecedented on City operations, primarily due to the regional and national emergency response that has impacted the City's operations due to two emergency incidents.

COVID-19 Pandemic – the pandemic is now approaching one full year. The winter resurgence feared by epidemiologists at the onset of the pandemic in March 2020 was realized in many respects. While positive tests increased significantly from October 2020 through January 2021, and deaths continued to climb, health care professionals found ways to treat the illness in patients and helped to mitigate the potential devastation to the population. Nonetheless, intensive care units in the region were tapped out by the time the December holidays came, and the County and region were once again under "stay at home" orders. Impacts on business travel and tourism continue to negatively impact hotels and, thus, transient occupancy taxes (discussed later), although sales tax revenues have not been as hard hit as originally expected due to positive growth in online sales.

CZU Lightning Complex Fires – the fires in the Santa Cruz mountains as a result of lightning strikes on the evening of August 16, 2020 had significant impacts on properties and those that live and work in northern Santa Cruz and southern San Mateo counties. A significant portion of the City was evacuated for over one full week starting August 19, requiring public safety response to safely evacuate, secure, and repopulate the City during the evacuation period. CalFire requested use of Skypark and the City's recreation center, community center and senior center, in support of its Emergency Operations Base Camp (EOBC). CalFire used the park for 28 days, which well supported their efforts to contain the fire, but did substantial damage to the turf and walkways throughout the park and minor damage to the facilities they used. The City is working with FEMA to obtain reimbursement for costs associated with the fires, that largest of which is the significant repairs required to restore Skypark to its original condition prior to being used as EOBC. Total FEMA reimbursement is expected to be 75% of costs associated with the City's response to the incident. Based on initial project cost estimates provided to FEMA in early January 2021 totaling $1,236,000, which sets the maximum reimbursement level from FEMA, projected reimbursements to the City are estimated to be $927,000, as shown in the table below.

Project	Total Estimated Cost	FEMA Reimbursement
Emergency protective measures (during the evacuation period)	$75,000	$56,250
Skypark Damages	$1,138,500	$853,875
Community Center/Senior Center	$22,500	$16,875
Totals	**$1,236,000**	**$927,000**

It should be noted that the estimated costs for Skypark repairs are conservative estimates based on initial projections made by staff. The City will be bidding the project in February 2021 and it is reasonably expected that the costs will be well within the estimated project costs. Additionally, staff and the City's financial consultant are meeting with FEMA to identify opportunities to increase FEMA's level of participation in the project costs.

These two events have had significant impacts on City operations and the revenue resources upon which the City relies to provide services to the community.

During the first six months of FY 2020/21, revenues and expenditures are, for the most part, meeting expectations as originally anticipated in the adopted FY 2020/21 annual budget. Items of importance are noted below.

Revenues

General Fund Revenues

- *Property taxes* – a continued strong real estate market is leading property tax revenues to meet expectations in terms of assessed valuations, property tax assessments and sales activity generating real transfer taxes. ***Property taxes are expected to meet revenue projections at year-end***.

- *Sales taxes* – sales tax revenues related to the general 1% sales tax rate are expected to exceed original projections due to favorable increases in online sales that are distributed through the County sales tax pool. The passage of Measure Z, the 1.25% local transactions and use (or, local sales) tax measure, in March 2020 has had a positive impact on sales tax revenue collections. ***Total sales tax revenues are tracking ahead of original projections by nearly $580,000.***

- *Transient occupancy taxes (TOT)* – The City reduced its revenue projections for TOT revenues based on the significant reduction in operations at the City's hotels, While the Hilton and Four Points properties have weathered the emergency events, the 1440 Multiversity property continues to be closed for all intents and purposes. **Total TOT revenues are expected to be at least one-third (33%) lower than FY 2019/20's revenues**, and less than half of the TOT revenue generation prior to the start of the COVID-19 pandemic. The City projected revenues would fall to a total of $971,000 for FY 2020/21. Based on collections to date, somewhat buffered by the unfortunate circumstances of the CZU fire and increased occupancy for displaced residents in the Santa Cruz mountains, ***TOT revenues are expected to exceed original projections by approximately $29,000***.

- *Business license taxes (BLT)* – BLT revenues have been negatively impacted by the COVID-19 pandemic, with some businesses closing or having their revenues reduced that impact the amount of tax due. ***BLT revenues are expected to finish below original projections by $51,000.***

- *Intergovernmental revenues* – This category typically includes such revenue sources as vehicle license fees, homeowner's property tax relief funds, Peace Officer Standards and Training (POST) reimbursements, and other state-mandate cost reimbursements. While those revenues sources are anticipated to meet projections, this category also includes the nearly $145,000 in CARES Act funding that the City received as part of the original federal stimulus package shared as a pass-through revenue source from the State. As such, ***this category will finish the year ahead of original projections by nearly $145,000.***

- *Fees for services* – permit fees related to development activity are performing a bit below expectations. ***The City currently expects that permit revenues will finish about $81,000 behind original projections***, but development activity continues to occur, making this a more volatile revenue source that will require close monitoring through the end of the fiscal year.

- *Other revenues* – This category is a catch-all of other types of revenues such as cost allocation revenues for administrative overhead from Enterprise funds, cost reimbursements, interfund transfers and rents and concession revenues. These revenue sources are tracking about $10,000 higher than original projections. However, unusual this year is the receipt of one-time revenues totaling $280,000 from CalOES for CalFIRE's use of Skypark as its EOBC during the CZU fires as

discussed earlier. In total, ***this category will likely finish the year ahead of original projections by $290,000.***

Recreation Enterprise Fund Revenues (Fund 004)

- *Recreation revenues* – the COVID-19 pandemic continues to require the City to suspend all recreation programs. The City reduced its revenue expectations by 90% from prior years due to the expectations that the pandemic would require a significant reduction in services. At this stage, and given the impacts from Skypark and the City's recreation offices being shut down during the restoration of the park from the CZU fires, the City must conservatively assume that recreation revenues will finish the year at $10,000, nearly ***$105,000 below original projections. The General Fund will need to make up any shortfall of revenue losses and expenditures incurred by the Recreation fund at the end of the year***. It should be noted that the deficit in the Recreation Fund at the end of FY 2019/20 amounted to $380,500. This was included in the year-end closing entries in the FY 2019/20 Comprehensive Annual Financial Report (CAFR) given the magnitude of the deficit and that the transfer was within total budgeted appropriations for the General Fund. This transfer has been reflected in the opening fund balance for both the General Fund (see analysis below) and the Recreation Fund.

General Capital Improvement Fund Revenues (Fund 150)

- *FEMA Reimbursement* – As indicated earlier, the City received approval of an award of costs that are expected to be reimbursed by FEMA for losses suffered resulting from the CZU fires. ***The award related to the restoration of Skypark is estimated to be $850,000****, however* ***the City may incur significant costs potentially up to $1.1 million to restore Skypark to its original condition. A transfer from the General Fund in an amount of $300,000 is also required to cover the difference.*** Staff is commencing the bidding and project selection process in February 2021, which will determine scope and cost.

Special Revenue Funds

- *Gas Tax Fund (Fund 003)* – Gas tax revenues are expected to ***fall short of projections by $29,000*** due to updated allocations received from the State.

- *Affordable Housing (Fund 019)* –Affordable housing in-lieu fees are expected to ***finish $37,000 higher than anticipated*** due to projects receiving entitlements generating in-lieu fees as required by City ordinance beyond originally anticipated projections.

- *Senior Center Operations Fund (Fund 028)* – Similar to the Recreation Fund, senior center operations were adversely impacted due to the COVID-19 pandemic and the CZU fires. Recovery and restoration of senior programs will likely depend on successful implementation of the COVID-19 vaccine and seniors feeling comfortable to return to senior center programs and activities. ***Revenues will likely fall short of original projections by $47,000.***

Expenditures

General Fund Expenditures

- *Compensation Adjustments* – Based on direction provided to the City Manager to adjust compensation for the City Clerk, Finance Manager, and police staffing positions as part of an amended collective bargaining agreement, ***an additional appropriation to cover the compensation adjustments across affected General Fund departments is expected to total $100,000.***

  In addition, the City Manager wishes to review compensation amounts for select positions where staff is having difficulty in filling authorized and unfilled positions. Such positions include payroll/human services analyst, maintenance supervisor, and maintenance workers (I/II/III). With the City Council's agreement, **the City Manager will return a proposal to the City Council at its March 3 or 17, 2021 meetings with recommendations for these necessary positions**.

- *COVID-19 Expenditures* – The City is expected to incur incremental costs associated with response to the COVID-19 pandemic (e.g., cleaning supplies, increased janitorial efforts) totaling $20,000 by the end of the fiscal year. ***An additional appropriation of $20,000 in building maintenance is necessary to cover these additional costs.***

- *CZU Fire Related Expenditures* – As indicated earlier, the City is expected to incur net unreimbursed costs associated with the CZU fire of just over $300,000, depending on final bidding and project selection for the Skypark restoration. In addition, other overtime costs and out-of-pocket expenditures, which were not anticipated in the original budget, which will be partially reimbursed by FEMA, increase the ***total amount of expenditures requiring an additional appropriation that will need to be covered by the General Fund that totals $400,000***.

- *Senior Planner Position in Community Development* – The Senior Planner positions was frozen in light of the pending COVID-19 pandemic recession in consideration for potential impacts that the recession might have on development activity. The Community Development Department is again seeing a ramp up in development activity and is understaffed to keep up with demand. Staff recommends that the Senior Planner position be filled at this time. Compensation and benefits costs for the position for the remainder of FY 2020/21, assuming the position would likely not be filled until 4Q 2021, is approximately $35,000. ***An additional appropriation to cover the anticipated $35,000 in costs for the Senior Planner position in the Community Development Department is recommended.***

General Capital Improvements Fund (Fund 150)

- *Skypark Restoration from CZU Fires* – As indicated earlier, the City expects to incur costs associated with the restoration of the turf, walkway, and other facility

repairs at Skypark that total $1,138,500. As this was an unanticipated expenditure, ***an appropriation of $1,138,500 is necessary to cover the anticipate costs for Skypark's repair***.

FY 2020/21 GENERAL FUND YEAR-END FUND BALANCE PROJECTION

The following table summarizes the FY 2020/21 year-end fund balance projection, considering anticipated revenue and expenditure trends indicated earlier. It is anticipated that the FY 2020/21 General Fund will end the year with a **net deficit of approximately ($239,300),** which is a slight improvement to the originally forecasted deficit of ($352,900). The City's projected ending General Fund balance available for appropriations in future years is estimated to be **$3,611,700** which is nearly **$360,000 higher than original expectations** and is equivalent to **27% (just over 3 months) of annual operating expenditures** plus transfers out. This reserve level exceeds the City Council's minimum reserve policy of 17% (two months) and target reserve of 25% of annual operating expenditures plus transfers out.

General Fund Reserves (Funds 1 & 6)	Adopted Budget – FY 2020/21	Projected Results – FY 2020/21
Opening Fund Balance at 7/1/2020	$ 3,604,774	$ 3,851,000
Estimated Revenues	12,293,345	12,962,000
Transfers In	235,000	235,000
Budgeted Expenditures	(12,514,701)	(12,769,701)
Transfers Out	(366,551)	(666,551)
Net Surplus (Deficit)	(352,907)	(239,252)
Ending Fund Balance at 6/30/2018	$ 3,251,867	$ 3,611,748

FY 2021/22 GUIDING BUDGET PRINCIPLES AND ANNUAL BUDGET DIRECTION

Each year, the City Council provides direction to the City Manager regarding the preparation of the annual budget for the succeeding year, a good practice used by local governments to guide staff's preparation of the annual budget, and as a basis for evaluating budget proposals included in the proposed budget. This year, staff further recommends that the City Council review a series of proposed Guiding Budget Principles that will serve as a basis for preparing the annual budget and its evaluation when it is brought before the City Council at the budget public hearing in June.

Guiding Budget Principles

The City has adopted several fiscal policies over the years that provide guidance and policy direction in the City's administration of its finances. These fiscal policies include such matters as reserve policies, budget management and administration, and investment management.

Best practices used by other local governments include the adoption of budget principles that, consistent with existing fiscal policies, help focus a governing board and staff on the

preparation of a budget. Such principles should be consistent with the agency's strategic plans and priorities, and strive to provide guidance towards the overall long-term fiscal health of the organization.

The City's annual budget process is one of the more important policy activities the City undertakes, as it addresses how the City intends to allocate scarce resources to the programs and services that it provides to the community. The budget is an integral part of the City's strategic planning and management functions, and ultimately reflects the mission and values of the organization.

Best budgeting practices that have been compiled by several national and state associations suggest that a good budget process incorporate a long-term perspective, establish linkages to broad organizational goals, and focus budget decisions on results and outcomes.

The decisions that will need to be made by staff through the City Manager, and ultimately the City Council with respect to policy direction, are best governed through a set of budget principles upon which the FY 2021-22 budget should be prepared.

Staff has prepared a set of budget principles for City Council consideration as staff begins preparation of the FY 2021-22 budget. These budget principles incorporate several key elements that staff believes are consistent with the City's priorities and policy direction, consistent with the City's implementation of its Fiscal Sustainability Plan over the past several years, existing fiscal policies, and will provide focused direction for staff and, ultimately, City Council consideration in adopting the budget.

The budget principles are organized into the following eight (8) areas:

- **Budgeting policies** – policies that see the budget as part of a long-term financial plan and that should only be amended when urgency or significant new priorities are identified;
- **Reserve policies** – policies that seek to establish and maintain prudent reserve thresholds for funds such as the General Fund, Recreation Enterprise Fund and Wastewater Operations Enterprise Fund;
- **Fiscal sustainability planning** – reflection of the City Council's priorities and commitment that the budget will consider the long-range forecast, any fiscal gaps (where projected expenditures exceed projected revenues) that exist, priority to maintain service levels, and how to address unanticipated annual surpluses in the context of a long-range fiscal sustainability plan;
- **Ongoing resources and operations** – principles that indicate that ongoing expenditures should be supported by ongoing revenues and preferencing dependable revenue sources that are available to cover the full range of services provided by the City's General Fund;
- **Use of one-time (windfall) resources** – principles that indicate one-time revenues and/or resources (e.g., excess reserves) will only be used to support one-time expenses and will not be used to support ongoing expenditures on a continuous basis;

- **Capital projects** – investment in capital infrastructure will be considered in the context of a long-range capital improvement plan and that all associated costs of the infrastructure investment will be identified and incorporated into the long-range financial forecast prior to consideration;
- **Debt management** – that the City will use debt to fund only mid- and long-term capital needs rather than ongoing operations; and
- **Other matters** – that Enterprise Fund operations will incorporate the true cost of operations (including direct and indirect cost allocations), and that development of residential, commercial and/or industrial properties will pay for its fair share of capital improvements without City subsidy.

Attached to this staff report is the draft Proposed Guiding Budget Principles for FY 2021-22 Annual Budget and Long-Range Financial Plan. Upon receiving approval and/or direction from Council, staff will use the adopted budget principles to guide budget proposals that will be incorporated into the proposed FY 2021-22 Budget document.

Budget Direction
In preparing the FY 2021/22 annual budget, staff proposes the following overarching budget direction for City Council consideration.

- *Five-Year Financial Plan*
  The City's financial consultant, Management Partners, will prepare an updated and expanded 10-year General Fund forecast that covers a longer-term period consistent with the City's priory Fiscal Sustainability Plan. The budget will also include a 5-year forecast for all other funds.

- *Five-Year Capital Improvement Project (CIP) Plan*
  The annual budget document will also include a 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.

- *Restoring City Services as the City Emerges from the COVID-19 Pandemic*
  The City Manager will provide budget proposals to restore City services that were suspended or reduced in order to address anticipated shortfalls and operational changes resulting from the COVID-19 pandemic. Staff positions that were frozen will be considered for reinstatement pending the outcome of revenue projections and resource availability as well as the evolving status of the pandemic's impact on regional health, safety, and impacts on commerce.

- *Adding Services/Staffing Require Ongoing Revenue Sources*
  Any new positions or services will be considered only to the extent that 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.

- *Community Program (Non-Profit) Grant Funding*
  In light of the COVID-19 pandemic recession and the projected impacts on City revenues, the City Council determined to not fund community program grants in the FY 2020/21 budget. Staff seeks direction on whether the City Council wishes to solicit proposals for funding from non-profit organizations as had been done in prior years and to determine what level the City might wish to fund those agencies in the FY 2021/22 budget.

Staff seeks Council direction on the Guiding Budget Principles and the proposed Budget Direction this evening.

BUDGET CALENDAR FOR FY 2021/22
The following milestones are presented as placeholders in preparing and adopting the City's FY 2021/22 Annual Budget.

Date (2021)	Meeting Forum	Milestone
February 17	Regular Meeting	Mid-Year Financial Report and Budget Direction
April 7	Study Session	Presentation on updated wastewater rate study and direction to prepare Proposition 218 notices
April 7	Regular Meeting	Presentation on proposed changes to user fees and charges (non-Wastewater)
April 21	Regular Meeting	Five-Year CIP Plan
May 5	Regular Meeting	Public Hearing: User fees and charges (non-Wastewater)
May 16	Regular Meeting	Preliminary Budget for FY 2021/22; Public Hearing on User Fees and Charges
June 2	Special Meeting	Review Non-Profit Funding Proposals/Requests (subject to City Council direction)
June 2	Regular Meeting	Public Hearing on Wastewater Rates
June 2	Regular Meeting	Public Hearing on Proposed FY 2021/22 Annual Budget
June 16	Regular Meeting	Budget Adoption
June 29	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 2021/22 Annual Budget.

STAFF RECOMMENDATION

It is recommended that Council consider taking the following actions:

1. Accept the attached reports and information regarding the FY 2021/22 Mid-Year Financial Report through December 31, 2020
2. Approve Resolution No. 630.40.1 Amending the FY 2020/21 Annual Budget
3. Approve Resolution No. 630.40.2 Adopting Guiding Budget Principles for use in preparing the FY 2021/22 Annual Budget
4. Provide direction to the City Manager regarding preparation of the FY 2021/22 Annual Budget

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City of Scotts Valley, California

Revenues - General Fund, Recreation Fund and Wastewater Operations Fund

Financial Review for the Quarter Ended December 31, 2020

	FY 2019/20					FY 2020/21						
	Revised Final Budget	Actual Year-End Totals	2Q 2020 Totals	Percentage of Actual Year-End Totals	Percentage of Budget at 2Q 2020	Adopted Budget	2Q 2021 Totals	Percentage of Budget	Percentage Increase (Decrease) from 1Q 2020	Projected Year-End Totals	Projected Over (Under) Budget	Notes
General Fund Revenues (01 and 06)												
Property taxes	$ 1,567,000	$ 1,890,787	$ 895,996	47.39%	57.2%	$ 2,002,000	$ 948,974	47.4%	5.9%	$ 2,002,000	$ -	
Sales tax - General	$ 2,244,148	$ 2,375,884	$ 1,016,536	42.79%	45.3%	$ 1,934,000	$ 1,149,576	59.4%	13.1%	$ 2,082,000	$ 148,000	(1)
Sales tax - Measure U	$ 1,380,000	$ 1,343,682	$ 608,513	45.29%	44.1%	$ -	$ 68,465	N/A	-88.7%	$ 68,000	$ 68,000	(1)
Sales tax - Measure Z	$ -	$ 4,141	$ -	0.00%	N/A	$ 2,707,000	$ 1,565,836	57.8%	N/A	$ 3,073,000	$ 366,000	(1)
Subtotal Sales Tax	$ 3,624,148	$ 3,723,707	$ 1,625,048	43.64%	44.8%	$ 4,641,000	$ 2,783,878	60.0%	71.3%	$ 5,223,000	$ 582,000	
Franchise taxes	$ 1,055,600	$ 1,043,116	$ 295,896	28.37%	28.0%	$ 1,033,000	$ 383,113	37.1%	29.5%	$ 1,033,000	$ -	
Transient occupancy taxes	$ 2,253,399	$ 1,520,372	$ 1,075,519	70.74%	47.7%	$ 971,000	$ 621,539	64.0%	-42.2%	$ 1,000,000	$ 29,000	(2)
Utility users taxes	$ 762,200	$ 794,878	$ 391,346	49.23%	51.3%	$ 786,000	$ 416,831	53.0%	6.5%	$ 786,000	$ -	
Business license taxes	$ 362,300	$ 257,716	$ 245,858	95.40%	67.9%	$ 351,000	$ 266,820	76.0%	8.5%	$ 300,000	$ (51,000)	(3)
Total Taxes	$ 9,624,647	$ 9,230,575	$ 4,529,663	49.07%	47.1%	$ 9,784,000	$ 5,421,156	55.4%	19.7%	$ 10,344,000	$ 560,000	
Intergovernmental	$ 1,114,400	$ 1,210,484	$ 600,461	49.61%	53.9%	$ 1,270,225	$ 774,172	60.9%	28.9%	$ 1,413,000	$ 142,775	(4)
Fees for services	$ 563,720	$ 549,792	$ 341,784	62.17%	60.6%	$ 630,820	$ 344,874	54.7%	0.9%	$ 550,000	$ (80,820)	(5)
Fines and forfeitures	$ 24,400	$ 31,455	$ 15,144	48.14%	62.1%	$ 25,200	$ 6,583	26.1%	-56.5%	$ 15,000	$ (10,200)	(6)
Investment earnings	$ 45,000	$ 48,879	$ 28,383	58.07%	63.1%	$ 69,000	$ 5,130	7.4%	-81.9%	$ 69,000	$ -	
Other	$ 488,000	$ 387,995	$ 170,155	43.86%	34.9%	$ 514,100	$ 457,865	89.1%	169.1%	$ 806,000	$ 291,900	(7)
Total General Fund Revenues	$ 11,860,167	$ 11,459,182	$ 5,685,590	49.62%	47.9%	$ 12,293,345	$ 7,009,779	57.0%	23.3%	$ 13,197,000	$ 903,655	
Recreation Enterprise Fund (04)												
Charges for services	$ 1,145,500	$ 775,524	$ 530,336	68.38%	46.3%	$ 114,500	$ 10,030	8.8%	-98.1%	$ 20,000	$ (94,500)	
Refunds for cancelled classes	$ -	$ (65,284)	$ -	0.00%	N/A	$ -	$ (3,950)	N/A	N/A	$ (10,000)	$ (10,000)	
Other	$ 2,000	$ -	$ -	N/A	0.0%	$ 200	$ 5	2.5%	N/A	$ 200	$ -	
Total Recreation Fund Revenues	$ 1,147,500	$ 710,240	$ 530,336	74.67%	46.2%	$ 114,700	$ 6,085	5.3%	-98.9%	$ 10,200	$ (104,500)	(8)
Wastewater Enterprise Fund (10)												
Charges for services	$ 2,503,500	$ 2,869,464	$ 424,449	14.79%	17.0%	$ 2,903,500	$ 1,393,914	48.0%	228.4%	$ 2,903,500	$ -	
Investment earnings	$ -	$ 23,561	$ 11,979	50.84%	N/A	$ -	$ 5,706	N/A	-52.4%	$ 10,000	$ 10,000	
Other	$ 2,000	$ 8,742	$ 3,088	35.33%	154.4%	$ 5,000	$ 4,658	93.2%	50.8%	$ 5,000	$ -	
Total Wastewater Enterprise Funds	$ 2,505,500	$ 2,901,767	$ 439,516	15.15%	17.5%	$ 2,908,500	$ 1,404,278	48.3%	219.5%	$ 2,918,500	$ 10,000	N/S

Notes:

N/S - Not significant

(1) - Increase sales tax collections in FY 2021 primarily due to 1) increased online sales tax activity, and 2) implementation of Measure Z 1.25% local sales tax rate in effect 7/1/2021.

(2) - TOT revenues are expected to finish slightly better than budget due to increased occupancy during the CZU fires and winter storm events. Overall revenues are down drastically due to the continued impacts of the COVID-19 pandemic. Business travel continues to lag through the remainder of the FY. Projected revenues in FY 2021 budget were reduced substantially due to projected ocntinuing impacts of the recession and continued shutdowns in Winter 2020/21.

(3) - Business license taxes are expected to finish behind expectations. Business revenues and closure of some businesses in the City are expected to impact final collections by June 30, 2021.

City of Scotts Valley, California

Revenues - General Fund, Recreation Fund and Wastewater Operations Fund

Financial Review for the Quarter Ended December 31, 2020

	FY 2019/20					FY 2020/21						
	Revised Final Budget	Actual Year-End Totals	2Q 2020 Totals	Percentage of Actual Year-End Totals	Percentage of Budget at 2Q 2020	Adopted Budget	2Q 2021 Totals	Percentage of Budget	Percentage Increase (Decrease) from 1Q 2020	Projected Year-End Totals	Projected Over (Under) Budget	Notes

(4) - Intergovernmental revenues will finish higher than expectations primarily due to the one-time receipt of CARES Act funding through the State of California of over $140,000. Any additional stimulus money from the federal government is unknown at the present time pending anticipated legislation being proposed by the new administration.

(5) - Fees for services are down from same time in prior FY due to slightly lower development activity.

(6) - Fines from parking and moving violations is lower than anticipated in large part due to the continue stay-at-home orders relative to the COVID-19 pandemic.

(7) - Other revenues will finish higher than original budget primarily due to the one-time revenues from CalFIRE associated with their lease of SkyPark for use as Emergency Base Camp during the CZU Fires. Moreover, the City has been awarded reimbursement for the emergency operations response to the CZU Fires to compensate for public safety costs associated with securing the evacuation areas within the City. Total reimbursement is expected to be approximately $56,000.

(8) - Recreation classes continue to be signficantly impacted by the COVID-19 pandemic recession. Revenues in 2Q 2021 are primarily from facility rentals.

City of Scotts Valley, California

Expenditures - General, Recreation, and Wastewater Operations Funds

Financial Review for the Quarter Ended December 31, 2020

	FY 2019/20					FY 2020/21						
	Revised Final Budget	Actual Year-End Totals	2Q 2020 Totals	Percentage of Actual Year-End Totals	Percentage of Budget at 2Q 2020	Adopted Budget	2Q 2021 Totals	Percentage of Budget	Percentage Increase (Decrease) from 1Q 2020	Projected Year-End Totals	Budget Adjustment Recommended	Notes
General Fund Expenditures (01 and 06)												
City Council (41)	$ 261,371	$ 248,186	$ 127,380	51.32%	48.7%	$ 302,644	$ 143,124	47.3%	12.4%	$ 302,644	$ -	
City Attorney (42)	$ 184,000	$ 249,577	$ 74,646	29.91%	40.6%	$ 184,000	$ 82,535	44.9%	10.6%	$ 184,000	$ -	
General Government (43)	$ 1,468,166	$ 1,286,215	$ 853,962	66.39%	58.2%	$ 1,368,628	$ 895,560	65.4%	4.9%	$ 1,383,628	$ 15,000	(A)
City Manager/Administration (44)	$ 471,136	$ 491,369	$ 236,485	48.13%	50.2%	$ 470,919	$ 223,164	47.4%	-5.6%	$ 470,919	$ -	
Finance (45)	$ 696,731	$ 659,489	$ 304,869	46.23%	43.8%	$ 692,336	$ 366,766	53.0%	20.3%	$ 707,336	$ 15,000	(A)
Human Resources (46)	$ 40,800	$ 146,773	$ 20,973	14.29%	51.4%	$ 40,740	$ 8,017	19.7%	-61.8%	$ 40,740	$ -	
Information Technology (47)	$ 142,200	$ 126,889	$ 47,700	37.59%	33.5%	$ 142,200	$ 51,859	36.5%	8.7%	$ 142,200	$ -	
Risk Management (48)	$ 343,244	$ 424,517	$ 250,777	59.07%	73.1%	$ 437,725	$ 193,532	44.2%	-22.8%	$ 437,725	$ -	
Police (51)	$ 5,528,396	$ 5,388,515	$ 2,856,875	53.02%	51.7%	$ 5,568,294	$ 2,329,156	41.8%	-18.5%	$ 5,638,294	$ 70,000	(A)
Animal Control (52)	$ 120,000	$ 116,070	$ 81,249	70.00%	67.7%	$ 120,000	$ 68,317	56.9%	-15.9%	$ 120,000	$ -	
Emergency Services (53)	$ 108,931	$ 108,914	$ 1,888	1.73%	1.7%	$ 48,305	$ 20,299	42.0%	974.9%	$ 48,305	$ -	
Community Development (61, 62)	$ 1,540,574	$ 1,150,583	$ 540,885	47.01%	35.1%	$ 1,231,655	$ 480,439	39.0%	-11.2%	$ 1,266,655	$ 35,000	(B)
Public Works (71-76)	$ 1,997,578	$ 1,567,079	$ 737,473	47.06%	36.9%	$ 1,905,255	$ 581,291	30.5%	-21.2%	$ 1,905,255	$ -	
Equipment Replacement (Fund 006)	$ 500	$ 1,414	$ 703	49.68%	140.5%	$ 2,000	$ 679	33.9%	-3.4%	$ 2,000	$ -	
COVID-19 Expenditures	$ -	$ -	$ -	N/A	N/A	$ -	$ 14,860	N/A	N/A	$ 20,000	$ 20,000	(C)
CZU Lightning Fire Expenditures	$ -	$ -	$ -	N/A	N/A	$ -	$ 96,489	N/A	N/A	$ 100,000	$ 100,000	(D)
Transfers Out (90)	$ 686,693	$ 758,519	$ -	0.00%	0.0%	$ 366,551	$ -	0.0%	N/A	$ 666,551	$ 300,000	(D)
Total General Fund Expenditures	$ 13,590,320	$ 12,724,108	$ 6,135,863	48.22%	45.1%	$ 12,881,252	$ 5,556,088	43.1%	-9.4%	$ 13,436,252	$ 555,000	
Recreation Enterprise Fund (04)												
Recreation Administration	$ 675,876	$ 684,871	$ 379,892	55.47%	56.2%	$ 291,880	$ 230,886	79.1%	-39.2%	$ 291,880	$ -	(E)
School Year Recreation and Camps	$ 343,512	$ 231,660	$ 174,563	75.35%	50.8%	$ -	$ 2,040	N/A	-98.8%	$ -	$ -	(E)
Adult Sports	$ 49,202	$ 33,373	$ 21,045	63.06%	42.8%	$ -	$ -	N/A	-100.0%	$ -	$ -	
Youth Sports	$ 5,647	$ 32	$ 32	100.00%	0.6%	$ -	$ -	N/A	-100.0%	$ -	$ -	
Aquatics	$ 64,251	$ 33,219	$ 29,408	88.53%	45.8%	$ -	$ -	N/A	-100.0%	$ -	$ -	
Classes	$ 55,110	$ 31,373	$ 19,882	63.37%	36.1%	$ -	$ -	N/A	-100.0%	$ -	$ -	
COVID-19 Expenditures	$ -	$ 1,704	$ -	0.00%	N/A	$ -	$ 700	N/A	N/A	$ -	$ -	(B)
CZU Lightning Fire Expenditures	$ -	$ -	$ -	N/A	N/A	$ -	$ 3,055	N/A	N/A	$ -	$ -	(C)
Recreation Fund (Fund 004)	$ 1,193,598	$ 1,016,232	$ 624,822	61.48%	52.3%	$ 291,880	$ 236,681	81.1%	-62.1%	$ 291,880	$ -	
Wastewater Enterprise Fund (10)												
Employee Services	$ 1,084,154	$ 799,959	$ 404,018	50.50%	37.3%	$ 1,162,754	$ 426,289	36.7%	5.5%	$ 1,160,754	$ (2,000)	N/S
Services and Supplies	$ 791,500	$ 769,835	$ 332,279	43.16%	42.0%	$ 751,000	$ 352,430	46.9%	6.1%	$ 751,000	$ -	
Facilities and Equipment	$ 218,500	$ 314,477	$ 119,680	38.06%	54.8%	$ 879,708	$ 146,564	16.7%	22.5%	$ 879,708	$ -	
Cost Allocation	$ 270,000	$ 244,613	$ 127,488	52.12%	47.2%	$ 270,000	$ 128,997	47.8%	1.2%	$ 270,000	$ -	
COVID-19 Expenditures	$ -	$ 781	$ -	0.00%	N/A	$ -	$ 1,050	N/A	N/A	$ 2,000	$ 2,000	N/S
CZU Lightning Fire Expenditures	$ -	$ -	$ -	N/A	N/A	$ -	$ -	N/A	N/A	$ -	$ -	
Total Wastewater Enterprise Funds	$ 2,364,154	$ 2,129,665	$ 983,464	46.18%	41.6%	$ 3,063,462	$ 1,055,330	34.4%	7.3%	$ 3,063,462	$ -	N/S

City of Scotts Valley, California

Expenditures - General, Recreation, and Wastewater Operations Funds

Financial Review for the Quarter Ended December 31, 2020

FY 2019/20					FY 2020/21						
Revised Final Budget	Actual Year-End Totals	2Q 2020 Totals	Percentage of Actual Year-End Totals	Percentage of Budget at 2Q 2020	Adopted Budget	2Q 2021 Totals	Percentage of Budget	Percentage Increase (Decrease) from 1Q 2020	Projected Year-End Totals	Budget Adjustment Recommended	Notes

Notes:

N/S - Not significant; no adjustment required

(A) - Increased costs associated with compensation adjustments approved by City Council.

(B) - Costs associated with filling the Senior Planner position in 4Q 2021

(C) - Costs associated with the impacts of the COVID-19 pandemic are being tracked separately in the event additional funding is provided by the Federal government. Expenditures were reimbursed through pass-through CARES Act funding through the State.

(D) - Costs associated with the CZU Lightning Fire in August and September are being tracked for FEMA reimbursement purposes. Reimbursement submittals are expected to be completed by end of 2Q 2021. Funding will likely take six to twelve months to receive. Costs include transfers to the Capital Improvement Fund to address unreimbursed costs of repair the turf and sidewalk areas at SkyPark due to damage from its use as Base Camp during the fire. Net unreimbursed costs associated with the SkyPark field repair are expected to be $300,000.

(E) - Recreation programs remain closed. Budget for FY 2021 only assumed minimal staffing. Incremental costs will need to be covered by transfers from the General Fund at fiscal year end.

City of Scotts Valley, California
Revenues - All Other Funds
Financial Review for the Quarter Ended December 31, 2020

		FY 2019/20					FY 2020/21						
		Revised Final Budget	Actual Year-End Totals	2Q 2020 Totals	Percentage of Actual Year-End Totals	Percentage of Budget at 2Q 2020	Adopted Budget	2Q 2021 Totals	Percentage of Budget	Percentage Increase (Decrease) from 1Q 2020	Projected Year-End Totals	Projected Over (Under) Budget	Notes
General Capital Improvement Fund													
150	General Capital Improvements	$ 223,500	$ 343,127	$ 50,585	14.74%	22.6%	$ 50,000	$ 42,962	85.9%	-15.1%	$ 1,200,000	$ 1,150,000	(1)
Special Revenue Funds - Development Impact Fees													
7	Drainage Construction Impact Fees	$ 11,650	$ 5,514	$ 4,294	77.87%	36.9%	$ 15,500	$ 5,224	33.7%	21.7%	$ 15,500	$ -	
8	Traffic Impact Mitigation Fees	$ 36,000	$ 43,784	$ 17,081	39.01%	47.4%	$ 62,000	$ 34,353	55.4%	101.1%	$ 62,000	$ -	
9	Park & Recreation Facilities Impact Fees	$ 50,000	$ 55,375	$ 25,507	46.06%	51.0%	$ 57,500	$ 51,316	89.2%	101.2%	$ 57,500	$ -	
21	General Facility Impact Fees	$ 26,000	$ 4,495	$ 2,184	48.59%	8.4%	$ 11,500	$ 4,399	38.3%	101.4%	$ 11,500	$ -	
27	Police Facility Building Impact Fees	$ 54,500	$ 12,905	$ 6,261	48.51%	11.5%	$ 16,000	$ 10,515	65.7%	67.9%	$ 16,000	$ -	
51	Mt. Hermon Traffic Mitigation	$ 2,500	$ 4,015	$ 1,917	47.74%	76.7%	$ 3,500	$ 553	15.8%	-71.1%	$ 3,500	$ -	
86	Library Impact Fees	$ 30,000	$ 12,102	$ 5,784	47.80%	19.3%	$ 16,500	$ 8,087	49.0%	39.8%	$ 16,500	$ -	
315	Police Development Fees	$ 3,000	$ 2,040	$ 1,299	63.68%	43.3%	$ 2,600	$ 195	7.5%	-85.0%	$ 2,600	$ -	
	Total Special Revenue Funds - Development Impact Fees	$ 213,650	$ 140,230	$ 64,326	45.87%	30.1%	$ 185,100	$ 114,644	61.9%	78.2%	$ 185,100	$ -	
Special Revenue Funds - Other													
2	Recycling/Environment	$ 75,750	$ 4,033	$ (967)	-23.99%	-1.3%	$ 75,100	$ -	0.0%	-100.0%	$ 75,100	$ -	
3	Gas Tax	$ 525,507	$ 493,321	$ 229,008	46.42%	43.6%	$ 498,329	$ 217,293	43.6%	-5.1%	$ 470,000	$ (28,329)	(2)
5	SMIP Fees	$ 5,100	$ 3,425	$ 1,090	31.84%	21.4%	$ 5,150	$ 1,259	24.4%	15.4%	$ 5,150	$ -	
19	Affordable Housing	$ 345,760	$ 340,861	$ 265,622	77.93%	76.8%	$ 173,260	$ 208,765	120.5%	-21.4%	$ 210,000	$ 36,740	(3)
24	Lennar Funds	$ -	$ 4,945	$ 4,945	100.00%	N/A	$ 52,000	$ -	0.0%	-100.0%	$ 52,000	$ -	
28	Senior Center Operations	$ 77,560	$ 69,498	$ 42,439	61.07%	54.7%	$ 62,050	$ 3,531	5.7%	-91.7%	$ 15,000	$ (47,050)	(4)
31	STP Exchange Projects	$ 1,492,059	$ 266,536	$ 43,181	16.20%	2.9%	$ 1,844,844	$ 54,742	3.0%	26.8%	$ 1,844,844	$ -	(5)
33	Tree Replacement	$ 800	$ 3,701	$ 2,729	73.74%	341.1%	$ 1,500	$ 1,570	104.7%	-42.4%	$ 2,000	$ 500	N/S
35	Green Building Funding	$ 32,000	$ 31,032	$ 9,763	31.46%	30.5%	$ 29,500	$ 10,139	34.4%	3.9%	$ 29,500	$ -	
36	Disability Compliance	$ 900	$ 4,190	$ 3,765	89.87%	418.4%	$ 4,250	$ 3,100	72.9%	-17.7%	$ 4,250	$ -	
50	Pinewood Estates Maintenance District	$ 6,390	$ 6,153	$ 103	1.67%	1.6%	$ 6,500	$ 3,683	56.7%	3489.5%	$ 6,500	$ -	
77	Skypark Landscape Maintenance District	$ 53,765	$ 53,484	$ 656	1.23%	1.2%	$ 42,200	$ 22,736	53.9%	3365.0%	$ 42,200	$ -	
78	Skypark Landscape Maintenance District Insurance	$ 18,000	$ 20,301	$ 5,399	26.59%	30.0%	$ 19,000	$ 1,549	8.2%	-71.3%	$ 19,000	$ -	
88	Library Facilities Improvements (Measure S)	$ 507,500	$ 329,479	$ 5,594	1.70%	1.1%	$ 454,000	$ 2,259	0.5%	-59.6%	$ 454,000	$ -	(6)
89	Library City MOE Excess Distribution	$ 2,000	$ 7,416	$ 3,541	47.74%	177.0%	$ 7,000	$ 1,022	14.6%	-71.1%	$ 7,000	$ -	
123	Community Facility Center Operations	$ 111,500	$ 73,414	$ 22,707	30.93%	20.4%	$ 68,000	$ 31,853	46.8%	40.3%	$ 68,000	$ -	
155	Measure D Sales Tax for Transportation	$ 268,300	$ 318,592	$ 120,005	37.67%	44.7%	$ 271,800	$ 137,332	50.5%	14.4%	$ 271,800	$ -	
178	CalTRANS Get Everyone Moving Grant	$ -	$ 103,429	$ 38,205	36.94%	N/A	$ 113,000	$ 26,468	23.4%	-30.7%	$ 113,000	$ -	
306	Supplemental Law Enforcement Services	$ 101,500	$ 103,755	$ 56,012	53.98%	55.2%	$ 102,500	$ 57,311	55.9%	2.3%	$ 102,500	$ -	
312	Police Budget Act 2016	$ 500	$ 503	$ 256	50.79%	51.1%	$ 500	$ 64	12.8%	-75.0%	$ 500	$ -	
316	Homeland Security Grant	$ -	$ 11	$ -	0.00%	N/A	$ -	$ -	N/A	N/A	$ -	$ -	
317	EDG Revolving Loan	$ 510	$ 12	$ 6	47.72%	1.1%	$ 10	$ 2	16.9%	-71.1%	$ 10	$ -	
	Total Special Revenue Funds - Other	$ 3,625,401	$ 2,238,090	$ 854,057	38.16%	23.6%	$ 3,830,493	$ 784,677	20.5%	-8.1%	$ 3,792,354	$ (38,139)	
Debt Service Funds													
26	Pension Obligation Bond	$ 448,759	$ 446,954	$ 403,985	90.39%	90.0%	$ 443,745	$ 407,773	91.9%	0.9%	$ 443,745	$ -	
66	COP Debt Service Reserve	$ 10,000	$ 21,131	$ 10,088	47.74%	100.9%	$ 22,000	$ 2,911	13.2%	-71.1%	$ 22,000	$ -	
	Total Debt Service Funds	$ 458,759	$ 468,084	$ 414,073	88.46%	90.3%	$ 465,745	$ 410,683	88.2%	-0.8%	$ 465,745	$ -	

City of Scotts Valley, California
Revenues - All Other Funds
Financial Review for the Quarter Ended December 31, 2020

	FY 2019/20					FY 2020/21						
	Revised Final Budget	Actual Year-End Totals	2Q 2020 Totals	Percentage of Actual Year-End Totals	Percentage of Budget at 2Q 2020	Adopted Budget	2Q 2021 Totals	Percentage of Budget	Percentage Increase (Decrease) from 1Q 2020	Projected Year-End Totals	Projected Over (Under) Budget	Notes
Wastewater Enterprise Funds (Excluding Operations)												
11 Tertiary Operating	$ 110,000	$ 252,425	$ 141,028	55.87%	128.2%	$ 110,000	$ 47,900	43.5%	-66.0%	$ 110,000	$ -	
12 Wastewater Capital Reserve	$ 215,000	$ 41,411	$ 26,787	64.69%	12.5%	$ 62,500	$ 49,309	78.9%	84.1%	$ 62,500	$ -	
14 Wastewater Equipment Replacement	$ 15,000	$ 2,600	$ 1,241	47.74%	8.3%	$ 5,000	$ 358	7.2%	-71.1%	$ 5,000	$ -	
15 TTP District Reserve	$ 8,000	$ 6,559	$ 4,096	62.46%	51.2%	$ 5,400	$ 82	1.5%	-98.0%	$ 5,400	$ -	
Total Wastewater Enterprise Funds (Excluding Operations)	$ 348,000	$ 302,994	$ 173,153	57.15%	49.8%	$ 182,900	$ 97,650	53.4%	-43.6%	$ 182,900	$ -	
Internal Service Fund												
112 Dental Insurance Internal Service Fund	$ 70,750	$ 48,451	$ 24,485	50.53%	34.6%	$ 70,700	$ 23,715	33.5%	-3.1%	$ 50,000	$ (20,700)	(7)

Notes:

(1) - Due to damage caused at SkyPark related to the use of the park as Emergency Base Camp during the CZU fires, staff has filed for FEMA reimbursement due to the damages caused to the turf and walkways. FEMA has indicated approval for reimbursement of 75% of the cost of damages, which are currently estimated to be $1.1 million. FEMA reimbursement will approximate $850,000. A transfer from the General Fund of about $350,000 will be required to cover the difference.

(2) - Gas Tax revenues are expected to fall short of projections due to updated allocations from the State.

(3) - Affordable housing in-lieu fees higher than anticipated due to projects receiving entitlements generating in-lieu fees as required by City ordinance.

(4) - Senior Center operations have been suspended along with other recreation programs due to the COVID-19 pandemic. Recovery and restoration of senior programs will likely depend on successful implementation of the COVID-19 vaccine and seniors feeling comfortable to return to senior center programs and activities.

(5) - Timing of completion and, as such, reimbursement of STP funds from the State is delayed. Projects remain approved and the City will receive the grants that have been applied for as projects are completed.

(6) - City expects to take the full drawdown of Measure S funds as anticipated prior to June 30, 2021.

(7) - Enrollment in the dental insurance program is down due primarily to unfilled staffing positions.

City of Scotts Valley, California
Expenditures - All Other Funds
Financial Review for the Quarter Ended December 31, 2020

	FY 2019/20					FY 2020/21						
	Revised Final Budget	Actual Year-End Totals	2Q 2020 Totals	Percentage of Actual Year-End Totals	Percentage of Budget at 2Q 2020	Adopted Budget	2Q 2021 Totals	Percentage of Budget	Percentage Increase (Decrease) from 1Q 2020	Projected Year-End Totals	Projected Over (Under) Budget	Notes
General Capital Improvement Fund												
150 General Capital Improvements	$ 710,650	$ 504,712	$ 162,569	32.21%	22.9%	$ 525,835	$ 68,160	13.0%	-58.1%	$ 1,664,335	$ 1,138,500	(1)
Special Revenue Funds - Development Impact Fees												
7 Drainage Construction Impact Fees	$ 25	$ 53	$ 27	51.57%	109.2%	$ 12,000	$ 30	0.2%	8.4%	$ 12,000	$ -	
8 Traffic Impact Mitigation Fees	$ 36,000	$ 23,728	$ 5,639	23.76%	15.7%	$ 17,000	$ 15,955	93.9%	182.9%	$ 17,000	$ -	
9 Park & Recreation Facilities Impact Fees	$ 92,000	$ 45,454	$ 863	1.90%	0.9%	$ 642,000	$ 13,692	2.1%	1486.1%	$ 642,000	$ -	(2)
21 General Facility Impact Fees	$ 200	$ 140	$ 74	53.07%	37.1%	$ 200	$ 72	35.9%	-3.3%	$ 200	$ -	
27 Police Facility Building Impact Fees	$ 214,500	$ 4,523	$ 4,280	94.61%	2.0%	$ 89,750	$ 264	0.3%	-93.8%	$ 89,750	$ -	
51 Mt. Hermon Traffic Mitigation	$ 250	$ 320	$ 171	53.60%	68.6%	$ 400	$ 158	39.4%	-8.0%	$ 400	$ -	
86 Library Impact Fees	$ 500	$ 583	$ 311	53.37%	62.2%	$ 700	$ 292	41.8%	-6.1%	$ 700	$ -	
315 Police Development Fees	$ 250	$ 103,102	$ 103,050	99.95%	41220.0%	$ 300	$ 56	18.6%	-99.9%	$ 300	$ -	
Total Special Revenue Funds - Development Impact Fee	$ 343,725	$ 177,904	$ 114,416	64.31%	33.3%	$ 762,350	$ 30,518	4.0%	-73.3%	$ 762,350	$ -	
Special Revenue Funds - Other												
2 Recycling/Environment	$ 60,680	$ 86,019	$ 38,177	44.38%	62.9%	$ 70,000	$ 46,748	66.8%	22.4%	$ 70,000	$ -	
3 Gas Tax	$ 485,200	$ 263,262	$ 162	0.06%	0.0%	$ 295,700	$ 230,068	77.8%	141541.0%	$ 295,700	$ -	
5 SMIP Fees	$ 8,070	$ 5,609	$ 2,964	52.84%	36.7%	$ 5,000	$ 296	5.9%	-90.0%	$ 5,000	$ -	
19 Affordable Housing	$ 325,139	$ 204,565	$ 160,728	78.57%	49.4%	$ 222,000	$ 42,764	19.3%	-73.4%	$ 222,000	$ -	
24 Lennar Funds	$ 54,250	$ 4,945	$ 4,945	100.00%	9.1%	$ 52,000	$ -	0.0%	-100.0%	$ 52,000	$ -	
28 Senior Center Operations	$ 105,978	$ 65,915	$ 34,217	51.91%	32.3%	$ 57,761	$ 27,397	47.4%	-19.9%	$ 57,761	$ -	(3)
31 STP Exchange Projects	$ 1,300,132	$ 563,424	$ 27,031	4.80%	2.1%	$ 1,844,844	$ 96,066	5.2%	255.4%	$ 1,844,844	$ -	(4)
33 Tree Replacement	$ 10,050	$ 49	$ 26	52.49%	0.3%	$ 10,050	$ 26	0.3%	-0.1%	$ 10,050	$ -	
35 Green Building Funding	$ 4,450	$ 4,548	$ 1,728	37.99%	38.8%	$ 4,750	$ 1,670	35.2%	-3.3%	$ 4,750	$ -	
36 Disability Compliance	$ 5,020	$ 647	$ 582	89.98%	11.6%	$ 5,040	$ 23	0.5%	-96.0%	$ 5,040	$ -	
50 Pinewood Estates Maintenance District	$ 5,520	$ 20,056	$ 2,300	11.47%	41.7%	$ 5,520	$ 2,510	45.5%	9.1%	$ 5,520	$ -	
77 Skypark Landscape Maintenance District	$ 53,751	$ 26,171	$ 11,206	42.82%	20.8%	$ 59,000	$ 9,689	16.4%	-13.5%	$ 59,000	$ -	
78 Skypark Landscape Maintenance District Insurance	$ 12,800	$ 12,901	$ 483	3.74%	3.8%	$ 1,000	$ 442	44.2%	-8.5%	$ 1,000	$ -	
88 Library Facilities Improvements (Measure S)	$ 500,800	$ 25,646	$ 5,005	19.52%	1.0%	$ 751,000	$ 293,971	39.1%	5773.2%	$ 751,000	$ -	
89 Library City MOE Excess Distribution	$ 250	$ 591	$ 317	53.60%	126.7%	$ 750	$ 291	38.9%	-8.0%	$ 750	$ -	
123 Community Facility Center Operations	$ 74,102	$ 57,313	$ 19,602	34.20%	26.5%	$ 66,701	$ 32,427	48.6%	65.4%	$ 66,701	$ -	
155 Measure D Sales Tax for Transportation	$ 474,622	$ 473,005	$ 130,277	27.54%	27.4%	$ 324,897	$ 506,751	156.0%	289.0%	$ 324,897	$ -	
178 CalTRANS Get Everyone Moving Grant	$ -	$ 103,429	$ 38,205	36.94%	N/A	$ 113,000	$ -	0.0%	-100.0%	$ 113,000	$ -	
306 Supplemental Law Enforcement Services	$ 139,400	$ 9,044	$ 127	1.41%	0.1%	$ 148,500	$ 77,615	52.3%	60817.5%	$ 148,500	$ -	
312 Police Budget Act 2016	$ 15,000	$ 7,207	$ 5,178	71.84%	34.5%	$ 15,100	$ 18	0.1%	-99.6%	$ 15,100	$ -	
316 Homeland Security Grant	$ 30	$ 23,610	$ -	0.00%	0.0%	$ -	$ -	N/A	N/A	$ -	$ -	
317 EDG Revolving Loan	$ -	$ 1	$ 1	54.08%	N/A	$ 1	$ 0	49.0%	-7.5%	$ 1	$ -	
Total Special Revenue Funds - Other	$ 3,635,244	$ 1,957,958	$ 483,262	24.68%	13.3%	$ 4,052,614	$ 1,368,773	33.8%	183.2%	$ 4,052,614	$ -	
Debt Service Funds												
26 Pension Obligation Bond	$ 447,258	$ 446,954	$ 403,985	90.39%	90.3%	$ 443,745	$ 407,773	91.9%	0.9%	$ 443,745	$ -	
66 COP Debt Service Reserve	$ 1,500	$ 1,684	$ 903	53.60%	60.2%	$ 1,000	$ 830	83.0%	-8.0%	$ 1,000	$ -	
Total Debt Service Funds	$ 448,758	$ 448,637	$ 404,888	90.25%	90.2%	$ 444,745	$ 408,603	91.9%	0.9%	$ 444,745	$ -	

City of Scotts Valley, California
Expenditures - All Other Funds
Financial Review for the Quarter Ended December 31, 2020

	FY 2019/20					FY 2020/21						
	Revised Final Budget	Actual Year-End Totals	2Q 2020 Totals	Percentage of Actual Year-End Totals	Percentage of Budget at 2Q 2020	Adopted Budget	2Q 2021 Totals	Percentage of Budget	Percentage Increase (Decrease) from 1Q 2020	Projected Year-End Totals	Projected Over (Under) Budget	Notes
Wastewater Enterprise Funds (Excluding Operations)												
11 Tertiary Operating	$ 229,405	$ 252,662	$ 141,028	55.82%	61.5%	$ 205,255	$ 100,751	49.1%	-28.6%	$ 205,255	$ -	
12 Wastewater Capital Reserve	$ 868,854	$ 654,154	$ 173,545	26.53%	20.0%	$ 2,000	$ 7,041	352.0%	-95.9%	$ 2,000	$ -	
14 Wastewater Equipment Replacement	$ 1,200	$ 207	$ 111	53.60%	9.3%	$ 500	$ 102	20.4%	-8.0%	$ 500	$ -	
15 TTP District Reserve	$ 40	$ 39	$ 20	51.91%	50.3%	$ 40	$ 23	58.6%	16.4%	$ 40	$ -	
Total Wastewater Enterprise Funds (Excluding Operatic	$ 1,099,499	$ 907,062	$ 314,705	34.69%	28.6%	$ 207,795	$ 107,917	51.9%	-65.7%	$ 207,795	$ -	
Internal Service Fund												
112 Dental Insurance Internal Service Fund	$ 68,070	$ 44,546	$ 22,002	49.39%	32.3%	$ 68,070	$ 13,302	19.5%	-39.5%	$ 68,070	$ -	

Notes:
(1) - Due to damage caused at SkyPark related to the use of the park as Emergency Base Camp during the CZU fires, staff has filed for FEMA reimbursement due to the damages caused to the turf and walkways. FEMA has indicated approval for reimbursement of 75% of the cost of damages, which are currently estimated to be $1.1 million. FEMA reimbursement will approximate $825,000.

(2) - The three construction projects funded by Parks DIF fees scheduled for this year (SkyPark restroom improvements, Skypark tennis court improvements, and the Brook Knoll/Vine Hill daycare modular replacements) have been delayed due to the CZU fires and the COVID-19 pandemic.
(3) - Senior Center operations have been suspended along with other recreation programs due to the COVID-19 pandemic. Recovery and restoration of senior programs will likely depend on successful implementation of the COVID-19 vaccine and seniors feeling comfortable to return to senior center programs and activities.

(4) - Timing of completion and, as such, reimbursement of STP funds from the State is delayed. Projects remain approved and the City will receive the grants that have been applied for as projects are completed.

RESOLUTION NO. 630.40.1

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SCOTTS VALLEY AMENDING THE FY 2020/21 ANNUAL BUDGET

WHEREAS, the City has conducted a mid-year financial review of all of the City's revenues, expenditures, and fund balance reserves for the FY 2020/21; and,

WHEREAS, the impacts from the COVID-19 pandemic and the CZU Lightning Complex Fires have had a significant impacts on City expenditures and revenues related to anticipated reimbursement of costs associated with the CZU fires; and,

WHEREAS, other changes related to compensation and benefits for certain General Fund funded positions require adjustment based on City Council direction.

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

1. The City Council approves the following amendments to the City's FY 2020/21 Annual Budget as presented in the following table:

Fund	Acct #	Acct Title	Description	Increase/ Decrease	Amount
Revenues					
General	001.3560	Other federal grants	CZU Fire FEMA reimbursements	Increase	$ 73,125
General	001.3430	Rents & concessions	CZU Fire Skypark rental by CalFire	Increase	280,000
General CIP	150.3560	Other federal grants	CZU Fire FEMA reimbursements	Increase	853,875
General CIP	150.4999	Transfers in	General Fund for Skypark repair	Increase	300,000
Expenditures					
General	001.43.0000.101	Salaries	Compensation changes	Increase	15,000
General	001.45.0000.101	Salaries	Compensation changes	Increase	15,000
General	001.51.0000.101	Salaries	Compensation changes	Increase	70,000
General	001.61.0000.101	Salaries	Fill Senior Planner position	Increase	35,000
General	001.76.8019.401	Maintenance	COVID-19 expenses	Increase	20,000
General	001.76.0000.401	Maintenance	CZU facility repairs	Increase	100,000
General	001.90.0000.999	Transfers out	General CIP for Skypark repair	Increase	300,000
General CIP	150.90.XXXX.904	Improvements	Skypark repair CIP project	Increase	1,138,500

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 17th day of February, 2021 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Approved: _____
Derek Timm, Mayor

Attest: _____
Tracy A. Ferrara, City Clerk

RESOLUTION NO. 630.40.2

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SCOTTS VALLEY ADOPTING GUIDING BUDGET PRINCIPLES

WHEREAS, the City of Scotts Valley is embarking upon development of its next fiscal year budget; and

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

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

WHEREAS, the Guiding Budget Principles, attached herein as Exhibit A, provide principles for eight policy areas: budgeting, reserves, fiscal sustainability planning, ongoing resources and operations, use of one-time resources, capital project budgeting, debt management, and other financial matters; and

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

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

The City Council of the City of Scotts Valley hereby adopts the Guiding Budget Principles attached as Exhibit A to be used in preparation of the City's annual budgets and fiscal sustainability planning.

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 17th day of February, 2021 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Approved: _____
Derek Timm, Mayor

Attest: _____
Tracy A. Ferrara, City Clerk

City of Scotts Valley

Proposed Guiding Budget Principles for FY 2021/22 Annual Budget

It is recommended that the City Council establish a set of budget principles to guide current and future policy makers and staff to ensure the long-term financial sustainability of the City. The budget principles that are listed below are presented as a starting point for consideration and reflect best practices of other local agencies throughout California and the United States. The set that is ultimately approved by Council may result in new or updated Council policy.

Budgeting Policies

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

2. Once adopted, annual budgets should be amended only when urgency requires and should identify a specific funding source for any new priorities.

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

Reserve Policies

General Fund reserves should be maintained at a minimum of 17% (or two months) of annual operating expenditures, with a target reserve goal of 25% (three months) of annual operating expenditures, and in no event should be planned to fall below 10% in any year in the long-range forecast.

4. Recreation Enterprise Fund reserves have no established minimum reserve, but are expected to be fully supported by the General Fund through fund transfers where necessary to the extent that recreation program revenues and facility rental charges are insufficient to cover operating costs.

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

Ongoing Resources and Operations

6. Ongoing expenditures should be supported by ongoing revenues.

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

8. Charges for services should be sufficient to recover the full cost of related services, including direct operating costs, and other indirect costs such as capital and overhead costs. Recreation services will seek to fully recover costs where possible.

9. General Fund revenues should not be earmarked in order to allow for maximum flexibility when making funding decisions.

Use of One-Time (Windfall) Resources

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

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

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

Capital Projects

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

Fiscal Sustainability Planning

14. To the extent that the long-range financial forecast indicates a structural gap between projected annual revenues and expenditures, the City will update its existing fiscal sustainability plan or develop and implement a new fiscal sustainability plan to ensure General Fund reserves stay within the reserve policies established by the City Council.

15. Any structural gap in a long-term financial forecast will be addressed in such a way that it is eliminated no later than the final year of the long-range financial forecast (not to exceed 10 years).

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

Debt Management

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

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

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

Other Matters

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

21. Private development of residential, commercial and/or industrial properties shall pay its fair share of capital improvements that are necessary to serve the development and should not be subsidized by public funds.

AGENDA ITEM 2
DATE: 2-17-2021

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: February 17, 2021

TO: Honorable Mayor and City Council

FROM: Tina Friend, City Manager

PREPARED BY: Steve Toler, Management Partners

SUBJECT: **OVERVIEW OF PENSION OBLIGATION BONDS AND APPLICABILITY AS A FISCAL SUSTAINABILITY TOOL**

SUMMARY OF ISSUE

Pension obligation bonds (POBs) have been used by agencies across the United States, and particularly in California, as a financing means of addressing unfunded pension obligations. To the extent that bond market interest rates are lower than the imputed discount rate applied to unfunded pension obligations, there is the potential for an agency to save long-term pension costs by, in essence, refinancing its pension obligations through issuance of POBs. However, there are significant risks associated with doing so, not the least of which is investment risks of investing funds with the pension pool at a time when the investment markets are high, which will exacerbate future unfunded liabilities in the future. Agencies that move ahead with issuing POBs must understand that future unfunded pension obligations will arise when investment markets underperform the inherent discount rate within the pension pool.

BACKGROUND and ANALYSIS

City's Pension Obligations

The City provides retirement benefits to its employees by contracting with the California Public Employees' Retirement System (CalPERS). CalPERS offers a defined benefit plan where retirement benefits are based on a formula based on four key factors: 1) annual compensation at retirement, 2) years of service, 3) age at retirement, and 4) the benefit formula contracted between the agency and its employees. Benefit formulae for employee groups vary based on classification (Miscellaneous or Safety), and within these group by date of entering CalPERS membership ("Classic" for employees in the CalPERS system prior to January 1, 2013 with uninterrupted service, and "PEPRA" for employees hired after January 1, 2013 when the Public Employees' Pension Reform Act was effective.)

Retirement benefits are funded through contributions by both employees (based on established minimum required contributions per State law) and the employer (based on

an actuarial analysis that determines the projected benefit obligation). Employer contributions are identified as normal costs (costs based on the inherent cost of providing benefits assuming that all current actuarial assumptions are realized and not amended) and unfunded actuarial liabilities, or "UAL" (when market fluctuations or actuarial assumptions change). Contributions by both employees and employers are invested in the CalPERS pension investment pool. Investment earnings are expected to earn a certain rate of return ("discount rate") over the long-term.

When investment earnings do not meet expectations over extended periods, or when actuarial assumptions change that increase the potential retirement benefit for the employees (e.g., living longer than expected), the plan goes into an unfunded status (known as an "unfunded actuarial liability", or UAL). In that situation, the employer must make up for those losses through increased contributions to pay down the UAL, which is amortized over a 20 year period. The paydown of the UAL is based on the inherent assumed discount rate of the CalPERS investment portfolio, which is presently at 7%.

The UAL is a discrete amount that is identified in each actuarial valuation prepared in August to October timeframe each year. As such, agencies are able to make advanced discretionary payments (ADPs) towards their UAL each year, or in one lump sum where existing cash resources are available or use of resources provided by issuing debt such as a POB.

What are Pension Obligation Bonds?

POBs are one option for agencies to address budgetary impacts from rising UAL contributions. A POB is a taxable debt issuance used to pay for some or all of a public agency's UAL that exists at the time of issuance. Bond proceeds are deposited with CalPERS to reduce the agency's UAL. Debt service payments for the bond issuance, then, replace the annual payment of the UAL that was paid off.

If the agency can issue debt at a rate that is less than the CalPERS discount rate, then the agency is able to reduce its overall costs associated with the annual paydown of the UAL. In some regards, this is similar to refinancing a home mortgage assuming the interest rate and closing costs of the new issuance are lower than the current interest rate, it makes sense to refinance the debt. It is different, however, in that the debt (to CalPERS) can grow in future years with new UALs that can occur (as explained below).

History of Issuing POBs Statewide and in Scotts Valley

There were a total of 105 POB issuances by California local government agencies from 1998 to 2019, with 39 of those issuances since the Great Recession in 2008.[1]

The City issued a POB in June 2012 to pay off its existing UAL at the time, which was approximately $4.5 million. Those POBs have an annual debt service payment of approximately $440,000. The last payment on the POBs is due November 2024. The interest rate on the debt ranged from 0.75% to 4.4%, well below the discount rate at that time, which was 7.5%, thus saving the City's money on its annual costs associated with

1 Source – KNN Public Finance, August 4, 2020

paying off the UAL. Since the debt was issued, CalPERS has changed actuarial assumptions, notably the estimated longevity of annuitants (they live longer than originally expected) and a reduction in the discount rate from 7.5% to 7% (the investment portfolio was deemed to be unable to achieve a 7.5% investment return rate long-term).

City's Current Status of Pension Funding

CalPERS actuarial valuations are completed one year after the year upon which the study is based. The latest actuarial analysis was published in July 2020 for the portfolio as of June 30, 2019. The total UAL for the City's pension plans as of 6/30/2019 was nearly $19.9 million with a funded ratio of 70.4%, as indicated in the table below.

Plan	UAL at 6/30/2019	Plan's market value of assets at 6/30/2019	Funded Ratio
Miscellaneous - Classic	$ 10,843,317	$ 25,194,610	69.9%
Miscellaneous - PEPRA	$ 20,830	$ 255,607	92.5%
Safety – Classic	$ 8,960,477	$ 21,300,635	70.4%
Safety – PEPRA	$ 53,166	$ 472,380	89.9%
Totals	**$ 19,877,790**	**$ 47,223,232**	**70.4%**

Issues to address in issuing POBs

Whether there are long-term savings to be realized depend on several factors, but the primary one is what the expectations of long-term investment returns will be in future years. Unlike a traditional bond refunding, POBs do not "lock-in" savings over the long-term because the actuarial interest earnings (discount) rate is not a fixed, guaranteed return on invested funds. A pension system's actuarial interest rate is typically higher than the bond cost because retirement systems assume more risk and are exposed to more volatility in their investments. The agency would borrow against its low-risk credit rating and effectively reinvest in inherently higher risk corporate bonds and equities in the form of "shares" of the CalPERS portfolio. Pension bond savings are derived from a form of "risk arbitrage", or effectively taking advantage of the rate of return differences between the POB issuance rate and the expected return on investments.

Market timing is a critical issue, then, in the long-term economics of a POB. Large reinvestment gains early in the life of a POB program, resulting from a rising stock market, could result in a pension system surplus and provide a cushion against future market declines. However, a pension system reinvestment loss early in the life of a POB program would contribute to a new unfunded liability, greater than what would have been experienced had the investment not been made, increasing the required CalPERS annual contribution. Agencies mitigate this risk by issuing POBs ratably over time to use a "dollar-cost averaging" approach similar to periodic investments in mutual funds.

Other issues that must be addressed when issuing POBs include:

- **How much to finance** – fully funding the system could result in overfunding, thus overcommitting to debt than would have been necessary;

- **How long to finance** – since CalPERS uses a "layering" approach in amortizing portfolio gains and losses over time, a bond structure would want to consider those amortization bases that are being refinanced; and
- **City's credit ratings and impact on interest rates** – The agency will want to ensure it has the best credit rating possible at the time that the bonds are issued to reduce the interest rates on the POBs to the fully extent possible

Pro's and Con's of Issuing POBs

Proponents of issuing POBs indicate the following advantages for doing so:

1. **Fixed payment** – financing UAL with POBs removes an unknown cost variable and replaces the UAL cost increases with a stable fixed payment amount
2. **Interest rates** – interest rates are currently at historical lows and will typically provide savings to the agency if they have moderately good credit ratings
3. **Fiscal capacity for funding services or projects** – the potential savings allows for the agency to use those funds for other pressing needs for service delivery or funding for capital projects.

Opponents to POBs indicate the following reasons why POBs might be a bad idea:

A. **UAL problem is not over** – issuing a POB now does nothing to address future possible UAL (i.e., returning the UAL to zero now does nothing to keep it at zero in the future)
B. **CalPERS overperformance** – if the investment portfolio, as it is currently trending, overperforms the inherent 7% discount rate, the agency would not have needed to issue such a large POB as the UAL would have decreased
C. **Future legislative/judicial changes** – future changes in pension rules could impact future funding requirements for pension systems and, thus, impact future UALs.

It is important to note that the Government Finance Officers' Association (GFOA) issued an advisory paper on POBs in 2015[2] that strongly advised against state and local governments issuing POBs. They indicated five specific reasons for their advisory:

1. **Investment Risk -** The invested POB proceeds might fail to earn more than the interest rate owed over the term of the bonds, leading to increased overall liabilities for the government.
2. **Complex Financial Instruments** – POBs are complex instruments that carry considerable risk. POB structures may incorporate the use of guaranteed investment contracts, swaps, or derivatives, which must be intensively scrutinized as these embedded products can introduce counterparty risk, credit risk and interest rate risk.
3. **Debt Capacity** – Issuing taxable debt to fund the pension liability increases the jurisdiction's bonded debt burden and potentially uses up debt capacity that could be used for other purposes. In addition, taxable debt is typically issued without call options or with "make-whole" calls, which can make it more difficult and costly to refund or restructure than traditional tax-exempt debt.

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2 Source – GFOA Website – "Advisory: Pension Obligation Bonds" - https://www.gfoa.org/materials/pension-obligation-bonds

4. **Term of Debt Issuance** – POBs are frequently structured in a manner that defers the principal payments or extends repayment over a period longer than the actuarial amortization period, thereby increasing the sponsor's overall costs.
5. **Impact on Future Credit Ratings** – Rating agencies may not view the proposed issuance of POBs as credit positive, particularly if the issuance is not part of a more comprehensive plan to address pension funding shortfalls

Potential Impacts for Scotts Valley to Issue POBs at This Time

CalPERS has released a Pension Outlook tool on its website that, using actuarial data from the latest actuarial valuation, allows an agency to model the impacts of various assumptions and using an advanced discretionary payment such as issuing a POB to model what the long-range impacts are on the agency's pension funding requirements.

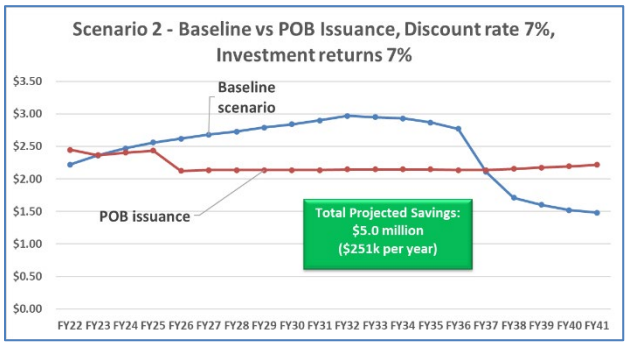
A model was run that assumes that a POB is issued in the current fiscal year to liquidate the UAL at its estimated value for FY 2020 (estimated by CalPERS to be $19.5 million). The baseline scenario is summarized as follows:

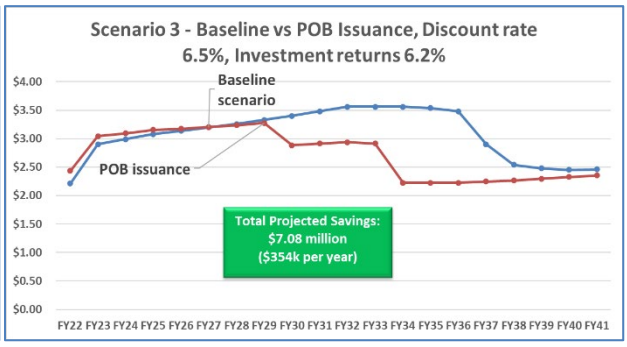
1. **Baseline scenario** – continue to pay pension obligations as required; assumes discount rate and long-range investment returns are equal in each year.

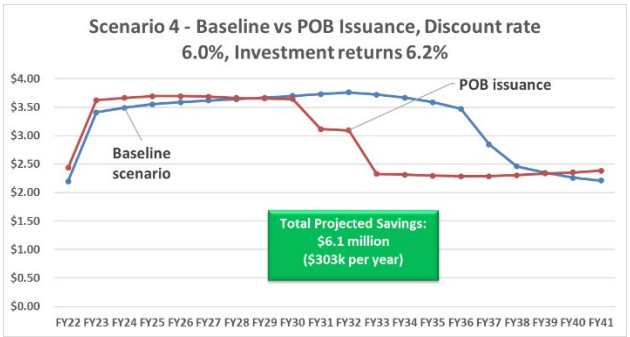
The three alternative scenarios were modeled as follows:

2. **POB Issuance – Current Discount Rate** – Issue $19.5 million in POBs in FY 2021/22 for a 20 year term at 4.5% interest; use proceeds to fully liquidate UAL; assumes discount rate and long-range investment returns hit 7% each year.
3. **POB Issuance –Discount Rate Reduced to 6.5%** – Same as #2, but assumes the discount rate is reduced to 6.5% and that long-term investment returns are 6.2% as predicted by CalPERS' investment advisors.
4. **POB Issuance –Discount Rate Reduced to 6.0%** – Same as #3, but assumes the discount rate is reduced to 6.0%.

The graphs below show the impacts based on the assumptions used above. The average annual savings ranges from $251,000 to $354,000 per year. Because the UAL would be paid off completely in the first year, the compounding impacts of future discount rate changes is lessened.







Other Tools to Pay Down the City's Unfunded Pension Liabilities

Two other options exist that are relevant to the City in paying down its unfunded pension liabilities outside of POBs.

- **Periodic ADPs using excess reserves** – the City could make ADPs to CalPERS based on projected excess reserves in any one year, either in the form of expenditure savings or one-time revenues (windfall) resources.
- **Using Section 115 Trust** – the City has established a Section 115 irrevocable trust for post-employment benefits that would allow the City to set aside funds (e.g., annually or one-time resources) under its control rather than in the CalPERS investment pool. Such trusts are able to invest monies in investment vehicles such as equities and bonds with longer lives that could yield greater investment returns than the restrictions on local governments for excess cash surpluses as defined in the California Government Code for investments. Such funds would stay under the control of the City Council and could be used at its discretion to reduce the burden on the City's General Fund and/or other operating funds through a transfer to CalPERS to pay the annual UAL payment.

Closing Remarks

If the City wishes to explore potential issuance of a POB, it is advisable to consult a debt finance consultant to explore in greater detail the scenarios and potential impacts to the City in issuing such debt.

Council must determine whether POBs represent a tool that it wishes to explore in terms of its fiscal sustainability plan. In times of low interest rates as are the case today, the cost of borrowing would be lower and thus be more likely to generate fiscal savings that warrant a POB issuance. Yet there are significant risks associated with issuance of POBs, especially today where the stock markets are at all-time highs and the potential for a market correction in the next year or two, which will further exacerbate the UAL in future years. The City will need to determine the impacts that a POB issuance might have on future borrowing needs (e.g., wastewater collection system/treatment plant upgrades, city facility improvements) relative to the City's overall debt capacity under State law. Finally, the City will need to consider any potential impacts increased debt might have on credit ratings for future projects, especially in light of the fact that POBs represent general obligation bonds paid from City revenue sources.

FISCAL IMPACT

There is no fiscal impact for the City Council to receive this report. Any future fiscal impacts would relate to the City Council's decision whether to pursue POBs.

STAFF RECOMMENDATION

Receive this report and provide direction to City staff as to whether to explore the issuance of POBs as part of the FY 2021/22 annual budget and/or as a potential tool in the City's long-range fiscal sustainability plan.

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None.