A G E N D A

Meeting of the
Scotts Valley City Council
REMOTE ACCESS ONLY
Date: June 2, 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 https://us02web.zoom.us/j/87571880327 *See information below for how to participate.*	The agenda was posted 05-14-21 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/87571880327
- Or iPhone one-tap:
  +16699009128,,88999122100# US (San Jose)
  +12532158782,,88999122100# US (Tacoma)
- Or join by phone:
  Dial(for higher quality, dial a number based on your current location):
  US: +1 669 900 9128 or +1 253 215 8782 or +1 346 248 7799 or +1 646 558 8656 or +1 301 715 8592 or +1 312 626 6799

Webinar ID: 875 7188 0327

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 Jim Reed, Vice Mayor Jack Dilles, Council Member Randy Johnson, Council Member Donna Lind, Council Member	Tina Friend, City Manager Kirsten Powell, City Attorney Steve Walpole, Chief of Police Taylor Bateman, Community Development Director Casey Estorga, Administrative Services Director Scott Hamby, Interim Public Works Director 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/87571880327

CALL TO ORDER 6:00 PM

MOMENT OF SILENCE

ROLL CALL

SPECIAL SET MATTER

Presentation of Mayor's Proclamation proclaiming June as Elder Abuse Awareness Month.

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 5-14-21, 5-20-21

B. Authorize the City Manager to execute the necessary documents for the Master Equity Lease Agreement with Enterprise Fleet Management, Inc.

C. Authorize the City Manager to execute an agreement, in a form approved by the City Attorney, with Kennedy/Jenks Consultants, Inc. with a not-to-exceed cost of $79,873 for a Wastewater Options Study for future wastewater treatment technologies and opportunities

D. Approve the Second Amendment to the Joint Exercise of Powers Agreement re-establishing the Criminal Justice Council of Santa Cruz County to provide for a three-year extension through June 30, 2024, and authorize the City Manager to sign the Second Amendment

E. Adopt Resolution No. 1847.3 granting consent to the County of Santa Cruz for the renewal of the Santa Cruz County Tourism Marketing District (TMD) in the City of Scotts Valley predicated on the continuation of exemption of not-for-profit organizations from the TMD

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. Public Meeting: Pinewood Estates Landscape Maintenance Assessment District: Resolution No. 1213.35; Annual Engineer's Report Pinewood
(Interim Public Works Director Hamby)

2. Public Meeting: Skypark Open Space Maintenance Assessment District No. 1: Resolution No. 1555-SP-033; Annual Engineer's Report Skypark
(Interim Public Works Director Hamby)

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

3. Consider approval of proposed list of Measure D Projects for FY 2021-22 through FY 2025-26

   - Open public hearing
   - Close public hearing
   - Approve Resolution No. 1923.4

REGULAR AGENDA (resumed)

4. Budget hearing to review the FY 2021-22 Preliminary Annual Budget
(City Manager Friend / Administrative Services Director Estorga)

5. Discussion: CDBG-Program Income funding proposal and alternatives and provide direction to staff on activities and funding amounts to include in the CDBG-PI applications (City Manager Friend)

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

ADJOURNMENT

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: 6-2-2021

City of Scotts Valley

Mayor's Proclamation

WHEREAS, over 1,600 -reports of abuse against our elderly are received every year by Santa Cruz County Adult Protective Services;

WHEREAS, over 2,000 of the City of Scotts Valley residents are 60 years of age or older and the population over age 60 is anticipated to more than double by 2060;

WHEREAS, it is estimated that one out of 10 Americans aged 60 and over have experienced elder abuse, and as few as one out of 24 elder abuse cases are actually reported;

WHEREAS, our elderly population has greatly influenced and shaped today's world, yet are often vulnerable to abuse and neglect and may be unable to prevent, seek protection from or report criminal elder abuse;

WHEREAS, today there is a system of collaboration among the Human Services Department – Adult and Long Term Care Services Division, the Santa Cruz County Sheriff's Department, the Scotts Valley Police Department, the District Attorney, Seniors Council (Area Agency on Aging), the Long-Term Care Ombudsman Program, Public Guardian Program, and many community services partners to prevent abuse, protect victims, and prosecute offenders who abuse our elderly;

WHEREAS, Santa Cruz County is a leader in the State of California in assisting our vulnerable elderly citizens through education, advocacy and collaboration on abuse issues;

WHEREAS, we, as one community, come together each year to dedicate ourselves to providing a safety net to keep our elderly citizens safe from abuse, neglect, and exploitation.

NOW, THEREFORE, I, Derek Timm , Mayor of the City of Scotts Valley, do hereby recognize June 15, 2021 as WORLD ELDER ABUSE AWARENESS DAY and do hereby proclaim the month of June to be ELDER ABUSE AWARENESS MONTH, and encourage all citizens of the City of Scotts Valley to join me in this observance.

Derek Timm, Mayor
Signed and sealed this 2nd day of June 2021

SCOTTS VALLEY ACCOUNTS PAYABLE CITY OF SCOTTS VALLEY
05/14/2021 13:35:36 Check Register GL050S-V08.15 COVERPAGE
GL540R

Report Selection:

RUN GROUP... 051421 COMMENT... 05/14/2021 A/P

DATA-JE-ID	DATA COMMENT
W-05142021-196	05/14/2021 A/P

Run Instructions:

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BANK	VENDOR	CHECK#	DATE	AMOUNT
BA	GENERAL CHECKING ACCOUNT			
003497	ALVAREZ INDUSTRIES, INC	121491	05/14/21	196.00
001670	AT &T	121492	05/14/21	3,502.77
000097	AT&T	121493	05/14/21	9.36
000565	BANK OF NEW YORK MELLON/	121494	05/14/21	3,400.00
003594	BARTLE WELLS ASSOCIATES	121495	05/14/21	13,981.30
001822	BC LABORATORIES INC.	121496	05/14/21	462.00
001566	BUSINESS WITH PLEASURE	121497	05/14/21	521.28
001015	CALIFORNIA POLICE CHIEF'	121498	05/14/21	145.00
002091	COMCAST	121499	05/14/21	146.31
002091	COMCAST	121500	05/14/21	323.22
000037	CRYSTAL SPRINGS WATER CO	121501	05/14/21	66.65
001896	D & G SANITATION	121502	05/14/21	232.60
000389	DASSEL'S PETROLEUM INC	121503	05/14/21	4,348.86
000207	DEPARTMENT OF JUSTICE	121504	05/14/21	66.00
000207	DEPARTMENT OF JUSTICE	121505	05/14/21	32.00
000318	DEPT OF TRANSPORTATION	121506	05/14/21	1,764.78
000191	EMPLOYMENT DEV. DEPT.	121507	05/14/21	10,872.50
001597	ENVIRONMENTAL INNOVATION	121508	05/14/21	7,038.73
003654	GENERAL LOGISTICS SYSTEM	121509	05/14/21	6.92
001817	GROUP 4	121510	05/14/21	11,538.00
000275	IFLAND ENGINEERS INC	121511	05/14/21	1,140.00
003292	KIMLEY-HORN & ASSOCIATES	121512	05/14/21	3,656.62
003140	KJRB	121513	05/14/21	288.00
003998	LED LIGHTING SUPPLY	121514	05/14/21	1,594.00
000078	LLOYD'S TIRE SERVICE INC	121515	05/14/21	272.51
000284	LOGAN & POWELL, LLP	121516	05/14/21	12,080.00
001234	MC GRAW DDS/BERNARD	121517	05/14/21	585.60
000195	MESITI-MILLER ENGINEERIN	121518	05/14/21	793.50
003933	MILLER MAXFIELD, INC.	121519	05/14/21	1,818.75
000083	MISSION UNIFORM SERVICE	121520	05/14/21	666.01
001418	MONTEREY REGIONAL	121521	05/14/21	6,382.87
000939	NATIONAL COMTEL NETWORK	121522	05/14/21	13.86
003989	OLSON/CODY	121523	05/14/21	163.53
003970	PAC SHIELD ROOF SERVICES	121524	05/14/21	500.00
000101	PACIFIC GAS & ELECTRIC C	121525	05/14/21	35,324.72
000101	PACIFIC GAS & ELECTRIC C	121526	05/14/21	110.47
003977	PECKHAM & MCKENNEY	121527	05/14/21	8,333.33
001787	PETRINI'S GARDENING SERV	121528	05/14/21	125.00
000723	PIED PIPER INC./THE	121529	05/14/21	63.50
003117	PRIORITY 1 PUBLIC SAFETY	121530	05/14/21	600.00
000060	RYAN C. WITTWER, DDS	121531	05/14/21	248.80
000134	S.V. WATER DISTRICT	121532	05/14/21	8,863.39
001544	SANTA CRUZ COUNTY CONFER	121533	05/14/21	24,805.15
000319	SCOTTS VALLEY CAR WASH	121534	05/14/21	164.87
003085	SHRED-IT USA	121535	05/14/21	129.48
000143	SUMMIT UNIFORMS	121536	05/14/21	234.89
001085	SYCAL ENGINEERING INC	121537	05/14/21	1,310.00
000153	THOMSON REUTERS-WEST	121538	05/14/21	323.57

BANK	VENDOR		CHECK#	DATE	AMOUNT	
BA	GENERAL CHECKING ACCOUNT					
001366	U.S. BANCORP OFFICE		121539	05/14/21	1,300.62	
001831	USA BLUE BOOK		121540	05/14/21	3,121.71	
001106	VERIZON WIRELESS		121541	05/14/21	1,042.77	
003533	WATSON MARLOW, INC		121542	05/14/21	6,540.76	
003991	WOWAK/PASCALE		121543	05/14/21	610.00	
	GENERAL CHECKING ACCOUNT				181,862.56	***

BANK	VENDOR	CHECK#	DATE	AMOUNT
REPORT TOTALS:				181,862.56

RECORDS PRINTED - 000115

GL540R

FUND RECAP:

FUND	DESCRIPTION	DISBURSEMENTS
001	GENERAL	91,905.78
002	RECYCLING/ENVIRONMENTAL	2,200.00
004	RECREATION	1,228.60
010	WASTEWATER OPERATIONS	58,409.23
011	TERTIARY TREATMENT PLANT	8,570.53
023	SVRDA SUCCESSOR AGENCY	3,400.00
028	SENIOR CENTER	1,049.99
050	PINEWOOD EST LNDSCP MAINT DT	9.88
077	SKYPARK MAINT ASSESS DIST	1,161.02
088	LIBRARY FACILITIES-MEAS "S"	12,038.00
112	DENTAL INS INTERNAL SERV	834.40
123	COMMUNITY FACILITY CENTER	1,055.13
TOTAL ALL FUNDS		181,862.56

BANK RECAP:

BANK	NAME	DISBURSEMENTS
BA	GENERAL CHECKING ACCOUNT	181,862.56
TOTAL ALL BANKS		181,862.56

SCOTTS VALLEY ACCOUNTS PAYABLE CITY OF SCOTTS VALLEY
05/20/2021 11:31:43 Check Register GL050S-V08.15 COVERPAGE
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Report Selection:

RUN GROUP... 052021 COMMENT... 05/20/2021 A/P

DATA-JE-ID	DATA COMMENT
W-05202021-198	05/20/2021 A/P

Run Instructions:

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L		01			Y	S	6	066	10			

BANK	VENDOR	CHECK#	DATE	AMOUNT	
BA GENERAL	CHECKING ACCOUNT				
003342	ACCENT CLEAN & SWEEP INC	121544	05/20/21	6,369.00	
003919	ACCO ENGINEERED SYSTEMS	121545	05/20/21	1,288.02	
003597	ADAMS ASHBY GROUP, INC	121546	05/20/21	7,000.00	
001219	ALHAMBRA	121547	05/20/21	110.85	
001219	ALHAMBRA	121548	05/20/21	63.81	
.15789	AQUA-GREEN LANDSCAPE	121549	05/20/21	500.00	
001670	AT &T	121550	05/20/21	301.86	
000097	AT&T	121551	05/20/21	159.41	
003643	AUNT LALI'S	121552	05/20/21	180.00	
001822	BC LABORATORIES INC.	121553	05/20/21	110.00	
001593	BENEDICT DDS/NANETTE	121554	05/20/21	85.00	
003988	BPS TACTICAL, INC.	121555	05/20/21	70.49	
000437	BRASS KEY LOCKSMITH	121556	05/20/21	35.47	
001015	CALIFORNIA POLICE CHIEF'	121557	05/20/21	440.00	
003521	CARD SERVICE CENTER	121558	05/20/21	5,237.60	
001553	CARD SHARK INC/THE	121559	05/20/21	1,716.49	
000773	CENTRAL COAST LANDSCAPE	121560	05/20/21	383.00	
003351	CHEVROLET OF WATSONVILLE	121561	05/20/21	11,999.63	
002091	COMCAST	121562	05/20/21	167.61	
002091	COMCAST	121563	05/20/21	320.71	
000037	CRYSTAL SPRINGS WATER CO	121564	05/20/21	32.40	
000054	EWING IRRIGATION PRODUCT	121565	05/20/21	651.46	
001881	GRAINGER	121566	05/20/21	88.36	
003969	HULME PROFESSIONAL	121567	05/20/21	1,100.00	
003292	KIMLEY-HORN & ASSOCIATES	121568	05/20/21	882.00	
003913	LONG/AMANDA	121569	05/20/21	111.50	
003171	MICHALAK/GENE	121570	05/20/21	125.00	
000218	MID VALLEY SUPPLY	121571	05/20/21	286.37	
000101	PACIFIC GAS & ELECTRIC C	121572	05/20/21	83.03	
003165	PHENOVA, INC	121573	05/20/21	126.95	
001857	PHOENIX GROUP	121574	05/20/21	330.10	
001894	S.V. WATER DISTRICT - BU	121575	05/20/21	202.55	
000127	SANTA CRUZ SENTINEL	121576	05/20/21	1,635.63	
000133	SCOTTS VALLEY SPRINKLER	121577	05/20/21	10.92	
003548	TORO PETROLEUM CORP	121578	05/20/21	3,771.47	
003956	VERITONE, INC.	121579	05/20/21	1,200.00	
001106	VERIZON WIRELESS	121580	05/20/21	180.52	
003145	WAGE WORKS	121581	05/20/21	125.00	
003971	WIZIX TECHNOLOGY GROUP,	121582	05/20/21	219.62	
GENERAL	CHECKING ACCOUNT			47,701.83	***

BANK	VENDOR	CHECK#	DATE	AMOUNT
REPORT TOTALS:				47,701.83

RECORDS PRINTED - 000061

GL540R

FUND RECAP:

FUND	DESCRIPTION	DISBURSEMENTS
001	GENERAL	21,529.03
002	RECYCLING/ENVIRONMENTAL	6,369.00
004	RECREATION	61.24
010	WASTEWATER OPERATIONS	14,752.21
011	TERTIARY TREATMENT PLANT	1,885.74
028	SENIOR CENTER	167.61
050	PINEWOOD EST LNDSCP MAINT DT	383.00
112	DENTAL INS INTERNAL SERV	1,296.50
123	COMMUNITY FACILITY CENTER	83.03
150	GENERAL CAPITAL IMPROVEMENTS	500.00
312	POLICE - BUDGET ACT OF 2016	674.47
TOTAL ALL FUNDS		47,701.83

BANK RECAP:

BANK	NAME	DISBURSEMENTS
BA	GENERAL CHECKING ACCOUNT	47,701.83
TOTAL ALL BANKS		47,701.83

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: June 2, 2021

TO: Honorable Mayor and City Council

FROM: Scott Hamby, Interim Public Works Director

APPROVED: Tina Friend, City Manager

SUBJECT: **MASTER EQUITY LEASE AGREEMENT BETWEEN THE CITY AND ENTERPRISE FLEET MANAGEMENT, INC.**

SUMMARY OF ISSUE

The City's maintenance department owns and maintains seven pickup trucks that are used on a daily basis as well as several other pieces of equipment including backhoes, dump trucks, etc. The average age of the trucks is ten to twelve (12) years and many are beyond their intended useful life. These older vehicles have much higher fuel and maintenance costs and tend to be considerably less reliable. The City has historically handled vehicle replacement by allocating relatively small portions of one-time funding to purchase a few vehicles at a time.

The City's current fleet is less reliable, more expensive to manage and repair, emits greater pollution than newer vehicles, and does not take advantage of improved safety equipment that comes standard on new vehicles. Additionally, the City does not have a dedicated fleet manager to provide adequate fleet management and oversight or provide recommendations on replacement schedules, vehicle types, etc.

Staff continues to evaluate City operations in search of innovative ways to maximize efficiencies, optimize use of staff resources, and explore all opportunities to realize operational and capital expenditure cost savings. In January of 2020 staff met with Enterprise Fleet Management, Inc. ("Enterprise") which owns and operates the world's largest fleet of leased vehicles. Under their Governmental Fleet Management Program, cities may contract with Enterprise and are eligible to lease vehicles which may include fleet management and support, as well as maintenance services, insurance, etc.

Without additional staffing support of a dedicated fleet manager, deferment of other City priorities, or management staff augmentation by a comprehensive fleet management program, the City will not be able to reverse the trend of an aging and inefficient fleet. Staff proposes that Council consider a Master Lease Agreement with Enterprise for the immediate addition of six light to medium duty pickup trucks for the City's Public Works/Maintenance Department. Below are the vehicles the City plans to lease:

- Ford Ranger XL 4x2 Super Cab
- Ford Ranger XL 4x2 Super Cab with bed cover
- (2) Ford 250 XL 4x2 Regular Cab with service body
- Ford 250 XL 4x2 Regular Cab with service body and liftgate
- Ford 250 XL 4x4 Super Cab with service body and winch

How the lease agreement works: The business relationship between the City of Scotts Valley and Enterprise Fleet Management is an important element of this proposed agreement. Notably, the agreement will allow City staff to leverage industry expertise from the Enterprise Fleet Management team to make educated and timely decisions about the City's fleet and overall business needs. This will include diverting from the practice of having to identify large sums of one-time funding to cover the costs of purchasing new vehicles outright, as was done historically, to instead allowing the City to leverage the value of its assets to secure new, safe, and functional vehicles by making data-driven business decisions.

For example, the proposed agreement includes a list of vehicles that align with the City's current operational needs to provide service to the community. However, the community's needs and the equipment necessary to meet those needs, will evolve over time. Additionally, the useful lifecycle of a vehicle will also change over time, including an increase in maintenance needs, associated maintenance costs and vehicle down-time. This directly correlates to a decrease in the overall value of a vehicle as the vehicle ages.

This agreement will enable the City to directly benefit from Enterprise Fleet Management's knowledge of the new and used vehicle markets by accessing real-time data about the role each vehicle plays in providing service to the Scotts Valley community. This is specifically accomplished when Enterprise gathers and analyzes data about each vehicle leased by the City, including general maintenance and service records, total miles used, safety and/or manufacturer recalls, and the general demand for the vehicles throughout the world. Then, City staff can use this data to make strategic decisions about how to manage its fleet. This can include decisions about when to invest in the maintenance of a vehicle and/or when to consider to sell a vehicle. By partnering with Enterprise a vehicle's maximum resale value and how that timing works with the City's current and future needs, including budgetary considerations, will be evaluated.

In the event the City choses to sell a leased vehicle, the Enterprise team would help facilitate that process on the City's behalf. When using this resale methodology and relying on real-time, comprehensive data, it is common that there will be proceeds from the sale. When this occurs, the City will have discretion on how to use those proceeds, which may include depositing funds back into the City's coffers for future use or, a more common approach, reinvesting the proceeds towards the purchase of new vehicles.

This agreement would allow the Enterprise team to fill the role of fleet manager and, among other things, perform market research on the City's behalf. Most importantly, because vehicle technology evolves so rapidly, this relationship would also result in the City having access to modern vehicles with contemporary safety features, the greatest fuel economy, and to those that meet the best emission standards.

In summary, the net result of this type of agreement is a business relationship that allows the City to address its dynamic service needs while having direct access to resources at competitive prices.

FISCAL IMPACT

$81,883 to be paid from available and budgeted vehicle maintenance funds.

For the first year of the lease agreement, the City will pay $81,883, which includes a down payment of $32,766. Each year after, the City will pay $49,071.

STAFF RECOMMEDNATION

It is recommended that the City Council authorize the City Manager to execute the following documents for the Master Equity Lease Agreement with Enterprise Fleet Management, Inc.:

- Master Equity Lease Agreement
- Maintenance Agreement
- Credit Application
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enterprise

FLEET MANAGEMENT

MASTER EQUITY LEASE AGREEMENT

This Master Equity Lease Agreement is entered into this _______ day of ________________, by and between Enterprise FM Trust, a Delaware statutory trust ("Lessor"), and the lessee whose name and address is set forth on the signature page below ("Lessee").

1. LEASE OF VEHICLES: Lessor hereby leases to Lessee and Lessee hereby leases from Lessor the vehicles (individually, a "Vehicle" and collectively, the "Vehicles") described in the schedules from time to time delivered by Lessor to Lessee as set forth below ("Schedule(s)") for the rentals and on the terms set forth in this Agreement and in the applicable Schedule. References to this "Agreement" shall include this Master Equity Lease Agreement and the various Schedules and addenda to this Master Equity Lease Agreement. Lessor will, on or about the date of delivery of each Vehicle to Lessee, send Lessee a Schedule covering the Vehicle, which will include, among other things, a description of the Vehicle, the lease term and the monthly rental and other payments due with respect to the Vehicle. The terms contained in each such Schedule will be binding on Lessee unless Lessee objects in writing to such Schedule within ten (10) days after the date of delivery of the Vehicle covered by such Schedule. Lessor is the sole legal owner of each Vehicle. This Agreement is a lease only and Lessee will have no right, title or interest in or to the Vehicles except for the use of the Vehicles as described in this Agreement. This Agreement shall be treated as a true lease for federal and applicable state income tax purposes with Lessor having all benefits of ownership of the Vehicles. It is understood and agreed that Enterprise Fleet Management, Inc. or an affiliate thereof (together with any subservicer, agent, successor or assign as servicer on behalf of Lessor, "Servicer") may administer this Agreement on behalf of Lessor and may perform the service functions herein provided to be performed by Lessor.

2. TERM: The term of this Agreement ("Term") for each Vehicle begins on the date such Vehicle is delivered to Lessee (the "Delivery Date") and, unless terminated earlier in accordance with the terms of this Agreement, continues for the "Lease Term" as described in the applicable Schedule.

3. RENT AND OTHER CHARGES:

(a) Lessee agrees to pay Lessor monthly rental and other payments according to the Schedules and this Agreement. The monthly payments will be in the amount listed as the "Total Monthly Rental Including Additional Services" on the applicable Schedule (with any portion of such amount identified as a charge for maintenance services under Section 4 of the applicable Schedule being payable to Lessor as agent for Enterprise Fleet Management, Inc.) and will be due and payable in advance on the first day of each month. If a Vehicle is delivered to Lessee on any day other than the first day of a month, monthly rental payments will begin on the first day of the next month. In addition to the monthly rental payments, Lessee agrees to pay Lessor a pro-rated rental charge for the number of days that the Delivery Date precedes the first monthly rental payment date. A portion of each monthly rental payment, being the amount designated as "Depreciation Reserve" on the applicable Schedule, will be considered as a reserve for depreciation and will be credited against the Delivered Price of the Vehicle for purposes of computing the Book Value of the Vehicle under Section 3(c). Lessee agrees to pay Lessor the "Total Initial Charges" set forth in each Schedule on the due date of the first monthly rental payment under such Schedule. Lessee agrees to pay Lessor the "Service Charge Due at Lease Termination" set forth in each Schedule at the end of the applicable Term (whether by reason of expiration, early termination or otherwise).

(b) In the event the Term for any Vehicle ends prior to the last day of the scheduled Term, whether as a result of a default by Lessee, a Casualty Occurrence or any other reason, the rentals and management fees paid by Lessee will be recalculated in accordance with the rule of 78's and the adjusted amount will be payable by Lessee to Lessor on the termination date.

(c) Lessee agrees to pay Lessor within thirty (30) days after the end of the Term for each Vehicle, additional rent equal to the excess, if any, of the Book Value of such Vehicle over the greater of (i) the wholesale value of such Vehicle as determined by Lessor in good faith or (ii) except as provided below, twenty percent (20%) of the Delivered Price of such Vehicle as set forth in the applicable Schedule. If the Book Value of such Vehicle is less than the greater of (i) the wholesale value of such Vehicle as determined by Lessor in good faith or (ii) except as provided below, twenty percent (20%) of the Delivered Price of such Vehicle as set forth in the applicable Schedule, Lessor agrees to pay such deficiency to Lessee as a terminal rental adjustment within thirty (30) days after the end of the applicable Term. Notwithstanding the foregoing, if (i) the Term for a Vehicle is greater than forty-eight (48) months (including any extension of the Term for such Vehicle), (ii) the mileage on a Vehicle at the end of the Term is greater than 15,000 miles per year on average (prorated on a daily basis) (i.e., if the mileage on a Vehicle with a Term of thirty-six (36) months is greater than 45,000 miles) or (iii) in the sole judgment of Lessor, a Vehicle has been subject to damage or any abnormal or excessive wear and tear, the calculations described in the two immediately preceding sentences shall be made without giving effect to clause (ii) in each such sentence. The "Book Value" of a Vehicle means the sum of (i) the "Delivered Price" of the Vehicle as set forth in the applicable Schedule minus (ii) the total Depreciation Reserve paid by Lessee to Lessor with respect to such Vehicle plus (iii) all accrued and unpaid rent and/or other amounts owed by Lessee with respect to such Vehicle.

(d) Any security deposit of Lessee will be returned to Lessee at the end of the applicable Term, except that the deposit will first be applied to any losses and/or damages suffered by Lessor as a result of Lessee's breach of or default under this Agreement and/or to any other amounts then owed by Lessee to Lessor.

(e) Any rental payment or other amount owed by Lessee to Lessor which is not paid within twenty (20) days after its due date will accrue interest, payable on demand of Lessor, from the date due until paid in full at a rate per annum equal to the lesser of (i) Eighteen Percent (18%) per annum or (ii) the highest rate permitted by applicable law (the "Default Rate").

(f) If Lessee fails to pay any amount due under this Agreement or to comply with any of the covenants contained in this Agreement, Lessor, Servicer or any other agent of Lessor may, at its option, pay such amounts or perform such covenants and all sums paid or incurred by Lessor in connection therewith will be repayable by Lessee to Lessor upon demand together with interest thereon at the Default Rate.

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(g) Lessee's obligations to make all payments of rent and other amounts under this Agreement are absolute and unconditional and such payments shall be made in immediately available funds without setoff, counterclaim or deduction of any kind. Lessee acknowledges and agrees that neither any Casualty Occurrence to any Vehicle nor any defect, unfitness or lack of governmental approval in, of, or with respect to, any Vehicle regardless of the cause or consequence nor any breach by Enterprise Fleet Management, Inc. of any maintenance agreement between Enterprise Fleet Management, Inc. and Lessee covering any Vehicle regardless of the cause or consequence will relieve Lessee from the performance of any of its obligations under this Agreement, including, without limitation, the payment of rent and other amounts under this Agreement.

4. USE AND SURRENDER OF VEHICLES: Lessee agrees to allow only duly authorized, licensed and insured drivers to use and operate the Vehicles. Lessee agrees to comply with, and cause its drivers to comply with, all laws, statutes, rules, regulations and ordinances and the provisions of all insurance policies affecting or covering the Vehicles or their use or operation. Lessee agrees to keep the Vehicles free of all liens, charges and encumbrances. Lessee agrees that in no event will any Vehicle be used or operated for transporting hazardous substances or persons for hire, for any illegal purpose or to pull trailers that exceed the manufacturer's trailer towing recommendations. Lessee agrees that no Vehicle is intended to be or will be utilized as a "school bus" as defined in the Code of Federal Regulations or any applicable state or municipal statute or regulation. Lessee agrees not to remove any Vehicle from the continental United States without first obtaining Lessor's written consent. At the expiration or earlier termination of this Agreement with respect to each Vehicle, or upon demand by Lessor made pursuant to Section 14, Lessee at its risk and expense agrees to return such Vehicle to Lessor at such place and by such reasonable means as may be designated by Lessor. If for any reason Lessee fails to return any Vehicle to Lessor as and when required in accordance with this Section, Lessee agrees to pay Lessor additional rent for such Vehicle at twice the normal pro-rated daily rent. Acceptance of such additional rent by Lessor will in no way limit Lessor's remedies with respect to Lessee's failure to return any Vehicle as required hereunder.

5. COSTS, EXPENSES, FEES AND CHARGES: Lessee agrees to pay all costs, expenses, fees, charges, fines, tickets, penalties and taxes (other than federal and state income taxes on the income of Lessor) incurred in connection with the titling, registration, delivery, purchase, sale, rental, use or operation of the Vehicles during the Term. If Lessor, Servicer or any other agent of Lessor incurs any such costs or expenses, Lessee agrees to promptly reimburse Lessor for the same.

6. LICENSE AND CHARGES: Each Vehicle will be titled and licensed in the name designated by Lessor at Lessee's expense. Certain other charges relating to the acquisition of each Vehicle and paid or satisfied by Lessor have been capitalized in determining the monthly rental, treated as an initial charge or otherwise charged to Lessee. Such charges have been determined without reduction for trade-in, exchange allowance or other credit attributable to any Lessor-owned vehicle.

7. REGISTRATION PLATES, ETC.: Lessee agrees, at its expense, to obtain in the name designated by Lessor all registration plates and other plates, permits, inspections and/or licenses required in connection with the Vehicles, except for the initial registration plates which Lessor will obtain at Lessee's expense. The parties agree to cooperate and to furnish any and all information or documentation, which may be reasonably necessary for compliance with the provisions of this Section or any federal, state or local law, rule, regulation or ordinance. Lessee agrees that it will not permit any Vehicle to be located in a state other than the state in which such Vehicle is then titled for any continuous period of time that would require such Vehicle to become subject to the titling and/or registration laws of such other state.

8. MAINTENANCE OF AND IMPROVEMENTS TO VEHICLES:

(a) Lessee agrees, at its expense, to (i) maintain the Vehicles in good condition, repair, maintenance and running order and in accordance with all manufacturer's instructions and warranty requirements and all legal requirements and (ii) furnish all labor, materials, parts and other essentials required for the proper operation and maintenance of the Vehicles. Any alterations, additions, replacement parts or improvements to a Vehicle will become and remain the property of Lessor and will be returned with such Vehicle upon such Vehicle's return pursuant to Section 4. Notwithstanding the foregoing, so long as no Event of Default has occurred and is continuing, Lessee shall have the right to remove any additional equipment installed by Lessee on a Vehicle prior to returning such Vehicle to Lessor under Section 4. The value of such alterations, additions, replacement parts and improvements will in no instance be regarded as rent. Without the prior written consent of Lessor, Lessee will not make any alterations, additions, replacement parts or improvements to any Vehicle which detract from its economic value or functional utility. Lessor will not be required to make any repairs or replacements of any nature or description with respect to any Vehicle, to maintain or repair any Vehicle or to make any expenditure whatsoever in connection with any Vehicle or this Agreement.

(b) Lessor and Lessee acknowledge and agree that if Section 4 of a Schedule includes a charge for maintenance, (i) the Vehicle(s) covered by such Schedule are subject to a separate maintenance agreement between Enterprise Fleet Management, Inc. and Lessee and (ii) Lessor shall have no liability or responsibility for any failure of Enterprise Fleet Management, Inc. to perform any of its obligations thereunder or to pay or reimburse Lessee for its payment of any costs and expenses incurred in connection with the maintenance or repair of any such Vehicle(s).

9. SELECTION OF VEHICLES AND DISCLAIMER OF WARRANTIES:

(a) LESSEE ACCEPTANCE OF DELIVERY AND USE OF EACH VEHICLE WILL CONCLUSIVELY ESTABLISH THAT SUCH VEHICLE IS OF A SIZE, DESIGN, CAPACITY, TYPE AND MANUFACTURE SELECTED BY LESSEE AND THAT SUCH VEHICLE IS IN GOOD CONDITION AND REPAIR AND IS SATISFACTORY IN ALL RESPECTS AND IS SUITABLE FOR LESSEE'S PURPOSE. LESSEE ACKNOWLEDGES THAT LESSOR IS NOT A MANUFACTURER OF ANY VEHICLE OR AN AGENT OF A MANUFACTURER OF ANY VEHICLE.

(b) LESSOR MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, WITH RESPECT TO ANY VEHICLE, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY AS TO CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, IT BEING AGREED THAT ALL SUCH RISKS ARE TO BE BORNE BY LESSEE. THE VEHICLES ARE LEASED "AS IS," "WITH ALL FAULTS." All warranties made by any supplier, vendor and/or manufacturer of a Vehicle are hereby assigned by Lessor to Lessee for the applicable Term and Lessee's only remedy, if any, is against the supplier, vendor or manufacturer of the Vehicle.

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(c) None of Lessor, Servicer or any other agent of Lessor will be liable to Lessee for any liability, claim, loss, damage (direct, incidental or consequential) or expense of any kind or nature, caused directly or indirectly, by any Vehicle or any inadequacy of any Vehicle for any purpose or any defect (latent or patent) in any Vehicle or the use or maintenance of any Vehicle or any repair, servicing or adjustment of or to any Vehicle, or any delay in providing or failure to provide any Vehicle, or any interruption or loss of service or use of any Vehicle, or any loss of business or any damage whatsoever and however caused. In addition, none of Lessor, Servicer or any other agent of Lessor will have any liability to Lessee under this Agreement or under any order authorization form executed by Lessee if Lessor is unable to locate or purchase a Vehicle ordered by Lessee or for any delay in delivery of any Vehicle ordered by Lessee.

10. RISK OF LOSS: Lessee assumes and agrees to bear the entire risk of loss of, theft of, damage to or destruction of any Vehicle from any cause whatsoever ("Casualty Occurrence"). In the event of a Casualty Occurrence to a Vehicle, Lessee shall give Lessor prompt notice of the Casualty Occurrence and thereafter will place the applicable Vehicle in good repair, condition and working order; provided, however, that if the applicable Vehicle is determined by Lessor to be lost, stolen, destroyed or damaged beyond repair (a "Totaled Vehicle"), Lessee agrees to pay Lessor no later than the date thirty (30) days after the date of the Casualty Occurrence the amounts owed under Sections 3(b) and 3(c) with respect to such Totaled Vehicle. Upon such payment, this Agreement will terminate with respect to such Totaled Vehicle.

11. INSURANCE:

(a) Lessee agrees to purchase and maintain in force during the Term, insurance policies in at least the amounts listed below covering each Vehicle, to be written by an insurance company or companies satisfactory to Lessor, insuring Lessee, Lessor and any other person or entity designated by Lessor against any damage, claim, suit, action or liability:

(i) Commercial Automobile Liability Insurance (including Uninsured/Underinsured Motorist Coverage and No-Fault Protection where required by law) for the limits listed below (Note - $2,000,000 Combined Single Limit Bodily Injury and Property Damage with No Deductible is required for each Vehicle capable of transporting more than 8 passengers):

State of Vehicle Registration	**Coverage**
Connecticut, Massachusetts, Maine, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont	$1,000,000 Combined Single Limit Bodily Injury and Property Damage - No Deductible
Florida	$500,000 Combined Single Limit Bodily Injury and Property Damage or $100,000 Bodily Injury Per Person, $300,000 Per Occurrence and $50,000 Property Damage (100/300/50) - No Deductible
All Other States	$300,000 Combined Single Limit Bodily Injury and Property Damage or $100,000 Bodily Injury Per Person, $300,000 Per Occurrence and $50,000 Property Damage (100/300/50) - No Deductible

(ii) Physical Damage Insurance (Collision & Comprehensive): Actual cash value of the applicable Vehicle. Maximum deductible of $500 per occurrence - Collision and $250 per occurrence - Comprehensive).

If the requirements of any governmental or regulatory agency exceed the minimums stated in this Agreement, Lessee must obtain and maintain the higher insurance requirements. Lessee agrees that each required policy of insurance will by appropriate endorsement or otherwise name Lessor and any other person or entity designated by Lessor as additional insureds and loss payees, as their respective interests may appear. Further, each such insurance policy must provide the following: (i) that the same may not be cancelled, changed or modified until after the insurer has given to Lessor, Servicer and any other person or entity designated by Lessor at least thirty (30) days prior written notice of such proposed cancellation, change or modification, (ii) that no act or default of Lessee or any other person or entity shall affect the right of Lessor, Servicer, any other agent of Lessor or any of their respective successors or assigns to recover under such policy or policies of insurance in the event of any loss of or damage to any Vehicle and (iii) that the coverage is "primary coverage" for the protection of Lessee, Lessor, Servicer, any other agent of Lessor and their respective successors and assigns notwithstanding any other coverage carried by Lessee, Lessor, Servicer, any other agent of Lessor or any of their respective successors or assigns protecting against similar risks. Original certificates evidencing such coverage and naming Lessor, Servicer, any other agent of Lessor and any other person or entity designated by Lessor as additional insureds and loss payees shall be furnished to Lessor prior to the Delivery Date, and annually thereafter and/or as reasonably requested by Lessor from time to time. In the event of default, Lessee hereby appoints Lessor, Servicer and any other agent of Lessor as Lessee's attorney-in-fact to receive payment of, to endorse all checks and other documents and to take any other actions necessary to pursue insurance claims and recover payments if Lessee fails to do so. Any expense of Lessor, Servicer or any other agent of Lessor in adjusting or collecting insurance shall be borne by Lessee.

Lessee, its drivers, servants and agents agree to cooperate fully with Lessor, Servicer, any other agent of Lessor and any insurance carriers in the investigation, defense and prosecution of all claims or suits arising from the use or operation of any Vehicle. If any claim is made or action commenced for death, personal injury or property damage resulting from the ownership, maintenance, use or operation of any Vehicle, Lessee will promptly notify Lessor of such action or claim and forward to Lessor a copy of every demand, notice, summons or other process received in connection with such claim or action.

(b) Notwithstanding the provisions of Section 11(a) above: (i) if Section 4 of a Schedule includes a charge for physical damage waiver, Lessor agrees that (A) Lessee will not be required to obtain or maintain the minimum physical damage insurance (collision and comprehensive) required under Section 11(a) for the Vehicle(s) covered by such Schedule and (B) Lessor will assume the risk of physical damage (collision and comprehensive) to the Vehicle(s) covered by such Schedule; provided, however, that such physical damage waiver shall not apply to, and Lessee shall be and remain liable and responsible for, damage to a covered Vehicle caused by wear and tear or mechanical breakdown or failure, damage to or loss of any parts, accessories or components added to a covered

Vehicle by Lessee without the prior written consent of Lessor and/or damage to or loss of any property and/or personal effects contained in a covered Vehicle. In the event of a Casualty Occurrence to a covered Vehicle, Lessor may, at its option, replace, rather than repair, the damaged Vehicle with an equivalent vehicle, which replacement vehicle will then constitute the "Vehicle" for purposes of this Agreement; and (ii) if Section 4 of a Schedule includes a charge for commercial automobile liability enrollment, Lessor agrees that it will, at its expense, obtain for and on behalf of Lessee, by adding Lessee as an additional insured under a commercial automobile liability insurance policy issued by an insurance company selected by Lessor, commercial automobile liability insurance satisfying the minimum commercial automobile liability insurance required under Section 11(a) for the Vehicle(s) covered by such Schedule. Lessor may at any time during the applicable Term terminate said obligation to provide physical damage waiver and/or commercial automobile liability enrollment and cancel such physical damage waiver and/or commercial automobile liability enrollment upon giving Lessee at least ten (10) days prior written notice. Upon such cancellation, insurance in the minimum amounts as set forth in 11(a) shall be obtained and maintained by Lessee at Lessee's expense. An adjustment will be made in monthly rental charges payable by Lessee to reflect any such change and Lessee agrees to furnish Lessor with satisfactory proof of insurance coverage within ten (10) days after mailing of the notice. In addition, Lessor may change the rates charged by Lessor under this Section 11(b) for physical damage waiver and/or commercial automobile liability enrollment upon giving Lessee at least thirty (30) days prior written notice.

12. INDEMNITY: To the extent permitted by state law, Lessee agrees to defend and indemnify Lessor, Servicer, any other agent of Lessor and their respective successors and assigns from and against any and all losses, damages, liabilities, suits, claims, demands, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) which Lessor, Servicer, any other agent of Lessor or any of their respective successors or assigns may incur by reason of Lessee's breach or violation of, or failure to observe or perform, any term, provision or covenant of this Agreement, or as a result of any loss, damage, theft or destruction of any Vehicle or related to or arising out of or in connection with the use, operation or condition of any Vehicle. The provisions of this Section 12 shall survive any expiration or termination of this Agreement. Nothing herein shall be deemed to affect the rights, privileges, and immunities of Lessee and the foregoing indemnity provision is not intended to be a waiver of any sovereign immunity afforded to Lessee pursuant to the law.

13. INSPECTION OF VEHICLES; ODOMETER DISCLOSURE; FINANCIAL STATEMENTS: Lessee agrees to accomplish, at its expense, all inspections of the Vehicles required by any governmental authority during the Term. Lessor, Servicer, any other agent of Lessor and any of their respective successors or assigns will have the right to inspect any Vehicle at any reasonable time(s) during the Term and for this purpose to enter into or upon any building or place where any Vehicle is located. Lessee agrees to comply with all odometer disclosure laws, rules and regulations and to provide such written and signed disclosure information on such forms and in such manner as directed by Lessor. Providing false information or failure to complete the odometer disclosure form as required by law may result in fines and/or imprisonment. Lessee hereby agrees to promptly deliver to Lessor such financial statements and other financial information regarding Lessee as Lessor may from time to time reasonably request.

14. DEFAULT; REMEDIES: The following shall constitute events of default ("Events of Default") by Lessee under this Agreement: (a) if Lessee fails to pay when due any rent or other amount due under this Agreement and any such failure shall remain unremedied for ten (10) days; (b) if Lessee fails to perform, keep or observe any term, provision or covenant contained in Section 11 of this Agreement; (c) if Lessee fails to perform, keep or observe any other term, provision or covenant contained in this Agreement and any such failure shall remain unremedied for thirty (30) days after written notice thereof is given by Lessor, Servicer or any other agent of Lessor to Lessee; (d) any seizure or confiscation of any Vehicle or any other act (other than a Casualty Occurrence) otherwise rendering any Vehicle unsuitable for use (as determined by Lessor); (e) if any present or future guaranty in favor of Lessor of all or any portion of the obligations of Lessee under this Agreement shall at any time for any reason cease to be in full force and effect or shall be declared to be null and void by a court of competent jurisdiction, or if the validity or enforceability of any such guaranty shall be contested or denied by any guarantor, or if any guarantor shall deny that it, he or she has any further liability or obligation under any such guaranty or if any guarantor shall fail to comply with or observe any of the terms, provisions or conditions contained in any such guaranty; (f) the occurrence of a material adverse change in the financial condition or business of Lessee or any guarantor; or (g) if Lessee or any guarantor is in default under or fails to comply with any other present or future agreement with or in favor of Lessor, The Crawford Group, Inc. or any direct or indirect subsidiary of The Crawford Group, Inc.. For purposes of this Section 14, the term "guarantor" shall mean any present or future guarantor of all or any portion of the obligations of Lessee under this Agreement.

Upon the occurrence of any Event of Default, Lessor, without notice to Lessee, will have the right to exercise concurrently or separately (and without any election of remedies being deemed made), the following remedies: (a) Lessor may demand and receive immediate possession of any or all of the Vehicles from Lessee, without releasing Lessee from its obligations under this Agreement; if Lessee fails to surrender possession of the Vehicles to Lessor on default (or termination or expiration of the Term), Lessor, Servicer, any other agent of Lessor and any of Lessor's independent contractors shall have the right to enter upon any premises where the Vehicles may be located and to remove and repossess the Vehicles; (b) Lessor may enforce performance by Lessee of its obligations under this Agreement; (c) Lessor may recover damages and expenses sustained by Lessor, Servicer, any other agent of Lessor or any of their respective successors or assigns by reason of Lessee's default including, to the extent permitted by applicable law, all costs and expenses, including court costs and reasonable attorneys' fees and expenses, incurred by Lessor, Servicer, any other agent of Lessor or any of their respective successors or assigns in attempting or effecting enforcement of Lessor's rights under this Agreement (whether or not litigation is commenced) and/or in connection with bankruptcy or insolvency proceedings; (d) upon written notice to Lessee, Lessor may terminate Lessee's rights under this Agreement; (e) with respect to each Vehicle, Lessor may recover from Lessee all amounts owed by Lessee under Sections 3(b) and 3(c) of this Agreement (and, if Lessor does not recover possession of a Vehicle, (i) the estimated wholesale value of such Vehicle for purposes of Section 3(c) shall be deemed to be $0.00 and (ii) the calculations described in the first two sentences of Section 3(c) shall be made without giving effect to clause (ii) in each such sentence); and/or (f) Lessor may exercise any other right or remedy which may be available to Lessor under the Uniform Commercial Code, any other applicable law or in equity. A termination of this Agreement shall occur only upon written notice by Lessor to Lessee. Any termination shall not affect Lessee's obligation to pay all amounts due for periods prior to the effective date of such termination or Lessee's obligation to pay any indemnities under this Agreement. All remedies of Lessor under this Agreement or at law or in equity are cumulative.

15. ASSIGNMENTS: Lessor may from time to time assign, pledge or transfer this Agreement and/or any or all of its rights and obligations under this Agreement to any person or entity. Lessee agrees, upon notice of any such assignment, pledge or transfer of any amounts due or to become due to Lessor under this Agreement to pay all such amounts to such assignee, pledgee or transferee. Any such assignee, pledgee or transferee of any rights or obligations of Lessor under this Agreement will have all of the rights and obligations that have been assigned to it. Lessee's rights and interest in and to the Vehicles are and will continue

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at all times to be subject and subordinate in all respects to any assignment, pledge or transfer now or hereafter executed by Lessor with or in favor of any such assignee, pledgee or transferee, provided that Lessee shall have the right of quiet enjoyment of the Vehicles so long as no Event of Default under this Agreement has occurred and is continuing. Lessee acknowledges and agrees that the rights of any assignee, pledgee or transferee in and to any amounts payable by the Lessee under any provisions of this Agreement shall be absolute and unconditional and shall not be subject to any abatement whatsoever, or to any defense, setoff, counterclaim or recoupment whatsoever, whether by reason of any damage to or loss or destruction of any Vehicle or by reason of any defect in or failure of title of the Lessor or interruption from whatsoever cause in the use, operation or possession of any Vehicle, or by reason of any indebtedness or liability howsoever and whenever arising of the Lessor or any of its affiliates to the Lessee or to any other person or entity, or for any other reason.

Without the prior written consent of Lessor, Lessee may not assign, sublease, transfer or pledge this Agreement, any Vehicle, or any interest in this Agreement or in and to any Vehicle, or permit its rights under this Agreement or any Vehicle to be subject to any lien, charge or encumbrance. Lessee's interest in this Agreement is not assignable and cannot be assigned or transferred by operation of law. Lessee will not transfer or relinquish possession of any Vehicle (except for the sole purpose of repair or service of such Vehicle) without the prior written consent of Lessor.

16. MISCELLANEOUS: This Agreement contains the entire understanding of the parties. This Agreement may only be amended or modified by an instrument in writing executed by both parties. Lessor shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies under this Agreement and no waiver whatsoever shall be valid unless in writing and signed by Lessor and then only to the extent therein set forth. A waiver by Lessor of any right or remedy under this Agreement on any one occasion shall not be construed as a bar to any right or remedy, which Lessor would otherwise have on any future occasion. If any term or provision of this Agreement or any application of any such term or provision is invalid or unenforceable, the remainder of this Agreement and any other application of such term or provision will not be affected thereby. Giving of all notices under this Agreement will be sufficient if mailed by certified mail to a party at its address set forth below or at such other address as such party may provide in writing from time to time. Any such notice mailed to such address will be effective one (1) day after deposit in the United States mail, duly addressed, with certified mail, postage prepaid. Lessee will promptly notify Lessor of any change in Lessee's address. This Agreement may be executed in multiple counterparts (including facsimile and pdf counterparts), but the counterpart marked "ORIGINAL" by Lessor will be the original lease for purposes of applicable law. All of the representations, warranties, covenants, agreements and obligations of each Lessee under this Agreement (if more than one) are joint and several.

17. SUCCESSORS AND ASSIGNS; GOVERNING LAW: Subject to the provisions of Section 15, this Agreement will be binding upon Lessee and its heirs, executors, personal representatives, successors and assigns, and will inure to the benefit of Lessor, Servicer, any other agent of Lessor and their respective successors and assigns. This Agreement will be governed by and construed in accordance with the substantive laws of the State of Missouri (determined without reference to conflict of law principles).

18. NON-PETITION: Each party hereto hereby covenants and agrees that, prior to the date which is one year and one day after payment in full of all indebtedness of Lessor, it shall not institute against, or join any other person in instituting against, Lessor any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States. The provisions of this Section 18 shall survive termination of this Master Equity Lease Agreement.

19. NON-APPROPRIATION: Lessee's funding of this Agreement shall be on a Fiscal Year basis and is subject to annual appropriations. Lessor acknowledges that Lessee is a municipal corporation, is precluded by the County or State Constitution and other laws from entering into obligations that financially bind future governing bodies, and that, therefore, nothing in this Agreement shall constitute an obligation of future legislative bodies of the County or State to appropriate funds for purposes of this Agreement. Accordingly, the parties agree that the lease terms within this Agreement or any Schedules relating hereto are contingent upon appropriation of funds. The parties further agree that should the County or State fail to appropriate such funds, the Lessor shall be paid all rentals due and owing hereunder up until the actual day of termination. In addition, Lessor reserves the right to be paid for any reasonable damages. These reasonable damages will be limited to the losses incurred by the Lessor for having to sell the vehicles on the open used car market prior to the end of the scheduled term (as determined in Section 3 and Section 14 of this Agreement).

IN WITNESS WHEREOF, Lessor and Lessee have duly executed this Master Equity Lease Agreement as of the day and year first above written.

LESSEE: ______________________

Signature: ______________________

By: ______________________

Title: ______________________

Address: ______________________

____

____

Date Signed: ______________, ________

LESSOR: Enterprise FM Trust
By: Enterprise Fleet Management, Inc. its attorney in fact

Signature: ______________________

By: ______________________

Title: ______________________

Address: ______________________

____

____

Date Signed: ______________, ________

Initials: EFM________ Customer________

enterprise

FLEET MANAGEMENT

MAINTENANCE AGREEMENT

This Maintenance Agreement (this "Agreement") is made and entered into this ______ day of ____________, by Enterprise Fleet Management, Inc., a Missouri corporation ("EFM"), and ____ ("Lessee").

WITNESSETH

1. LEASE. Reference is hereby made to that certain Master Lease Agreement dated as of the ______ day of ____________, by and between Enterprise FM Trust, a Delaware statutory trust, as lessor ("Lessor"), and Lessee, as lessee (as the same may from time to time be amended, modified, extended, renewed, supplemented or restated, the "Lease"). All capitalized terms used and not otherwise defined in this Agreement shall have the respective meanings ascribed to them in the Lease.

2. COVERED VEHICLES. This Agreement shall only apply to those vehicles leased by Lessor to Lessee pursuant to the Lease to the extent Section 4 of the Schedule for such vehicle includes a charge for maintenance (the "Covered Vehicle(s)").

3. TERM AND TERMINATION. The term of this Agreement ("Term") for each Covered Vehicle shall begin on the Delivery Date of such Covered Vehicle and shall continue until the last day of the "Term" (as defined in the Lease) for such Covered Vehicle unless earlier terminated as set forth below. Each of EFM and Lessee shall each have the right to terminate this Agreement effective as of the last day of any calendar month with respect to any or all of the Covered Vehicles upon not less than sixty (60) days prior written notice to the other party. The termination of this Agreement with respect to any or all of the Covered Vehicles shall not affect any rights or obligations under this Agreement which shall have previously accrued or shall thereafter arise with respect to any occurrence prior to termination, and such rights and obligations shall continue to be governed by the terms of this Agreement.

4. VEHICLE REPAIRS AND SERVICE. EFM agrees that, during the Term for the applicable Covered Vehicle and subject to the terms and conditions of this Agreement, it will pay for, or reimburse Lessee for its payment of, all costs and expenses incurred in connection with the maintenance or repair of a Covered Vehicle. This Agreement does not cover, and Lessee will remain responsible for and pay for, (a) fuel, (b) oil and other fluids between changes, (c) tire repair and replacement, (d) washing, (e) repair of damage due to lack of maintenance by Lessee between scheduled services (including, without limitation, failure to maintain fluid levels), (f) maintenance or repair of any alterations to a Covered Vehicle or of any after-market components (this Agreement covers maintenance and repair only of the Covered Vehicles themselves and any factory-installed components and does not cover maintenance or repair of chassis alterations, add-on bodies (including, without limitation, step vans) or other equipment (including, without limitation, lift gates and PTO controls) which is installed or modified by a dealer, body shop, upfitter or anyone else other than the manufacturer of the Covered Vehicle, (g) any service and/or damage resulting from, related to or arising out of an accident, a collision, theft, fire, freezing, vandalism, riot, explosion, other Acts of God, an object striking the Covered Vehicle, improper use of the Covered Vehicle (including, without limitation, driving over curbs, overloading, racing or other competition) or Lessee's failure to maintain the Covered Vehicle as required by the Lease, (h) roadside assistance or towing for vehicle maintenance purposes, (i) mobile services, (j) the cost of loaner or rental vehicles or (k) if the Covered Vehicle is a truck, (i) manual transmission clutch adjustment or replacement, (ii) brake adjustment or replacement or (iii) front axle alignment. Whenever it is necessary to have a Covered Vehicle serviced, Lessee agrees to have the necessary work performed by an authorized dealer of such Covered Vehicle or by a service facility acceptable to EFM. In every case, if the cost of such service will exceed $50.00, Lessee must notify EFM and obtain EFM's authorization for such service and EFM's instructions as to where such service shall be made and the extent of service to be obtained. Lessee agrees to furnish an invoice for all service to a Covered Vehicle, accompanied by a copy of the shop or service order (odometer mileage must be shown on each shop or service order). EFM will not be obligated to pay for any unauthorized charges or those exceeding $50.00 for one service on any Covered Vehicle unless Lessee has complied with the above terms and conditions. EFM will not have any responsibility to pay for any services in excess of the services recommended by the manufacturer, unless otherwise agreed to by EFM. Notwithstanding any other provision of this Agreement to the contrary, (a) all service performed within one hundred twenty (120) days prior to the last day of the scheduled "Term" (as defined in the Lease) for the applicable Covered Vehicle must be authorized by and have the prior consent and approval of EFM and any service not so authorized will be the responsibility of and be paid for by Lessee and (b) EFM is not required to provide or pay for any service to any Covered Vehicle after 100,000 miles.

5. ENTERPRISE CARDS: EFM may, at its option, provide Lessee with an authorization card (the "EFM Card") for use in authorizing the payment of charges incurred in connection with the maintenance of the Covered Vehicles. Lessee agrees to be liable to EFM for, and upon receipt of a monthly or other statement from EFM, Lessee agrees to promptly pay to EFM, all charges made by or for the account of Lessee with the EFM Card (other than any charges which are the responsibility of EFM under the terms of this Agreement). EFM reserves the right to change the terms and conditions for the use of the EFM Card at any time. The EFM Card remains the property of EFM and EFM may revoke Lessee's right to possess or use the EFM Card at any time. Upon the termination of this Agreement or upon the demand of EFM, Lessee must return the EFM Card to EFM. The EFM Card is non-transferable.

6. PAYMENT TERMS. The amount of the monthly maintenance fee will be listed on the applicable Schedule and will be due and payable in advance on the first day of each month. If the first day of the Term for a Covered Vehicle is other than the first day of a calendar month, Lessee will pay EFM, on the first day of the Term for such Covered Vehicle, a pro-rated maintenance fee for the number of days that the Delivery Date precedes the first monthly maintenance fee payment date. Any monthly maintenance fee or other amount owed by Lessee to EFM under this Agreement which is not paid within twenty (20) days after its due date will accrue interest, payable upon demand of EFM, from the date due until paid in full at a rate per annum equal to the lesser of (i) Eighteen Percent (18%) per annum or (ii) the highest rate allowed by applicable law. The monthly maintenance fee set forth on each applicable Schedule allows the number of miles per month as set forth

Initials: EFM________ Customer________

in such Schedule. Lessee agrees to pay EFM at the end of the applicable Term (whether by reason of termination of this Agreement or otherwise) an overmileage maintenance fee for any miles in excess of this average amount per month at the rate set forth in the applicable Schedule. EFM may, at its option, permit Lessor, as an agent for EFM, to bill and collect amounts due to EFM under this Agreement from Lessee on behalf of EFM.

7. NO WARRANTIES. Lessee acknowledges that EFM does not perform maintenance or repair services on the Covered Vehicles but rather EFM arranges for maintenance and/or repair services on the Covered Vehicles to be performed by third parties. EFM MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, WITH RESPECT TO ANY PRODUCTS, REPAIRS OR SERVICES PROVIDED FOR UNDER THIS AGREEMENT BY THIRD PARTIES, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY AS TO MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, COMPLIANCE WITH SPECIFICATIONS, OPERATION, CONDITION, SUITABILITY, PERFORMANCE OR QUALITY. ANY DEFECT IN THE PERFORMANCE OF ANY PRODUCT, REPAIR OR SERVICE WILL NOT RELIEVE LESSEE OF ITS OBLIGATIONS UNDER THIS AGREEMENT, INCLUDING THE PAYMENT TO EFM OF THE MONTHLY MAINTENANCE FEES AND OTHER CHARGES DUE UNDER THIS AGREEMENT.

8. LESSOR NOT A PARTY. Lessor is not a party to, and shall have no rights, obligations or duties under or in respect of, this Agreement.

9. NOTICES. Any notice or other communication under this Agreement shall be in writing and delivered in person or sent by facsimile, recognized overnight courier or registered or certified mail, return receipt requested and postage prepaid, to the applicable party at its address or facsimile number set forth on the signature page of this Agreement, or at such other address or facsimile number as any party hereto may designate as its address or facsimile number for communications under this Agreement by notice so given. Such notices shall be deemed effective on the day on which delivered or sent if delivered in person or sent by facsimile, on the first (1st) business day after the day on which sent, if sent by recognized overnight courier or on the third (3rd) business day after the day on which mailed, if sent by registered or certified mail.

10. MISCELLANEOUS. This Agreement embodies the entire Agreement between the parties relating to the subject matter hereof. This Agreement may be amended only by an agreement in writing signed by EFM and Lessee. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provisions in any other jurisdiction. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that Lessee may not assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of EFM. This Agreement shall be governed by and construed in accordance with the substantive laws of the State of Missouri (without reference to conflict of law principles).

IN WITNESS WHEREOF, EFM and Lessee have executed this Maintenance Agreement as of the day and year first above written.

LESSEE:	______________	EFM:	Enterprise Fleet Management, Inc.
Signature:	______________	Signature:	______________
By:	______________	By:	______________
Title:	______________	Title:	______________
Address:	______________	Address:	______________
	______________		______________
	______________		______________
Attention:	______________	Attention:	______________
Fax #:	______________	Fax #:	______________
Date Signed:	__________, ______	Date Signed:	__________, ______

Initials: EFM________ Customer________

enterprise
FLEET MANAGEMENT

GOVERNMENT CREDIT APPLICATION

Please complete all applicable items.

Company Name ____________ Credit Applicant ____________ Year Business Started ______

Street Address ____________ City ____________ State ______ Zip ______

E-mail ____________ Phone # ____________ Fax # ____________

Government Entity Type: ☐ State ☐ County ☐ City ☐ Other: ____________

Type of Business ____________ Duns Number ____________

Parent Company or Affiliates(Name & Address): ____________

PRIMARY CONTACT INFORMATION

Name ____________ E-mail ____________ Phone # ____________

Fleet Manager Address ____________

FINANCIAL INFORMATION

Are your books prepared by an outside Accountant? ☐ Yes ☐ No

Accountant Name ____________ Email Address ____________ Phone # ____________

ENCLOSING WITH APPLICATION

Three years of Financial Statements (with footnotes) ☐ Audited ☐ Opinioned ☐ Internal

Published Annual Reports ☐ Yes ☐ No

Income Tax Returns (3 years) ☐ Yes ☐ No

Other Items Included: ____________

Federal ID Number: ____________

Fiscal Year End (Month): ____________

CURRENT VEHICLE SUPPLIER

Principle Suppliers	Phone #	E-Mail Address	Acct #	# of Vehicles
Current Vehicle Suppliers	**Phone #**	**E-Mail Address**	**Acct #**	**# of Vehicles**
☐ Purchasing ☐ Leasing ☐ Finance				

INSURANCE

Company ____________ Agent ____________ Policy # ____________ Exp. Date ____________

Street Address ____________ City ____________ State ______ Zip ______

Phone # ____________ Fax # ____________

ACH AUTHORIZATION AGREEMENT

LESSEE INFORMATION

Company Name ________________________________ FEIN________________

Street Address ________________ City________________ State ______ Zip ______

Contact Name________________ Phone #________________ Fax # ________________

Email Address ________________________________

BANK INFORMATION

Bank Name ________________________________ Checking Account Only ________________

Street Address ________________ City________________ State ______ Zip ______

Bank Contact Name________________ Phone #________________ Fax # ________________

ABA / Routing Number: ________________ Account Number: ________________

****PLEASE ATTACH A VOIDED CHECK FOR THE ACCOUNT LISTED ABOVE****

Upon approval of this Credit Application, I (we) hereby authorize Enterprise Fleet Management, Inc., hereinafter called "EFM", to initiate, if necessary, credit entries and adjustments for any debit entries in error, to my/our checking account indicated above and to further authorize the depository named above, hereinafter called "DEPOSITORY", to debit and/or credit the same to such account. I (we) covenant and agree to instruct any and all banks or other financial institution specified in this Credit Application and ACH authorization to process debits using the Automated Clearing House funds-transfer system.

This transaction will be completed in accordance with the following provisions:

1. The withdrawal will occur on the 20th of each month. If the 20th of each month falls on a weekend, amounts will be withdrawn on the next business day.
2. An electronic copy of the invoice and/or statement will be available on EFM's website (http://efmfleetaccess.efleets.com) by the 5th business day of each month. The Lessee will be expected to review the invoice/statement prior to the 15th of each month. The Lessee reserves the right to call EFM and dispute a charge by the 15th of the month. EFM will withdraw the entire invoice amount each month if no charges have been disputed by the 15th of each month. Upon request to EFM, a hard copy of an invoice or statement will be mailed to the lessee each month via the United States Postal Service.
3. For any amount owed by the Lessee to EFM that is not paid due to insufficient funds on the date the debit should occur, a $25 non-sufficient funds transaction fee will be assessed. The transaction fee shall be paid by the Lessee to EFM on demand.
4. This authorization is to remain in full force and effect until EFM has received written notification from the Lessee of its termination in such time and in such manner as to afford EFM and DEPOSITORY a reasonable opportunity to act on it. Cancellation will also occur if EFM has sent the Lessee a ten day written notice for EFM's termination of the agreement. Cancellation requests for this agreement should be forwarded to:

ARBilling@efleets.com

STATEMENT OF POLICY AND PROCEDURES

Enterprise Fleet Management, Inc. and affiliates will use the information provided in this for the purpose of fleet and rental related services/programs.

Enterprise Fleet Management, Inc. reserves the right to return this application if all sections are not completed or determined misleading.

Enterprise Fleet Management, Inc. will conduct future inquiries on an annual basis as part of the annual credit review process or as fleet size increases, and reserves the right to ask for additional or updated financial information as the need warrants as part of the credit underwriting process.

AUTHORIZED SIGNERS FOR MOTOR VEHICLE LEASE(S)

RESOLVED, The undersigned hereby certifies (i) that he/she is the duly appointed ______________________ (Title) for ______________________ (Entity legal name) hereafter known as "The Entity", (ii) that he/she is authorized by The Entity to execute and deliver on behalf of The Entity to Enterprise Fleet Management, hereafter known as "Enterprise" ("Lessor") and the Master Lease Agreement between Enterprise and the Entity) the ("Lessee"), and (iii) that the following individuals are authorized and empowered on behalf of and in the name of The Entity to execute and deliver to Enterprise Schedules to the Lease for individual motor vehicles, together with any other necessary documents in connection with those Schedules:

RESOLVED FURTHER, that:

Print Name	Title
Print Name	Title
Print Name	Title
Print Name	Title
Print Name	Title
Print Name	Title

Bond Rating: ______________ Rating Agency: ______________ Federal ID#: ______________

RESOLVED FURTHER, that EFM is authorized to act upon this authorization until written notice of its revocation is received by EFM.

I do herby certify that the information contained in this Credit Application is accurate in all material aspects as required by law. Further, I do hereby certify

Print Name	Title
Signature	Company Name

Date

For the purpose of seeking to secure credit from Enterprise Fleet Management, Inc. (together with its affiliates, successors, assigns and third party service providers, "EFM"), Credit Applicant (a) authorizes (i) EFM to run a credit report, investigate and verify the information in this Credit Agreement, and/or obtain financial and/or credit information from any person or entity with which Credit Applicant has or had financial dealings, including banks, lending institutions and trade or credit references, whether or not such person or entity is identified in this Credit Application, which information may include financial statements, tax returns, and banking records, (ii) EFM to contact any of Credit Applicant's current or former employers or creditors to verify any information contained herein or received in connection with this Credit Application if Credit Applicant is a sole proprietor, and (iii) any third party who may have relevant information to provide such information to EFM, (b) will notify EFM if there is any change in name, address, or any material adverse change (i) in any of the information contained in this Credit Application, (ii) in Credit Applicant's financial condition, or (iii) in Credit Applicant's ability to perform their respective obligations to EFM, and (c) represents and warrants that any and all information provided to EFM by Credit Applicant is true, correct and complete as of the date hereof. The lack of any notice of change in the representations and warranties included in this Credit Application shall be considered a continuing statement that the information provided in this Credit Application remains true, correct and complete.

As permitted by law, EFM may also release information about EFM's credit experience with Credit Applicant. Credit Applicant understands and agrees that all reports and records developed by EFM or any third party agent in connection with the foregoing investigations are the sole property of EFM and will not be provided to Credit Applicant unless otherwise required by applicable law or agreed to by EFM in writing.

The Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that Credit Applicant has the capacity to enter into a binding contract); because all or part of Credit Applicant's income derives from any public assistance program; or because Credit Applicant has in good faith exercised any right under the Consumer Credit Protection Act. If this credit application is denied, Credit Applicant may have the right to a written statement of the specific reason(s) for the denial. To request to obtain the statement, Credit Applicant may contact EFM at: 600 Corporate Park Drive, ATTN: EFM Credit Department, St. Louis, MO 63105, within 60 days from the date Credit Applicant is notified of the denial. If applicable, within 30 days of EFM's receipt of the request, EFM will send Credit Applicant a written statement specifying the reason(s) for the denial.

The person signing below personally represents and warrants to EFM that he/she is authorized to make this application for credit on behalf of Credit Applicant.

Please note that this Credit Application is an application and does not commit or require EFM to extend any credit whatsoever to Credit Applicant.

Menu Pricing - Scotts Valley

Total Annual Lease Cost	$49,071
Total Down Payment (tax included)	$32,766
Total Annual Payment *(annual lease cost and down payment)*	$81,837

Equity Lease Menu Pricing

Vehicle Type	Year	Make	Model and Series	Aftermarket Description	Quantity	EFM Quote	Term	Estimated Annual Mileage	Monthly Cost (Lease Rate)*	Monthly Full Maintenance	Annual Cost	Annual Cost by Quantity	Cost of Aftermarket	Down Payments by Quantity (tax included)
Compact Truck	2021	Ford	Ranger XL 4x2 SuperCab 6ft bed	n/a	1	4921857	60	5000	$476	$34	$6,129	$6,129	$0	$0
Compact Truck	2021	Ford	Ranger XL 4x2 SuperCab 6ft bed	n/a	1	5008890	60	5000	$495	$34	$6,350	$6,350	$0	$0
3/4 Ton Truck	2022	Ford	F250 XL 4x2 RegCab 8ft, 142 WB	service body	2	4982000	60	5000	$639	$31	$8,048	$16,096	$13,796	$15,141
3/4 Ton Truck	2022	Ford	F250 XL 4x2 RegCab 8ft, 142 WB	service body and liftgate	1	4994495	60	5000	$677	$38	$8,574	$8,574	$17,700	$9,713
3/4 Ton Truck	2022	Ford	F250 XL 4x4 SuperCab 8ft, 164 WB	service body and winch	1	5000674	60	5000	$957	$37	$11,923	$11,923	$14,418	$7,912

Lease rates are based upon factory order pricing
Pricing does include 9.75% taxes
Pricing does not include expected return on equity at end of lease

AGENDA ITEM C
DATE: 6-2-2021

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: June 2, 2021

TO: Honorable Mayor and City Council

FROM: Tina Friend, City Manager

SUBJECT: **AUTHORIZATION TO EXECUTE AN AGREEMENT WITH KENNEDY/JENKS CONSULTANTS, INC FOR A WASTEWATER OPTIONS STUDY TO SUPPORT INITIAL SCOPING FOR THE NEXT GENERATION OF WASTEWATER TREATMENT CAPITAL INVESTMENT**

SUMMARY OF ISSUE

The City of Scotts Valley (City) operates a Wastewater Reclamation Facility (WRF) consisting of an activated sludge treatment plant providing a capacity of 1.5 MGD (average dry weather flow) up to 5.0 MGD (peak wet weather flow), plus a 1 MGD capacity tertiary treatment facility. The tertiary treatment plant, operated in conjunction with the Scotts Valley Water District, provides recycled tertiary water to the Water District and Pasatiempo Golf Course for non-potable uses.

The main treatment plant and tertiary plant were completed in 1997. Since the major capital investment to construct the WRF 25 years ago, the City has conducted necessary replacement and repair but no major rebuilds or capital upgrades. Essential projects to ensure plant operability have been programmed in the City's Five-Year Capital Improvement Plan and incorporated into the City's FY 2021/22 Budget.

With the plant's aging condition and requirements for more and increasingly expensive capital investment, and in light of the changing legal and environmental context with communities' discharge and reuse of wastewater in California, the City is initiating a process to evaluate its options for a major capital upgrade to the utility.

On March 19, 2021, the City released a Request for Proposals (RFP) to solicit an experienced consultant to conduct and prepare a Wastewater Options Study. The purpose of the study is to scope and evaluate current and emerging technologies for wastewater treatment and the production of varying grades of recycled water. The City also seeks to understand costs, construction considerations, regulatory requirements, timing, and potential for local and regional partnerships. The City will use this information to identify preferred options for further study and engineering.

The City received two qualified responses to the RFP and after a thorough evaluation of the proposals, selected Kennedy/Jenks Consultants, Inc. as the recommended consultant for this project. Kennedy/Jenks is an experienced firm in wastewater engineering and has specific knowledge and experience with the City's WRF through past projects. Kennedy/Jenks presented a thorough workplan responsive to the City's needs and at the lowest cost.

The Wastewater Options Study timeline is approximately seven months and includes several milestones and tasks to assess the spectrum of potential wastewater treatment futures and identify the top options for the next level of feasibility and technical study. The Wastewater Options Study will culminate in formal presentation to the City Council and community in 2022.

FISCAL IMPACT

The total contract amount is $64,873, with available add-on support services of $15,000, if elected by the City, for a total not-to-exceed price of $79,873. Capital Improvement Project (CIP) #1 "Wastewater Recovery Master Plan", in the FY 2021/22 budget contains $50,000 for this work. Funds to cover the difference of $14,873 to $29,873 are available in the Wastewater Fund. No General Fund dollars will be applied to this project.

STAFF RECOMMENDATION

That the City Council authorize the City Manager to execute an agreement, in a form approved by the City Attorney, with Kennedy/Jenks Consultants, Inc. with a not-to-exceed cost of $79,873 for a Wastewater Options Study for future wastewater treatment technologies and opportunities.

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05-12-2021

CITY OF SCOTTS VALLEY

Wastewater Reclamation Facility Options Study

Proposal Scope, Schedule, Fee

Kennedy Jenks

Kennedy Jenks

May 12, 2021

Tina Friend, City Manager
City of Scotts Valley 1 Civic Center Drive
Scotts Valley, CA 95066

Subject: Proposal for Wastewater Reclamation Facility Options Study,

Dear Ms. Friend:

Kennedy/Jenks Consultants, Inc. (KJ) is pleased to submit this proposal to City of Scotts Valley (City) for the Wastewater Reclamation Facility Options Study (WRF Options Study). Having productively worked with the City on the recent Secondary Process Evaluation of the WRF, and the follow-up Membrane Bioreactor (MBR) Analysis for Secondary Process Upgrade, as well as many of the recycled water planning efforts in Santa Cruz County, we offer our proven team and trusted process to assist the City with developing this WRF Options Study. KJ brings the following benefits:

- **COMPREHENSIVE KNOWLEDGE OF YOUR ISSUES FOR STREAMLINED DECISION MAKING**. Our proven team knows your facilities and has worked collaboratively with the City to understand your issues and identify potential solutions at your WRF. We understand that the City is committed to wide-ranging infrastructure improvements and we are sensitive to the impact of decisions regarding the WRF on ratepayers. We will work with the City to identify solutions to your WRF issues that minimize the burden to ratepayers in the future while improving WRF reliability.
- **UNDERSTANDING THE NEXUS WITH LOCAL AND REGIONAL RECYCLED WATER PROJECTS**. The WRF Options Study requires understanding the interconnection between the City, its partners, and the region. The City's decisions regarding the WRF are interconnected with broader regulatory and regional drivers affecting beneficial reuse in the region. KJ has worked with the City and your partners in the region for over 35 years, bringing a broad understanding of long-term regional water reliability and resiliency.
- **A KNOWLEDGABLE TEAM YOU CAN TRUST TO DELIVER RESULTS**. Our team includes a mix of recycled water specialists, reliability and rehab engineers, and wastewater process engineers to manage the two components of the WRF Options Study: maintaining and optimizing the existing facility in the near future, and finding long term solutions that serve the ratepayers and the region. Our screening approach will help the City identify the right path for your facilities.

Our team is excited to have this opportunity to continue working with the City on your WRF Options Study. We are confident that the ideas we are presenting, our specialized team, technical expertise, and history of successful work in the region resonate with your goals for this project. KJ is free of all conflicts of interest to perform the Scope of Work.

Kennedy/Jenks Consultants, Inc.

Dawn Taffler

Dawn Taffler, PE, LEED AP
Project Manager

Proposed Scope of Work

The proposed scope of work, described herein, includes the following seven tasks:

Task 1 - Background and Problem Description
Task 2 - Regulatory Considerations
Task 3 - Options Identification
Task 4 - Initial Concept-Level Screening
Task 5 - Options Evaluation and Comparison
Task 6 - WRF Options Study Report
Task 7 - Project Management, Meetings and QA/QC

An optional Task 8 is included for as-requested support.

Task 1 - Background and Problem Description

Confirm the problem statement, define relevant City facilities for inclusion in the WRF Options Study and review relevant and related studies by the City, SVWD, City of Santa Cruz, SqCWD and other agencies.

<u>Task 1 Deliverable</u>: Develop study area map and table summarizing relevance of existing studies.

Task 2 - Regulatory Considerations

Review existing and anticipated wastewater regulatory requirements and other environmental considerations related to production, discharge and reuse of wastewater from the City.

<u>Task 2 Deliverable</u>: Summarize regulatory and environmental considerations in a table.

Task 3 - Options Identification

Task 3.1 WRF Options

Work with the City and stakeholders to identify and refine WRF options to recover treatment capacity, with varying levels of service provided to the City's reclaimed water customers.

Task 3.2 Local and Regional Reuse Options

Identify potential local reuse partnership options (SVWD and SLVWD), regional reuse partnerships (City of Santa Cruz and SqCWD) and other potential partners (Pasatiempo, etc.) that may influence the WRF options, such as meeting terms of existing agreements for non-potable reuse and the potential role the City may play as a source water supplier for potable reuse.

<u>Task 3 Deliverable:</u> Summarize options in a matrix that identifies major facilities, potential flows and partners.

<u>Task 3 Assumption:</u> Project maps will not be developed for this potentially long list of options.

Task 4 - Initial Concept-Level Screening

Task 4.1 Define Screening Approach

Work with the City to define the screening and evaluation approach. Define fatal flaw considerations for initial concept-level screening. Develop a list of quantitative and qualitative screening criteria, which may include economic, environmental, social and operational risk considerations for project evaluation.

Task 4.2 Initial Concept-Level Screening

Perform an initial concept-level screening of options identified in Task 3, based on engineering, regulatory, institutional, operational considerations. Options that have one or more fatal flaws, or provide limited benefit for the City will be eliminated from further consideration. Based on the initial screening and coordination with the City and stakeholders, up to 4 projects will be identified for further evaluation in Task 5.

<u>Task 4 Deliverable:</u> Table summarizing screening criteria. Tables describing the fatal flaw analysis for the long-list of initial concept options and short-list of projects for further evaluation.

Task 4 Assumptions: Fatal flaw analysis will be based on qualitative criteria, such as relative (high to low) costs, regulatory complexity, institutional complexity and operational complexity. City will provide input on projects eliminated from further considerations due to limited benefit to the City.

Task 5 - Options Evaluation and Comparison

Task 5.1 Project Evaluation

Identify facilities and sizing criteria for up to 4 projects based on historical and anticipated future supplies and demands identified in existing studies. Spreadsheet calculations will be used to estimate pipeline and pump station capacities and treatment processes requirements. A list of potential benefits and limitations, from the City's perspective, will be provided for each project.

Task 5.2 Cost Range for Construction

Capital costs will be developed at an AACE International Class V level, representing a planning level of costing with an accuracy range of +50%/-30%y. Costs will be based on typical unit costs from professional experience and recent projects. Annual operations and maintenance costs (O&M) and annualized life cycle unit costs will be developed at a similarly high level to allow for comparison between projects.

Task 5.3 Timeline for Implementation

A high-level timeline will be developed for each project, reflecting anticipated duration of planning, design and construction activities.

Task 5.4 Project Ranking

Using the screening criteria developed in Task 4.1, projects will be scored based on qualitative and quantitative outcomes of the analysis, weighted based on prioritized themes for each criteria category and ranked to identify the highest scoring projects.

Task 5 Deliverable: Project fact sheets that include simple maps and tables summarizing project facilities, sizing and costs. Tables summarizing scoring and weighting outcomes.

Task 5 Assumptions: Hydraulic, hydrologic and groundwater modeling will not be performed as part of this effort. Infrastructure costs for local and regional projects will be based on available information from prior studies. A preferred project may not be identified based solely on the project ranking due to the need for additional studies, institutional considerations or other uncertainties.

Task 6 - WRF Options Study Report

Task 6.1 Draft WRF Options Study Report

A succinct Draft WRF Options Study report will summarize the work conducted and deliverables developed in Tasks 1 to 5 and incorporate input from project meetings. If appropriate, a phased implementation approach may be developed and documented should the City identify one or more projects for implementation. Additional studies needed will be identified as well as next steps to further develop the project, such as coordination with partners and initiation of institutional agreements. A preliminary outline is provided in Attachment 1.

Task 6.2 Final WRF Options Study Report

A Final WRF Options Study Report will be prepared based on the City's comments on the Draft WRF Options Study report.

Task 6 Deliverable: Draft WRF Options Study Report (digital .pdf/.doc) will be submitted to the City. A Final WRF Options Study Report (digital pdf/.doc) that incorporates responses to the City's comments on the draft report will be submitted to the City.

Task 6 Assumptions: City will provide one set of consolidated and conformed comments in track changes/embedded comments in the word document.

Task 7 - Project Management, Meetings and QA/QC

Task 7.1 Project Management

This task addresses the management and administrative responsibilities associated with project initiation, schedule, budget control and monthly invoice preparation.

Task 7.2 Project Meetings

The following meetings are assumed during the course of the WRF Options Study:

- **Kick-off Meeting –** The purpose of the meeting will be to discuss scope, schedule, data request, and any issues/questions related to the WRF Options Study. Assumptions for options development and criteria for assessing projects will also be discussed.
- **Initial Screening Meeting –** The purpose of the meeting will be to present the preliminary outcomes of the initial concept-level screening fatal flaw analysis.
- **Options Evaluation Meeting –** The purpose of the meeting will be to present the outcomes of the projects evaluation including costs, and limitations.
- **Project Ranking Meeting –** The purpose of the meeting will be to present the preliminary scoring, weighting and ranking of projects and identity the City's preferred course of action.
- **Draft WRF Options Study Report Review Meeting –** The purpose of this meeting will be to discuss City comments on the Draft WRF Options Study Report.

Due to COVID-19, it is assumed that meetings will be held via webinar with video and desktop sharing, using the Microsoft Office 365 Teams environment. KJ will prepare and distribute meeting agendas, and record and distribute meeting minutes to all attendees. The intent of the meeting minutes will be to document discussions, action items and decisions.

Task 7.3 Quality Assurance and Quality Control (QA/QC)

KJ will conduct an effective QA/QC program and perform a review of all deliverables prior to submittal.

Task 7.4 Site Visit and Root Cause Analysis Workshop

An in-person site visit will be conducted to tour the City's WRF and discuss current operational practices, identify available space for plant upgrades and other plant concerns. The site visit will be followed by a root cause analysis (RCA) workshop to define the City's business objectives, risk tolerance and priorities. This effort will be executed through a collaborative discussion between City management and operational staff to take a deeper dive into the operational issues (physical and non-physical) that impact the overall performance of treatment processes. To ensure that the value of the RCA is realized, Kennedy Jenks will leverage the institutional knowledge of operations, maintenance, and business management perspectives. It is assumed that the site visit and workshop will be a full-day event. Outcomes from the workshop will feed into the screening approach in Tasks 4 and 5.

Task 7.5 City Council Presentation

This task includes presenting the outcomes of the WRF Options Study to the City Council. Kennedy Jenks will prepare a draft presentation, to be reviewed with the City, and present the technical outcomes to the City Council. It is assumed this meeting will be in person.

Task 7 Deliverables: Monthly invoice (PDF), Meeting agendas and minutes (PDF).

Task 7 Assumptions: This task does not include separate meetings with stakeholder nor presentations to the City Council. Additional meetings, if needed, could be conducted under the proposed Optional Task 8.

Optional Task 8 - As-Requested Support

This task includes a contingency for additional services that can be provided on an as-requested basis to provide the City flexibility and save on administrative implementation time should additional services/activities be needed. We would work with the City to define the level of effort and deliverables prior to the authorized use of this budget. Activities may include but not be limited to:

- Evaluation of more than 4 projects in Task 5.
- Technical evaluation of project characterization not discussed above.
- Meetings beyond those listed in Task 7, including ones with the stakeholders.
- Additional presentation(s) of the Report to the City Council or at other public meetings beyond those listed in Task 7.

Proposed Schedule of Deliverables

This proposal assumes the scope of services will be complete in 5 months from receipt of the Notice to Proceed. A potential project schedule is shown in **Table 2**.

Table 2: Anticipated Schedule

Activity	Week	Focus /Deliverable
NTP	Week 0	Upon NTP a kick-off meeting will be scheduled
Kick-off Meeting	Week 1	Discuss approach, data request, screening methodology and initial options to be considered
Site Visit/Workshop	Week 3/4	Site visit and Root Cause Analysis Workshop
Initial Screening Meeting	Week 6	Discuss preliminary matrix of options and findings from initial concept-level screening analysis. Present summary tables from Tasks 1-4. Identify list of 4 projects for further analysis.
Options Evaluation Meeting	Week 12	Discuss outcomes from project evaluation and present project facility tables, maps and capital cost estimates. Discuss considerations for project scoring, weighting and ranking.
Project Ranking Meeting	Week 14	Present outcomes of scoring, weighting and ranking and identity the City's preferred course of action.
Submit Draft WRF Options Study Report	Week 16 *(Month 4)*	Incorporating outcomes from Tasks 1-5 and comments from meetings with City.
City Review of Draft Report	Week 18	Assume 2-week review period by City
Draft WRF Options Study Report Review Meeting	Week 20	Walk through draft and City comments.
Submit Final WRF Options Study Report	Week 24 *(Month 6)*	Incorporating comments from City on draft document.
City Council Presentation	Week 24-28	Present outcomes to the City Council (date to be confirmed based on scheduled meetings)

Fee Estimate

The estimated fee for the scope of services described above is $64,873 as summarized by task in the **Table 3** and detailed in the fee spreadsheet in Attachment 1.

Table 3: Summary of Effort by Task

Tasks	Total Est KJ Hours	Total KJ Labor	Total Expenses	Total Labor + Expenses
Task 1: Background and Problem Description	6	$1,560	$0	$1,560
Task 2: Regulatory Considerations	8	$2,010	$0	$2,010
Task 3: Options Identification	24	$6,050	$0	$6,050
Task 4: Initial Concept-Level Screening	16	$4,240	$0	$4,240
Task 5: Options Evaluation and Comparison	52	$12,340	$0	$12,340
Task 6: WRF Options Study Report	52	$12,020	$0	$12,020
Task 7: Project Management, Meetings and QA/QC	95	$25,442	$1,211	$26,653
Task 1-7 Total	**253**	**$63,662**	**$1,211**	**$64,873**
Optional Task 8: As-Requested Support*	59	$15,000	$0	$15,000

** This task includes a contingency for additional services that can be provided on an as-requested basis to provide the City flexibility and save on administrative implementation time should additional services/activities be needed. We would work with the City to define the level of effort and deliverables prior to the authorized use of this budget.*

CLIENT Name: City of Scotts Valley

PROJECT Description: WRF Options Study

Proposal/Job Number: B10701082-0001 Date: 5/28/2021

January 1, 2020 Rates Classification:	Eng-Sci-9 (G. Fejarang)	Eng-Sci-8 (D. Taffler)	Eng-Sci-7 (D. Ervin)	Eng-Sci-7 (D. Seymon)	Eng-Sci-6 (L. Sermek)	Eng-Sci-4	Admin. Assist.	Total	KJ Labor	KJ ODCs	KJ ODCs Markup	Total Labor	Total Expenses	Total Labor + Subs + Expenses
Hourly Rate:	$305	$290	$270	$270	$245	$200	$110	Hours	Fees	Fees	10%			Fees
Task 1: Background and Problem Descriptions														
Task 1.1 Review relevant studies from stakeholder agencyies and summarize findings		2			4			6	$1,560			$1,560	$0	$1,560
Task 1 - Subtotal	**0**	**2**	**0**	**0**	**4**	**0**	**0**	**6**	**$1,560**	**$0**	**$0**	**$1,560**	**$0**	**$1,560**
Task 2: Regulatory Considerations														
Task 2.1 Review existing and anticipated regualtory and environmental consderations			2		6			8	$2,010			$2,010	$0	$2,010
Task 2 - Subtotal	**0**	**0**	**2**	**0**	**6**	**0**	**0**	**8**	**$2,010**	**$0**	**$0**	**$2,010**	**$0**	**$2,010**
Task 3: Options Identification														
Task 3.1 WRF Options	2		2	0	12			16	$4,090			$4,090	$0	$4,090
Task 3.1 Local and Regional Reuse Options and summarize options		4				4		8	$1,960			$1,960	$0	$1,960
Task 3 - Subtotal	**2**	**4**	**2**	**0**	**12**	**4**	**0**	**24**	**$6,050**	**$0**	**$0**	**$6,050**	**$0**	**$6,050**
Task 4: Initial Concept-Level Screening														
Task 4.1 Define Screening Approach		4				4		8	$1,960			$1,960	$0	$1,960
Task 4.2 Perform initial concept-level screening, summarize and analyze fatal flaws		6	2					8	$2,280			$2,280	$0	$2,280
Task 4 - Subtotal	**0**	**10**	**2**	**0**	**0**	**4**	**0**	**16**	**$4,240**	**$0**	**$0**	**$4,240**	**$0**	**$4,240**
Task 5: Options Evaluation and Comparison														
Task 5.1 Project Evaluation		6	2		8	12		28	$6,640			$6,640	$0	$6,640
Task 5.2 Cost Range for Construction					4	4		8	$1,780			$1,780	$0	$1,780
Task 5.3 Timeline for Implementation		2			2			4	$1,070			$1,070	$0	$1,070
Task 5.4 Project Ranking		2			6	4		12	$2,850			$2,850	$0	$2,850
Task 5 - Subtotal	**0**	**10**	**2**	**0**	**20**	**20**	**0**	**52**	**$12,340**	**$0**	**$0**	**$12,340**	**$0**	**$12,340**
Task 6: WRF Options Study Report														
Task 6.1 Draft WRF Options Study Report		8			14	12	2	36	$8,370			$8,370	$0	$8,370
Task 6.2 Final WRF Options Study Report		4			6	4	2	16	$3,650			$3,650	$0	$3,650
Task 6 - Subtotal	**0**	**12**	**0**	**0**	**20**	**16**	**4**	**52**	**$12,020**	**$0**	**$0**	**$12,020**	**$0**	**$12,020**
Task 7: Project Management, Meetings and QA/QC														
Task 7.1 Project Management		14					7	21	$4,830			$4,830	$0	$4,830
Task 7.2 Project Meetings		10	2		6			18	$4,910			$4,910	$0	$4,910
Task 7.3 Quality Assurance/Quality Control	2		2	6				10	$2,770			$2,770	$0	$2,770
Task 7.4 Site Visit and Root Cause Workshop	8	8	8		8			32	$8,880	$703		$8,880	$703	$9,583
Task 7.5 City Council Presentation (Assume in person)		10	4					14	$4,052	$508		$4,052	$508	$4,560
Task 7 - Subtotal	**10**	**42**	**22**	**20**	**14**	**0**	**102**	**25,537**	**$25,442**	**$1,211**	**$25,442**	**$25,442**	**$27,864**	**$26,653**
Tasks 1-7 Total	**12**	**80**	**30**	**20**	**76**	**44**	**106**	**25,695**	**$63,662**	**$1,211**	**$25,442**	**$63,662**	**$27,864**	**$64,873**

Contact Information

Address:
2350 Mission College Blvd., Suite 700
Santa Clara, CA 95054

Contact:
Dawn Taffler, PE, LEED AP
(415) 613-3296

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: June 2, 2021

TO: Honorable Mayor and City Council

FROM: Tina Friend, City Manager

SUBJECT: **SECOND AMENDMENT TO THE CRIMINAL JUSTICE COUNCIL JOINT POWERS AGREEMENT TO AUTHORIZE A THREE-YEAR EXTENSION**

SUMMARY OF ISSUE

The Criminal Justice Council of Santa Cruz County (CJC) is a collaborative forum for discussing and recommending programs and policies to address criminal justice issues. In Fall 2011, the Scotts Valley City Council approved the Joint Exercise of Powers Agreement Re-Establishing the CJC following discussions regarding collaborative efforts to address county-wide gang prevention and intervention. The term of the agreement was extended for five years in 2016, and expires on June 30, 2021.

The CJC is proposed to be extended for another three years, to June 30, 2024. During the next three years, the CJC will focus on policing policy, practices, and alignment across county law enforcement agencies in collaboration with the community. Scotts Valley's representatives to the CJC are Council Member Donna Lind and Chief of Police Steve Walpole.

FISCAL IMPACT

The annual contribution for the City of Scotts Valley to participate in the CJC is $1,500.

STAFF RECOMMENDATION

It is recommended that the City Council approve the Second Amendment to the Joint Exercise of Powers Agreement re-establishing the Criminal Justice Council of Santa Cruz County to provide for a three-year extension through June 30, 2024, and authorize the City Manager to sign the Second Amendment.

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SECOND AMENDMENT TO THE JOINT EXERCISE OF POWERS AGREEMENT
RE-ESTABLISHING THE CRIMINAL JUSTICE COUNCIL
OF SANTA CRUZ COUNTY

WHEREAS, the Criminal Justice Council of Santa Cruz County ("CJC") was re-established in 2011 to create a forum for the discussion and recommendation of policies, programs and plans for solutions to criminal justice issues; and

WHEREAS, the CJC was established pursuant to the Joint Exercise of Powers Act of the State of California, constituting Chapter 5, Division 7 of Title 1 of the Government Code of the State of California (Sections 6500 et seq.); and

WHEREAS, the "Joint Exercise of Powers Agreement Re-Establishing the Criminal Justice Council of Santa Cruz County" ("Agreement") was entered into by the County and the Cities of Santa Cruz, Watsonville, Capitola and Scotts Valley in October 2011; and

WHEREAS, Section 10 of the Agreement authorizes amendments at any time by the written agreement by and among the County and signatory City governments;

NOW, THEREFORE, the County of Santa Cruz and the Cities of Santa Cruz, Watsonville, Capitola and Scotts Valley agree to amend the Agreement as follows.

Section 8 of the Agreement is amended to read:

8. EFFECTIVE DATE AND TERM

This agreement shall be in full force and effect upon the date of execution by the County and all Cities within the County. Absent an agreement to extend the terms of this agreement, this agreement will terminate on June 30, 2024.

All other provisions of the Agreement shall remain the same.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and attested by their proper officers thereunto duly authorized on the day and year stated below the name of each of the parties. This Amendment may be signed in counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same agreement.

COUNTY OF SANTA CRUZ

By: ____________________________

Dated: _________________________

Approved as to form:

____

CITY OF SANTA CRUZ	Approved as to form:
By: ____________________________	____________________________
Dated: _________________________	
CITY OF WATSONVILLE	Approved as to form:
By: ____________________________	____________________________
Dated: _________________________	
CITY OF CAPITOLA	Approved as to form:
By: ____________________________	____________________________
Dated: _________________________	
CITY OF SCOTTS VALLEY	Approved as to form:
By: ____________________________	____________________________
Dated: _________________________	

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: June 2, 2021

TO: Honorable Mayor and City Council

FROM: Tina Friend, City Manager

SUBJECT: **CONSENT TO THE EXTENSION OF THE TOURISM MARKETING DISTRICT (TMD) IN THE CITY OF SCOTTS VALLEY**

SUMMARY OF ISSUE

The City of Scotts Valley (City) is being asked to provide consent for the renewal of the Santa Cruz County Tourism Marketing District (TMD) which has been in effect since it was originally established on June 15, 2010. The City is one of four cities included in the TMD along with Watsonville, Santa Cruz and Capitola. The TMD was supplemented on June 28, 2013 for a period of five years through June 30, 2015 with boundaries contiguous to the County of Santa Cruz, including the four cities referenced above. The TMD was thereafter renewed on July 1, 2015 for an additional seven-year period which will expire on June 30, 2022. The purpose of the district is to provide a sustained, consistent source of funding for tourism promotion benefitting lodging businesses, to increase occupancy in the lodging industry, to market Santa Cruz County as a visitor destination, and to allow our community to be competitive in the group and leisure markets.

Process For Renewal

Section 36660 of the Property and Business Improvement Law of 1994, Streets and Highways Code provides for renewal of the TMDs. They "shall be renewed following the same procedure as for the establishment". Specifically, owners paying 50% or more of the estimated total assessment proposed submit petitions in support of forming the district; a management plan containing certain key elements is prepared; the legislative body adopts a resolution declaring its intent to renew the district; a noticed public meeting and public hearing are held; and, any written protests submitted to the Clerk of the legislative body must be tabulated. If there is no majority protest the legislative body may adopt a resolution renewing the district. There is no requirement for the boundaries, assessments, or activities of a renewed district to be the same as the original or prior district. Upon renewal, any remaining revenues derived from the levy of assessments shall be transferred to the renewed district. If the renewed district includes additional parcels or businesses not included in the prior district, the remaining revenues are spent to benefit only the parcels or businesses in the prior district.

In preparing to propose renewal of the TMD, the Visit Santa Cruz County (VSCC) Board of Directors voted unanimously to request the Board of Supervisors to initiate the plan renewal process as presented by the TMD Task Force. Subsequently, petitions in support of the Plan were circulated to the owners paying 50% or more of the estimated total assessment and they have been received by the County. County Staff has confirmed that the petitions received meet the majority test. A roster of lodging businesses and copies of the signed petitions have been placed on file with the Clerk of the County Board. More information about the TMD renewal process and the TMD Plan can be found on the VSCC website: https://www.santacruz.org/partners/tourism-marketing-district/

The Santa Cruz County Board of Supervisors unanimously approved the renewal of the District and the proposed Plan at its May 11, 2021 Meeting. At the same meeting, the County Board of Supervisors unanimously adopted a resolution requesting that cities located in the District grant consent to the County of Santa Cruz to renew the Santa Cruz County Tourism Marketing District with the modifications further outlined below. If cities do not consent to renew the TMD, no hotels within their jurisdictions will be included.

Proposed modifications to the Plan include:

1. Assessment Rate Increases and Tier Adjustments. Annual assessment rates are currently, and will continue to be, assessed upon each night of a visitor stay within tiers based upon annual benefit measured by calculating "Revenue per Available Room," or RevPAR. RevPAR is a widely used performance metric in the lodging industry, and it is calculated by dividing the total guestroom revenue for a lodging property for the prior fiscal year by the room count and by the number of days in the period being measured, in this case, one year. The benefit tiers are as follows:

Tier 1 (RevPar less than $50.00)	$2.10 per occupied unit per night
Tier 2 (RevPar $50.00 to $74.99)	$2.75 per occupied unit per night
Tier 3 (RevPar $75.00 to $99.00)	$3.10 per occupied unit per night
Tier 4 (RevPar $100.00 or more)	$4.00 per occupied unit per night

The assessment structure using RevPAR Tiers as implemented at the July 1, 2015 renewal of the TMD is consistent with what is being proposed in the proposed Plan. Tier rates are recommended to be increased by 10% for Tier 1, 15% for Tiers 2 and 3 and 25% for Tier 4. Additionally, under the 2015 renewal annual increases were determined by a cost of living (CPI) adjustment; this renewal proposes an across the board 1.5% annual increases.

Vacation Rental Management Company (VRMC) businesses, which operate as agents on behalf of other property owners, are a unique sector within the lodging industry. This sector is designated as a special class within the TMD and is assessed without calculation of RevPAR. VRMC businesses will start at a rate equivalent to Tier 3 in year one of the District operations and then move to Tier 4 in year two.

Rates are as follows:

VRMC Tier 3	$3.10 per room night sold
VRMC Tier 4	$4.00 per room night sold

As provided for in § 36632 (c) of the Streets and Highways Code, properties zoned solely for residential use or for agricultural use are conclusively presumed not to benefit from the services funded through TMD assessments and are therefore not subject to assessment. (In the unusual case that a privately owned and operated Vacation Rental is not zoned exclusively for residential purposes then such a lodging business would also be assessed at the same rates identified for VRMC's and subject to a 1.5 percent annual increase.)

Recreational Vehicle (RV) Parks and campgrounds continue to be exempt from assessment.

In order to ensure a competitive marketing position and avoid erosion of the marketing budget due to inflation or increases in the cost of services such as media buys, under the July 1, 2015 renewal assessment rates were subject to review and update by a change in a Consumer Price Index (CPI) measure specified in the Plan in years three, six and nine. The current plan proposes a simpler 1.5% across the board annual increase. In addition, each year VSCC as Plan Administrator will review each member's Tier Rate, and if that review results in a finding to recommend a change, the recommendation will be made in writing in by January 31st prior to implementation the following July 1st. There is an administrative review process for any dispute of the findings.

2. Modification to TMD membership. A final modification proposed by VSSC is to now include not-for-profit organizations in the TMD. Under the proposed model, assessments would follow the benefit tiers and will not be collected on stays of more than thirty (30) consecutive days, nor on complimentary stays, defined as one when the customer is not paying any fee for any portion of their stay.

   The City of Scotts Valley is home to one not-for-profit organization that would be newly swept into the TMD if the proposed modification to remove the not-for-profit exemption proceeds. The organization, 1440 Multiversity (1440), is an immersive learning institution that may include overnight stays. The City understands that 1440's mission of education and wellness distinguishes it from the hotel and lodging industry supported through the TMD's promotion and marketing efforts. The City has learned that 1440 cannot be accessed through traditional travel booking agencies or services, does not co-promote or market with hotels and lodging, and does not cater to the traditional leisure or business traveler to Santa Cruz County. 1440 highlights that its guests arrive to engage in a specific wellness practice or workshops uniquely offered at 1440's campus, as opposed to a general leisure or business traveler who visits the area to enjoy the sights and experiences of Santa Cruz County or for some other purpose. During the COVID-19 pandemic, when hotels continued to operate, 1440 remained shuttered as it could not conduct its essential wellness programming. In addition, the City understands that much of 1440's work is supported by foundation funding. These factors differentiate this not-for-profit education institution from general lodging industry. Accordingly, the proposal to remove the exemption for not-for-profit organizations would result in a misapplication of the TMD to 1440.

Scotts Valley supports the TMD and its benefits to hotels and lodging and promotion of Scotts Valley as a visitor destination. The City understands that its hotel properties the Hilton Santa Cruz/Scotts Valley, Four Points Santa Cruz Scotts Valley and Best Western have petitioned in support of their continued participation in the TMD. The City wishes to continue with participation in the TMD to retain this benefit for its hotels, with the proviso that that the not-for-profit exemption remains intact for Scotts Valley. The attached Resolution provides consent from the City of Scotts Valley with this necessary condition of continuing the not-for-profit organization exemption.

FISCAL IMPACT

There is a nominal fiscal impact to the City of Scotts Valley. Hotel visitors pay the TMD assessment, which the City collects monthly from hotels and remits to VSCC. The City will be reimbursed 1% of collections as a processing fee.

STAFF RECOMMENDATION

The City Council is recommended to adopt Resolution No. 1847.3 granting consent to the County of Santa Cruz for the renewal of the Santa Cruz County Tourism Marketing District in the City of Scotts Valley predicated on the continuation of exemption of not-for-profit organizations from the TMD.

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RESOLUTION NO. 1847.3

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SCOTTS VALLEY GRANTING CONSENT TO THE COUNTY OF SANTA CRUZ TO RENEW THE SANTA CRUZ COUNTY TOURISM MARKETING DISTRICT (TMD)

WHEREAS, the Board of Supervisors of the County of Santa Cruz ("Board") has informed the City of its desire to renew the Santa Cruz County Tourism Marketing District ("TMD") including fixing the time and place of a Public Meeting, and a Public Hearing thereon, and giving notice thereof; and

WHEREAS, a portion of the territory proposed to be included in the TMD lies within the boundaries of the cities of Capitola, Santa Cruz, Scotts Valley and Watsonville (the "cities"), as shown on the map attached hereto as Exhibit A and incorporated herein by such attachment; and

WHEREAS, the Board has indicated its belief that the area of the cities which lies within the boundaries of the proposed TMD will be benefited by the activities and the purpose sought to be accomplished and that the work can best be accomplished by a single comprehensive scheme of work; and

WHEREAS, the Board has requested consent to form the TMD in the City of Scotts Valley with adoption of Santa Cruz Board of Supervisors Resolution No. 106-2021, dated May 11, 2021.

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

Section 1: The above recitals are true and correct.

Section 2: The City Council hereby consents to the County of Santa Cruz forming the TMD which District shall include the City of Scotts Valley subject to the requirement that not-for-profit organizations continue to be exempted from the TMD. If not-for-profit organizations are not exempted, the City of Scotts Valley does not consent to the TMD.

Section 3: The City Clerk is hereby directed to transmit a certified copy of this Resolution to the County of Santa Cruz Board of Supervisors.

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 2nd day of June, 2021 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Approved: ______________________________
Derek Timm, Mayor

Attest: ____________________________
Tracy A. Ferrara, City Clerk

Petition to the County of Santa Cruz
to Renew a Santa Cruz County Tourism Marketing District

I am petitioning to initiate special assessment proceedings to renew a Tourism Marketing District in accordance with the Property and Business Improvement District Law of 1994, Streets and Highways Code Section 36600 et seq., for the purpose of undertaking and implementing the Tourism Marketing District as described in the Management District Plan found on the Visit Santa Cruz County website at **https://www.santacruz.org/wp-content/uploads/2021/04/Santa-Cruz-County-District-Plan-Renewal_2022_LegalReview_Final-V2-Updated-TMD-Properties-04-09-21.pdf**

Santa Cruz County Tourism Marketing District formation requires submittal of petitions from lodging businesses within the proposed district boundaries representing more than 50% of the total annual assessment. Specifically, each lodging establishment's petition will be weighted by the total gross room rental revenue (less any local, State or Federal sales taxes or transient occupancy taxes) of that lodging establishment. If written petitions representing more than 50% of the total assessment revenue support renewal, the petitions will be forwarded to the Santa Cruz County Board of Supervisors for a public meeting and a public hearing, and an opportunity for a written protest. The assessed lodging business owners will receive notice of the public hearings by USPS mail and electronic mail.

The undersigned hereby certifies under penalty of perjury that he or she is the owner of the lodging business herein referenced or the duly authorized agent of said owner with full authority to execute this petition and to thereby legally bind said lodging business in doing so. The City/County and the undersigned hereby also acknowledge and agree that this petition may be executed by electronic signature and that said electronic signature will have the full force and effect as an original signature.

Lodging Establishment

Best Western Plus Scotts Valley Inn

Name of Property (one property per petition)

DocuSigned by:

Praful C Patel

72E0E9E0FAAD497...

Signature

Business Owner

Praful C Patel

Name of Owner or Authorized Representative (please print)

Owner

Title

4/13/2021

Date

Please fill out, sign and return to by email to dharris@santacruz.org or mail to 303 Water Street, Suite 100, Santa Cruz, CA 95060 or fax to 831.427.4407

Petition to the County of Santa Cruz to Renew a Santa Cruz County Tourism Marketing District

I am petitioning to initiate special assessment proceedings to renew a Tourism Marketing District in accordance with the Property and Business Improvement District Law of 1994, Streets and Highways Code Section 36600 et seq., for the purpose of undertaking and implementing the Tourism Marketing District as described in the Management District Plan found on the Visit Santa Cruz County website at **https://www.santacruz.org/wp-content/uploads/2021/04/Santa-Cruz-County-District-Plan-Renewal_2022_LegalReview_Final-V2-Updated-TMD-Properties-04-09-21.pdf**

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The undersigned hereby certifies under penalty of perjury that he or she is the owner of the lodging business herein referenced or the duly authorized agent of said owner with full authority to execute this petition and to thereby legally bind said lodging business in doing so. The City/County and the undersigned hereby also acknowledge and agree that this petition may be executed by electronic signature and that said electronic signature will have the full force and effect as an original signature.

Lodging Establishment

Four Points Scotts Valley

Name of Property (one property per petition)

DocuSigned by:

Sita Patel

E56A4AC9313345E...

Signature

Business Owner

Sita Patel

Name of Owner or Authorized Representative (please print)

Regional Director of Operations

Title

4/12/2021

Date

Please fill out, sign and return to by email to dharris@santacruz.org or mail to 303 Water Street, Suite 100, Santa Cruz, CA 95060 or fax to 831.427.4407

Petition to the County of Santa Cruz to Renew a Santa Cruz County Tourism Marketing District

I am petitioning to initiate special assessment proceedings to renew a Tourism Marketing District in accordance with the Property and Business Improvement District Law of 1994, Streets and Highways Code Section 36600 et seq., for the purpose of undertaking and implementing the Tourism Marketing District as described in the Management District Plan found on the Visit Santa Cruz County website at **https://www.santacruz.org/wp-content/uploads/2021/04/Santa-Cruz-County-District-Plan-Renewal_2022_LegalReview_Final-V2-Updated-TMD-Properties-04-09-21.pdf**

Santa Cruz County Tourism Marketing District formation requires submittal of petitions from lodging businesses within the proposed district boundaries representing more than 50% of the total annual assessment. Specifically, each lodging establishment's petition will be weighted by the total gross room rental revenue (less any local, State or Federal sales taxes or transient occupancy taxes) of that lodging establishment. If written petitions representing more than 50% of the total assessment revenue support renewal, the petitions will be forwarded to the Santa Cruz County Board of Supervisors for a public meeting and a public hearing, and an opportunity for a written protest. The assessed lodging business owners will receive notice of the public hearings by USPS mail and electronic mail.

The undersigned hereby certifies under penalty of perjury that he or she is the owner of the lodging business herein referenced or the duly authorized agent of said owner with full authority to execute this petition and to thereby legally bind said lodging business in doing so. The City/County and the undersigned hereby also acknowledge and agree that this petition may be executed by electronic signature and that said electronic signature will have the full force and effect as an original signature.

Lodging Establishment

Hilton Santa Cruz/Scotts Valley

Name of Property (one property per petition)

DocuSigned by:

Josh Belcher

90EEFAEAFDA9459...

Signature

Business Owner

Josh Belcher

Name of Owner or Authorized Representative (please print)

General Manager

Title

4/20/2021

Date

Please fill out, sign and return to by email to dharris@santacruz.org or mail to 303 Water Street, Suite 100, Santa Cruz, CA 95060 or fax to 831.427.4407

SANTA CRUZ COUNTY
TOURISM MARKETING DISTRICT

MANAGEMENT DISTRICT PLAN
2022 Renewal

Formed pursuant to the Property and Business Improvement District Act of 1994
(Streets and Highways Code §36600 et seq.)

Submitted To:

Visit Santa Cruz County Board of Directors
&
Santa Cruz County Board of Supervisors

Proposed Adoption June 29, 2021

SANTA CRUZ COUNTY TOURISM MARKETING DISTRICT MANAGEMENT DISTRICT PLAN
2022 Renewal

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I. INTRODUCTION AND OVERVIEW

Operating since July 1, 2010, the Santa Cruz County Tourism Marketing District, or "SCCTMD," is an established benefit assessment district that has been developed to help fund marketing and sales efforts for the Santa Cruz County lodging businesses and lodging business categories that are identified in this plan as beneficiaries ("Lodging Businesses"). The SCCTMD is an assessment district proposed to continue providing specific benefits to payors, by funding programs that specifically benefit assessed lodging businesses.

This approach has been used successfully in Santa Cruz County and in over 100 other destination areas throughout California and the country to drive additional room nights by publicizing the available lodging and related tourism opportunities. The SCCTMD is implemented by Visit Santa Cruz County (VSCC), identified here as the Owners' Association.

Location: The SCCTMD includes all Lodging Businesses, and only lodging businesses, located within the boundaries of the County of Santa Cruz, including without limitation businesses such as hotels, motels, inns, studio hotels, bachelor hotels, vacation rental management companies, lodging houses, rooming houses, dormitories, hostels, public or private clubs or similar structures or other lodging wherein living accommodations for periods less than thirty days are offered for hire, and including vacation rental dwellings (other than those located on property zoned exclusively for residential purposes), and vacation rental services operated by professional property managers. R.V. parks shall not be assessed in the SCCTMD.

Services: The SCCTMD will provide specific benefits directly to payors (Lodging Businesses) to support increased room night sales. Benefits include marketing activities such as advertising, social media, public relations, online promotions, direct sales, and destination marketing. Additionally, policy development for programs will be addressed by the SCCTMD. All activities are directed toward marketing overnight business for Santa Cruz County as a tourist, meeting, and event destination.

Budget: The total SCCTMD annual budget is anticipated to be approximately $3 Million in the first year, which will be used to fund the operations of the Santa Cruz County Tourism Marketing District.

Cost: Annual assessment rates are assessed upon each night of a visitor stay within tiers based upon annual benefit levels to each Lodging Business measured by calculating "Revenue Per Available Room," or "RevPAR". Hotels, motels, inns, studio hotels, bachelor hotels, vacation rental management companies, lodging houses, rooming houses, dormitories, hostels, and public or private clubs or similar structures (hereinafter "Lodging Businesses") will be assessed. Assessments will not be collected on stays of more than thirty (30) consecutive days. The assessment rates will be increased each year by a factor of 1.5% with rates being rounded off to the nearest $.05.

RevPAR	**Tier 1**	**Tier 2**	**Tier 3**	**Tier 4**
Amount	Less than $50.00	$50.00 to $74.99	$75.00 to $99.99	$100.00+
Assessment	$2.10	$2.75	$3.10	$4.00

RevPAR, or revenue per available room, is a widely used performance metric in the lodging industry. For the purposes of the District Plan, RevPAR is calculated by dividing the total guestroom revenue of a Lodging Business for the prior fiscal year by the room count, and by the number of days in the period being measured, in this case one year. The VSCC has ascertained that the degree of benefit of the SCCTMD varies based upon RevPAR for Lodging Businesses in Santa Cruz County, as these tiers best serve to capture the degree of benefit. The Rate tiers 1-4 are intended to capture this degree of benefit, by incorporating a base "Tier 1", as well as a higher assessment applicable to higher RevPAR Lodging Businesses.

Given that the actual "guestroom" or unit inventory may vary by month or season for Vacation Rental Management Companies (VRMC's), will be assessed at the Tier 3 rate without calculation of RevPAR. In year two of TMD operations VRMC's will move to Tier 4.

Assessments will not be collected on stays of more than thirty (30) consecutive days, nor on complimentary stays. For purposes of this plan a complimentary stay is defined as one when the customer is not paying any fee for any portion of their stay. Other than long-term visits (over 30 days) or complimentary stays there are no exceptions or exemptions to the collection of assessments.

Collection: The County of Santa Cruz and Cities (Capitola, Santa Cruz, Scotts Valley and Watsonville) will be responsible for collecting the assessment monthly (including delinquencies, penalties, and interest) from each Lodging Business located within the boundaries of the SCCTMD, within their respective jurisdictions. Jurisdictions will be reimbursed 1% of collections as a processing fee.

Formation: SCCTMD formation and renewal require submittal of petitions from Lodging Businesses representing more than 50% of the total estimated annual assessment followed by a Board of Supervisors hearing and an opportunity for a written protest. The assessed Lodging Business owners will receive official notice of the public hearing by mail from the lead agency, the County of Santa Cruz. If there is a majority written protest, the SCCTMD will not be renewed and will lapse as of June 30, 2022.

Duration: The SCCTMD renewal shall begin July 1, 2022 and shall terminate on June 30, 2029. Once per year, beginning on the anniversary of formation of the District, there is a 30-day period in which assessed owners may file a written petition with the Clerk of the Board of Supervisors seeking disestablishment of the District. If written petitions seeking disestablishment of the District are filed by owners paying 50% or more of the assessment, the Board of Supervisors shall adopt a Resolution of Intention to disestablish the District and hold a noticed hearing on disestablishment in accordance with Streets and Highways Code Section 36670.

Renewal: To renew the District, the same procedures that were undertaken to form the District must be followed, subject to any changes in procedures caused by amendments to the Property and Business Improvement District Law of 1994 and related government codes. Specifically, owners paying 50% or more of the estimated amount of the assessments that are proposed must submit petitions in support of forming the District; a management plan must be prepared; the Board of Supervisors must adopt a resolution declaring its intent to renew the District; a noticed public meeting and public hearing must be held; any written protests submitted to the Clerk of the Board of Supervisors must be tabulated, and if there is no majority protest the Board of Supervisors may adopt a resolution renewing the District.

Management: Visit Santa Cruz County serves as the SCCTMD Owners' Association. The Owner's Association is charged with managing funds and implementing programs in accordance with this Plan and must provide annual reports to the Santa Cruz County Board of Supervisors.

II. PURPOSE OF TOURISM MARKETING DISTRICT FOR LODGING BUSINESSES IN SANTA CRUZ COUNTY

1. The Continuing Need to Maintain and Increase Occupancy

The renewal of the SCCTMD is a proactive effort to continue to provide sustained funding for tourism promotion benefitting Lodging Businesses, based upon an existing and successful model. The funding will ensure that adequate financing exists for the investment required to increase occupancy in the lodging industry and be competitive in group and leisure tourism markets. The investment will cover an expanded marketing and promotional budget needed to reach these market segments.

2. Stable Funding for Tourism Promotion Benefitting Lodging Businesses

The SCCTMD will provide a continuing and stable source of funding for consistent tourist lodging promotion efforts. The SCCTMD will provide funding for such promotion free of the political and economic circumstances that can reduce or eliminate government funding for tourist lodging promotion.

3. Effective Tourism Promotion Benefitting Lodging Businesses

Tourism promotion efforts funded by the SCCTMD provide special benefit to members of the District by both promoting their individual Lodging Business as well as effectively drawing visitors (customers) to the destination (identified as Santa Cruz County) to purchase their lodging product. Santa Cruz County has special attributes that make it an appealing tourism destination. Such attributes include, but are not limited to, legitimate tourism activities that support overnight lodging stays such as State Parks, beaches, attractions, festivals, cultural and sporting events, and other area activities. These attributes are included in marketing efforts with the intended purpose of increasing overnight visitation for Lodging Businesses. Any general benefits (if any) to the surrounding community based on these efforts are a byproduct of the special benefit being paid for and are therefore intangible and unquantifiable.

III. WHAT IS A TOURISM MARKETING DISTRICT?

Tourism Marketing Districts (TMDs) utilize the efficiencies of private sector operation in the market-based promotion of tourism districts. TMDs allow lodging and tourism-related business owners to organize their efforts to increase tourism and thus lodging occupancy. Tourism-related Lodging Businesses within the District fund a TMD, and those funds are used to provide services that the businesses desire and that benefit the Lodging Businesses within the District.

Tourism Marketing District services may include, but are not limited to:

- Marketing of the Destination
- Tourism Promotion Activities
- Sales Lead Generation

In California, Tourism Marketing Districts are formed and renewed pursuant to the Property and Business Improvement District Law of 1994 (PBID Law). This law allows for the creation of a special benefit assessment district to raise funds within a specific geographic area. The key difference between TMDs and other special benefit assessment districts is that <u>funds raised are returned to the private non-profit corporation</u> to administer and implement the District Plan.

There are many benefits to Tourism Marketing Districts:

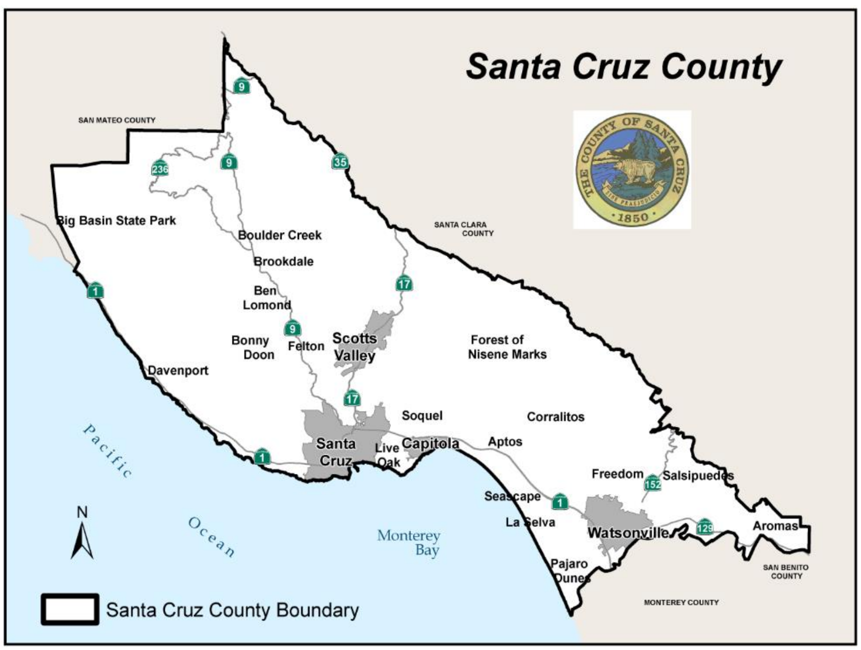
- Funds may only be used for the benefit of those paying assessments;
- Tourism Marketing Districts are customized to fit the needs of each tourism district;
- They allow for a range of services, including those listed above;
- Tourism Marketing Districts are designed, created, and administered by those who will pay the assessment;
- They provide a stable funding source for promotion activities.

The text of the Property and Business Improvement District Law of 1994 (AB 3754), as amended, is provided in Appendix 1 of this document.

IV. THE BOUNDARY OF THE SANTA CRUZ COUNTY TMD

The SCCTMD geographic boundaries are the boundaries of the County of Santa Cruz. The SCCTMD includes all Lodging Businesses available for transient public occupancy located within the boundaries of the County of Santa Cruz. An assessment is levied against all Lodging Businesses providing transient lodging, including both existing Lodging Businesses at the time of the District's formation, and Lodging Businesses that open during the existence of the SCCTMD. For purposes of the SCCTMD assessment rates apply to hotels, motels, inns, studio hotels, bachelor hotels, vacation rental management companies, lodging houses, rooming houses, dormitories, hostels, public or private clubs, not-for profit organizations that provide lodging, or similar structures. As used herein, the term "transient" means: any person who is in need of occupancy by reason of concession, permit, right of access, license, or other agreement for a period of thirty (30) consecutive calendar days or less. The length of stay includes portions of a calendar day as a full day. Any person meeting this criteria and occupying space in a Lodging Business will be deemed a transient until the period of thirty (30) days has expired. If a written agreement exists between the Lodging Business and the occupant, which identifies a longer stay than thirty (30) days, the stay will not be deemed transient. R.V. parks or camping facilities shall not be assessed, similarly communal sleeping rooms in which lodgers rent one of multiple beds within the room and share communal restroom/shower facilities shall not be subject to assessment or factored in the pertinent RevPAR calculation in the SCCTMD.

The boundary of the SCCTMD is understood to include approximately 100 professionally managed Lodging Businesses, inclusive of about 9 VRMC businesses currently operating in the SCCTMD area. Please see the map below. A listing of the Lodging Businesses within the proposed SCCTMD can also be found on Appendix 2 of this Plan.



V. SERVICE PLAN AND BUDGET

A. Annual Service Plan

Assessment funds will be spent to provide specific benefits directly to the payors. Benefits and services are not provided to those not charged the assessment. The services provided by the SCCTMD funds include various marketing initiatives including advertising, public relations, social media promotion, sales, and policy development to assessed businesses. SCCTMD programs and services generate a specific benefit of increased room night bookings for assessed Lodging Businesses.

1. Marketing, Communications and Promotions

The annual budget will support the existing and ongoing marketing and promotions efforts. All marketing and promotions activities will be designed and implemented with the goal of attracting overnight visitors with a primary focus on visits during the non-summer season. Budget categories include all costs related to providing the related service. Sales and Marketing budgets include the cost of staff time dedicated to implementation of various initiatives. Staff time focused specifically on administrative tasks is allocated to the administrative category of the budget. One staff member's time may be allocated to multiple budget categories as appropriate in accordance with generally accepted accounting principles. Staffing levels for various services are determined through the annually approved budget under the leadership of the Owner's Association. Activities may include any or all of the following initiatives:

- Direct Advertising
- On-line/Web Based Promotional Programs
- Trade Shows/Sales Blitzes
- Familiarization Tours
- Collateral Material Development
- Professional Industry Conferences/Affiliation Fees
- Contract Consulting Fees
- Special Event Promotion Funding
- Visitor Services
- Research
- Staffing Costs
- Public, Community and Media Relations
- Social Media Promotions
- Trade Shows/ Media Events
- Website Development
- Electronic Newsletters and On-line Marketing Programs
- Collateral Material Development

2. Advertising/ Public Relations

All direct advertising and public relations efforts promote Santa Cruz County Lodging Businesses. A wealth of efforts includes direct advertising, digital, print, and social media. Brand advertising efforts are directed toward retail promotions as well as trade. Content marketing efforts are a significant part of programming and provide in depth destination information through media relations and various owned media including santacruz.org and a variety of social media platforms. Ongoing public relations outreach with travel and lifestyle media generates earned media coverage to entice and inspire travel, while prioritizing Lodging Business awareness and travel motivators for overnight travel to Santa Cruz County.

All advertising and public relations efforts are developed in such a way as to increase awareness and inspire overnight visitation. Increasing room night sales and extended stays is the ultimate goal. Examples of advertising and public relation initiatives include but may not be limited to:

- Employing initiatives that attract overnight visitors and increase visitation during non-peak seasons and non-peak days of the week.

- Seeking messaging and incentives that present compelling information regarding appealing aspects of non-peak travel times.

- Investing in and maintaining a high-quality inventory of photo and video content that presents a compelling enticement and drives overnight visitation.

- Continual updates and maintenance of www.santacruz.org including rotation of image and text content, seasonal offerings, SEO optimization and aggressive digital efforts to support qualified, increased traffic to the website.

- Utilizing social media efforts to increase awareness of various themes related to the Santa Cruz County travel experience and to support driving additional traffic to www.santacruz.org .

- Hosting familiarization trips for journalists and travel media to provide a first-hand experience that will result in positive exposure for the destination and increase overnight visitation and room sales to assessed businesses.

- Ongoing development of opt-in, segmented email lists for direct email marketing.

- Conduct periodic research to gauge the level of ROI and effectiveness of specific marketing initiatives and provide relevant market updates to inform future efforts.

3. Sales

Conference and group sales efforts focus on supporting a destination message focusing on the appeal of Santa Cruz County as an ideal location for meetings and retreats. Sales efforts include attendance of key trade shows, direct email marketing support, organized client events, hotel site inspections and destination familiarization tours. All efforts ultimately address prospecting for leads and working with conference hotels to support converting leads into booked business.

Travel trade efforts for international travel promotion focuses on selling Santa Cruz County Lodging Businesses to international travel agents, wholesaler operators and receptive tour operators.

Examples of programs to support sales efforts would include but may not be limited to:

- Attendance at industry trade shows independently and in collaboration with lodging representatives where possible.

- Hosting familiarization tours for meetings and travel trade.

- Developing industry alliances with key tourism organizations such as Visit California, Brand U.S.A., and Central Coast Tourism Council to promote key selling points promoting Santa Cruz County as an appealing destination for overnight visitation.

- Advertising and digital marketing support including email marketing to qualified opt-in email lists.

4. Administration/Operations/Policy Development

The budget may also be allocated to administration and operational expenses to support the operations of the VSCC. These expenses may include:

- Staffing costs
- Legal and consulting fees
- Office space rental
- General administrative and operational costs
- Development of policies as necessary

5. Jurisdictional Administration Fees

(a) The County of Santa Cruz and each City will be paid a fixed administrative fee of 1% of the amount collected within their jurisdiction for the costs of administration of assessments, which is a reasonable estimate of the costs of services to be delivered by the jurisdictions. An additional .5% shall be reserved by the VSCC and used to reimburse the County and Cities for the actual costs of auditing and delinquency collections, to the extent not covered by interests and penalties. The County of Santa Cruz will be paid any actual costs which exceed the fixed fee mentioned above provided that the County of Santa Cruz makes available to the VSCC a full itemization of the actual costs. Upon request of the VSCC, the County of Santa Cruz will meet with the VSCC for the purpose of reducing future actual costs to 1.5% or less. The fee for administration and any additional actual costs incurred by the County of Santa Cruz and the cities will be retained by the County of Santa Cruz and the Cities from the assessments collected.

(b) Any Lodging Business that fails to remit any assessment imposed by the District within the time required shall pay penalties in accordance with the regulations and procedures established for TOT collections in each jurisdiction. Any penalty and interest fees shall be retained by the collecting jurisdiction as an offset to the actual costs of delinquency collection.

(c) The jurisdictions shall be responsible for collecting and distributing assessments and for reasonable efforts in collecting delinquencies. The VSCC may call for an annual meeting of the jurisdictions to review administrative matters and address any concerns regarding the administration of the assessment, as they determine necessary.

6. Reserves: Contingency Renewal/Annual Financial Audit/Research

Approximately .25% of the budget shall be retained in designated contingency reserve line items for annual audits, periodic research, and renewal of the District. If there are reserve funds remaining at the expiration of the District, these funds may be used for costs and expenses required to renew the District.

B. Santa Cruz County Tourism Marketing District Annual Budget

The service plan budget has been developed to focus on, and deliver, services to benefit the assessed businesses. The detailed budget is approved by the Visit Santa Cruz County Board of Directors. The table below provides the annual budget allocations. The total initial budget is estimated to be approximately $3 million. The budget is intended to support the ongoing operations and administration of the Santa Cruz County Tourism Marketing District. An annual service plan and budget will be developed and approved by the VSCC Board of Directors. The budget also includes a portion for audit, research, and contingencies and renewal of the District. Should the VSCC Board of Directors approve, funds may be appropriated for the renewal effort. If there are funds remaining at the end of the District term and Lodging Businesses choose to renew, these remaining funds could be transferred to the renewed District. If there are funds remaining at the end of the District and Lodging Businesses choose not to renew, any remaining funds will be spent consistent with this Plan or returned to assessed businesses in equal proportion to the assessment paid by each business. SCCTMD funds shall not be used to pay for activities in support or opposition to an application for a proposed land use modification. Annual revenues will fluctuate based on the health of the tourism industry overall, however, the proportional allocations of the budget will remain consistent. The VSCC Board of Directors will have the authority to adjust budget allocations between categories by no more than fifteen percent (15%) of the total budget per year. The proposed annual improvements and activities for the first year of operations is outlined in more detail below. The same programs are proposed for subsequent years, at varying degrees depending on trends and market conditions. In the event of a legal challenge against the SCCTMD, the County, or the Cities concerning the formation of the District, all assessment funds may be used for the costs of defending the SCCTMD, the County, or the Cities.

Category	Percentage of Budget
Marketing /Promotions/Sales	73.25%
Administration/Operations and Policy Development	25%
Jurisdictional Administration Fee	1%
Reserve for Audit/Collections	.25%
Reserve for Research	.25%
Contingency and Renewal	.25%
Total Estimated Tourism District Annual Budget	**100%**

C. California Constitutional Compliance

The SCCTMD assessment is not a property-based assessment subject to the requirements of Proposition 218. The SCCTMD assessment is a business-based assessment and is excerpted from the application of subject to Proposition 26. Pursuant to Proposition 26 levies are taxes unless they fit one of seven exceptions. Two of these exceptions apply to the SCCTMD, a "specific benefit" and a "specific government service." Both require that the costs of benefits or services do not exceed the reasonable costs to the governmental agency conferring the benefits or providing the services.

SCCTMD operations will be conducted and implemented carefully to ensure they do not exceed the reasonable cost of such services. All assessment revenue will be used to provide special benefit services described in the Marketing District Plan. Funds will be managed and overseen by the VSCC Board of Directors and reports will be submitted annually to the Santa Cruz County Board of Supervisors as specified in the contract between VSCC and the County of Santa Cruz.

D. Assessment and Classes

1. *Time and Manner for Collecting Assessments*

The SCCTMD assessment will begin July 1, 2022 and will continue for 7 years through June 30 2029. The County and Cities will be responsible for collecting the assessment monthly (including any delinquencies, penalties, and interest) from each Lodging Business located in the boundaries of the SCCTMD, within their respective jurisdictions. The County and Cities will forward the assessments collected to the Owner's Association pursuant to agreements between VSCC and the County and Cities. The County and the Cities may retain all penalties and interest collected on delinquent assessments to cover their actual costs associated with collecting the delinquent assessments. Assessments will be collected concurrently with TOT and shall be subject to any changes in each jurisdiction's TOT collection procedures. Each jurisdiction shall collect assessments in accordance with its own regulations and procedures consistent with the collection of TOT. Each jurisdiction will remit assessments on a monthly or at most a quarterly basis to Visit Santa Cruz County (VSCC), which will have the responsibility to manage the SCCTMD programs as provided in this District Plan.

Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days, nor on complimentary stays. For purposes of this plan a complimentary stay is defined as one when the customer is not paying any fee for any portion of their stay. Other than long-term visits (over 30 days) or complimentary stays there are no exceptions.

Bonds may not be issued. In addition, there will be no debt financing required by any of the jurisdictions. Assessments are levied upon and a direct obligation of the assessed Lodging Business. However, the assessed Lodging Business may at its discretion pass the assessment on to transients. The amount of assessment, if passed on to each transient, will be disclosed in advance and separately stated from the amount of rent charged and any applicable tax or fee and each transient will receive a receipt for the payment from the business. If the SCCTMD assessment is identified separately it will be disclosed as the "SCCTMD Assessment." As an alternative, the disclosure may include the amount of the SCCTMD assessment and the amount of the assessment imposed pursuant to the California Tourism Marketing Act, Government Code sections 13995 et seq., and will be disclosed as the "Tourism Assessment." The assessment is imposed solely upon and is the sole obligation of the assessed Lodging Business even if it is passed on to transients. The assessment will not be considered revenue for any purpose, including calculation of transient occupancy taxes.

2. Vacation Rental Management Companies

Vacation Rental Management Companies (VRMC's) are a distinct sector of the lodging industry. They contract with individual owners of houses and condominiums. VRMC's operate as agents on behalf of other property owners. The VRMC, rather than the underlying property or properties, is assessed, and VRMCS's are not exempt due to the residential character of their lodging inventory. VRMC's are identified as a unique sector of businesses within the lodging industry. As such, this sector is designated as a special class within the SCCTMD membership.

Qualifying attributes for a special class include the following: The vacation rentals are each distinct, unique and are generally not centrally located in one building or building complex but are in various areas of the County of Santa Cruz.

Given that the assessments for the SCCTMD are based on RevPAR Tiers and the inventory of a VRMC may fluctuate throughout any given year (preventing the calculation of RevPAR Tiers on a comparable basis over the year) VRMC's will pay the equivalent of Tier 3 within the assessment structure (initially $3.10 per night sold) subject to increases based upon annual increase of 1.5%. In year two of the operations of the District, or beginning July 1, 2023, VRMC's will begin paying the assessment identified in Tier 4.

3. Exclusions from Assessments

Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and services funded through these assessments and are not subject to assessment under this District Plan.

For example, there are many Privately Owned and Operated Vacation Rentals such as houses and condominiums in various areas of Santa Cruz County. These properties are rented and promoted by their owners, primarily through online outlets such as the Vacation Rental By Owner (VRBO) and Airbnb web sites. Substantially all of these individually owned properties are zoned solely for residential use, and those properties are not subject to assessment. These entities do not receive direct benefits provided to TMD members such as placement on the website and direct promotion through social media or other marketing initiatives. The legislature has found that, "A specific benefit is not excluded from classification as a 'specified benefit' merely because an indirect benefit to a nonpayor occurs incidentally and without cost to the payor as a consequence of providing the specific benefit to the payor."

4. Assessment Rate Increases:

In order to ensure the Santa Cruz County tourism industry's competitive marketing position through adequate funding levels and avoid erosion of the marketing budget due to inflation, assessment rates will be updated and increased annually by a factor of 1.5%.

Each year, Visit Santa Cruz County (VSCC), in its role as the Tourism Marketing District's Plan Administrator, will review current RevPAR tier rates paid by each member of the SCCTMD. If that review makes the finding to recommend a change of a member's Tier and associated assessment level, that member will be officially notified in writing of the proposed change, no later than January 31st preceding the beginning of the next fiscal year (July 1) when any increase would take effect. If a SCCTMD member disputes the finding, the VSCC will arrange a meeting with a County representative to review the data used to develop the finding.

E. Adjustments to Status of Lodging Businesses:

New Lodging Businesses without a twelve-month history of operations will automatically be identified as Tier 1 and pay that current assessment level for the first twelve months of operations, at which time RevPAR will be determined. The Lodging Business would then be notified of any Tier adjustment the following January 31st after their first twelve months of operations. Any Tier adjustment would take effect the following July 1. In the event that a currently operating Lodging Business closes and ceases to conduct business for twelve consecutive months or longer, upon reestablishment of operations, that Lodging Business would follow the same process as a new lodging establishment. In the case of the sale of an existing property that continues operations, the current Tier assessment will transfer with the Lodging Business.

F. Delinquency, Penalty and Interest

Any Lodging Business that fails to remit any assessment imposed by the District within the time required shall pay penalties in accordance with the regulations and procedures established for TOT collections in each jurisdiction. If the County or the Cities determine that any non-payment of assessments due is related to fraud, a penalty of twenty-five percent (25%) of the amount of the assessment due will be added to the debt, in addition to any other fees or penalties being applied.

Collecting jurisdictions shall be responsible for collecting delinquencies. Any penalty and interest fees shall be retained by the collecting jurisdiction to help offset the actual costs of such action.

Without limiting any other remedies, any SCCTMD Lodging Business that has been notified of having outstanding assessment fees and is more than six months in arrears with such payments may have their SCCTMD benefits suspended until such payments have been satisfied. Suspension of benefits must be initiated by official action taken by a majority vote of the VSCC Board of Directors.

G. Audits

The County of Santa Cruz shall perform or cause to be performed an audit of the books and records of the District not less than at the close of the third, fifth and seventh fiscal years of the operations of the TMD. Independently conducted audit results will be submitted with the annual report to the Santa Cruz County Board of Supervisors.

H. Disestablishment of the District

Per the Streets and Highways Code section 36670 of the Business Improvement District Law of 1994 the District may be disestablished by resolution by the Board of Supervisors for misappropriation of funds, malfeasance, or a violation of law in connection with the management of the District. Disestablishment may also occur upon the written petition of the owners or authorized representatives of real property or the owners or authorized representatives of businesses in the area who pay 50 percent or more of the assessments levied during a 30-day period beginning one year after the establishment of the District. A 30-day period shall occur for each successive year of the District's operation.

VI. BID GOVERNANCE

A. Santa Cruz County Tourism Marketing District Governance

The VSCC will serve as the Owners' Association for the SCCTMD. The Santa Cruz County Board of Supervisors through adoption of this Management District Plan has the right, pursuant to Streets and Highways Code section 36651, to identify the body that will implement the proposed marketing services, which will be the Owners' Association of the SCCTMD as defined in Streets and Highways Code section 36612. Funds will be paid by the County and the Cities to VSCC as a contractor, and only pursuant to agreements between VSCC and the County and the Cities. Within the SCCTMD, the CEO and Executive Vice President of VSCC will continue to be charged with the day-to-day operations of the SCCTMD. The VSCC Board of Directors will continue to be charged with approving budgets and priorities for the SCCTMD. The VSCC Board will continue to be comprised of a majority membership of lodging representatives and continue to take into consideration the size and type of Lodging Businesses as well as seek geographic representation within the boundaries of SCCTMD. The VSCC Board makeup may be revised during the SCCTMD term, as modified by an amendment of the VSCC bylaws.

B. Brown Act and Public Records Act Compliance

The Owner's Association of SCCTMD shall comply with the Ralph M. Brown Act (Government Code § 54950 et seq.) regarding open meetings. Thus, meetings of the VSCC Board must be always held in compliance with the public notice and other requirements of the Brown Act when matters within the subject matter of the District are heard, discussed, or deliberated, and with the California Public Records Act, for all records relating to activities of the District. The Owner's Association is also subject to the record keeping requirements of the California Public Records Act. VSCC is a private, non-profit entity.

C. Annual Report

The VSCC Board shall present an annual report at the end of each year of operation to the Santa Cruz County Board of Supervisors pursuant to Streets and Highways Code section 36650 (see Appendix 1). The annual report will include: 1) Proposed changes in the boundaries of the TMD or in any benefit zones or classification of businesses within the District; 2) Improvements and activities to be provided for that fiscal year; 3) An estimate of the cost of providing the improvements and activities for that fiscal year; 4) Method and basis of levying the assessment; 5) Estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year and 6) An estimate of the amount of any contributions to be made from sources other than assessments levied pursuant to this part.

APPENDIX 1 – THE PROPERTY AND BUSINESS IMPROVEMENT DISTRICT LAW OF 1994

PROPERTY AND BUSINESS IMPROVEMENT DISTRICT LAW OF 1994

STREETS AND HIGHWAYS CODE

Division 18. Parking

§ 36600. Citation of part

This part shall be known and may be cited as the “Property and Business Improvement District Law of 1994.”

§ 36601. Legislative findings and declarations

The Legislature finds and declares all of the following:

(a) Businesses located and operating within the business districts of this state’s communities are economically disadvantaged, are underutilized, and are unable to attract customers due to inadequate facilities, services, and activities in the business districts.

(b) It is in the public interest to promote the economic revitalization and physical maintenance of the business districts of its cities in order to create jobs, attract new businesses, and prevent the erosion of the business districts.

(c) It is of particular local benefit to allow cities to fund business related improvements, maintenance, and activities through the levy of assessments upon the businesses or real property that benefits from those improvements.

(d) Assessments levied for the purpose of providing improvements and promoting activities that benefit real property or businesses are not taxes for the general benefit of a city, but are assessments for the improvements and activities which confer special benefits upon the real property or businesses for which the improvements and activities are provided.

§ 36602. Purpose of part

The purpose of this part is to supplement previously enacted provisions of law that authorize cities to levy assessments within a business improvement area. This part does not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes.

§ 36603. Preemption of authority or charter city to adopt ordinances levying assessments

Nothing in this part is intended to preempt the authority of a charter city to adopt ordinances providing for a different method of levying assessments for similar or additional purposes from those set forth in this part. A property and business improvement district created pursuant to this part is expressly exempt from the provisions of the Special Assessment Investigation, Limitation and Majority Protest Act of 1931 (Division 4 (commencing with Section 2800)).

§ 36603.5. Part prevails over conflicting provisions

Any provision in this part that conflicts with any other provision of law shall prevail over the other provision of law.

§ 36604. Severability

This part is intended to be construed liberally and, if any provision is held invalid, the remaining provisions shall remain in full force and effect. Assessments levied under this part are not special taxes.

§ 36605. [Section repealed 2001.]

§ 36606. "Assessment"

"Assessment" means a levy for the purpose of acquiring, constructing, installing, or maintaining improvements and promoting activities which will benefit the properties or businesses located within a property and business improvement district.

§ 36607. "Business"

"Business" means all types of businesses and includes financial institutions and professions.

§ 36608. "City"

"City" means a city, county, city and county, or an agency or entity created pursuant to Article 1 (commencing with *Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code*, the public member agencies of which includes only cities, counties, or a city and county, or the State of California.

§ 36609. "City council"

"City council" means the city council of a city or the board of supervisors of a county, or the agency, commission, or board created pursuant to a joint powers agreement and which is a city within the meaning of this part.

§ 36610. "Improvement"

"Improvement" means the acquisition, construction, installation, or maintenance of any tangible property with an estimated useful life of five years or more including, but not limited to, the following:

(a) Parking facilities.

(b) Benches, booths, kiosks, display cases, pedestrian shelters and signs.

(c) Trash receptacles and public restrooms.

(d) Lighting and heating facilities.

(e) Decorations.

(f) Parks.

(g) Fountains.

(h) Planting areas.

(i) Closing, opening, widening, or narrowing of existing streets.

(j) Facilities or equipment, or both, to enhance security of persons and property within the area.

(k) Ramps, sidewalks, plazas, and pedestrian malls.

(l) Rehabilitation or removal of existing structures.

§ 36611. "Property and business improvement district"; "District"

"Property and business improvement district," or "district," means a property and business improvement district established pursuant to this part.

§ 36612. "Property"

"Property" means real property situated within a district.

§ 36613. "Activities"

"Activities" means, but is not limited to, all of the following:

(a) Promotion of public events which benefit businesses or real property in the district.

(b) Furnishing of music in any public place within the district.

(c) Promotion of tourism within the district.

(d) Marketing and economic development, including retail retention and recruitment.

(e) Providing security, sanitation, graffiti removal, street and sidewalk cleaning, and other municipal services supplemental to those normally provided by the municipality.

(f) Activities which benefit businesses and real property located in the district.

§ 36614. "Management district plan"; "Plan"

"Management district plan" or "plan" means a proposal as defined in Section 36622.

§ 36614.5. "Owners' association"

"Owners' association" means a private nonprofit entity that is under contract with a city to administer or implement activities and improvements specified in the management district plan. An owners' association may be an existing nonprofit entity or a newly formed nonprofit entity. An owners' association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. Notwithstanding this section, an owners' association shall comply with the Ralph M. Brown Act

(Chapter 9 (commencing with *Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code*), at all times when matters within the subject matter of the district are heard, discussed, or deliberated, and with the California Public Records Act (Chapter 3.5 (commencing with *Section 6250) of Division 7 of Title 1 of the Government Code*), for all documents relating to activities of the district.

§ 36615. "Property owner"; "Business Owner"; "Owner"

"Property owner" means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of land by the city council. "Business owner" means any person recognized by the city as the owner of the business. "Owner" means either a business owner or a property owner. The city council has no obligation to obtain other information as to the ownership of land or businesses, and its determination of ownership shall be final and conclusive for the purposes of this part. Wherever this part requires the signature of the property owner, the signature of the authorized agent of the property owner shall be sufficient. Wherever this part requires the signature of the business owner, the signature of the authorized agent of the business owner shall be sufficient.

§ 36616. "Tenant"

"Tenant" means an occupant pursuant to a lease of commercial space or a dwelling unit, other than an owner.

§ 36617. Alternate method of financing certain improvements and activities; Effect on other provisions

This part provides an alternative method of financing certain improvements and activities. The provisions of this part shall not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes. Every improvement area established pursuant to the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500) of this division) is valid and effective and is unaffected by this part.

§ 36620. Establishment of property and business improvement district

A property and business improvement district may be established as provided in this chapter.

§ 36620.5. Requirement of consent of city council

A county may not form a district within the territorial jurisdiction of a city without the consent of the city council of that city. A city may not form a district within the unincorporated territory of a county without the consent of the board of supervisors of that county. A city may not form a district within the territorial jurisdiction of another city without the consent of the city council of the other city.

§ 36621. Initiation of proceedings; Petition of property or business owners in proposed district

(a) Upon the submission of a written petition, signed by the property or business owners in the proposed district who will pay more than 50 percent of the assessments proposed to be levied, the city council may initiate proceedings to form a district by the adoption of a resolution expressing its intention to form a district. The amount of assessment attributable to property or a business owned by the same property or business owner that is in excess of 40 percent of the amount of all assessments proposed to be levied, shall not be included in determining whether the petition is signed by property or business owners who will pay more than 50 percent of the total amount of assessments proposed to be levied.

(b) The petition of property or business owners required under subdivision (a) shall include a summary of the management district plan. That summary shall include all of the following:

(1) A map showing the boundaries of the district.

(2) Information specifying where the complete management district plan can be obtained.

(3) Information specifying that the complete management district plan shall be furnished upon request.

(c) The resolution of intention described in subdivision (a) shall contain all of the following:

(1) A brief description of the proposed activities and improvements, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property or businesses within the district, a statement as to whether bonds will be issued, and a description of the exterior boundaries of the proposed district. The descriptions and statements do not need to be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements and activities and the location and extent of the proposed district.

(2) A time and place for a public hearing on the establishment of the property and business improvement district and the levy of assessments, which shall be consistent with the requirements of Section 36623.

§ 36622. Contents of management district plan

The management district plan shall contain all of the following:

(a) If the assessment will be levied on property, a map of the district in sufficient detail to locate each parcel of property and, if businesses are to be assessed, each business within the district. If the assessment will be levied on businesses, a map that identifies the district boundaries in sufficient detail to allow a business owner to reasonably determine whether a business is located within the district boundaries. If the assessment will be levied on property and businesses, a map of the district in sufficient detail to locate each parcel of property and to allow a business owner to reasonably determine whether a business is located within the district boundaries.

(b) The name of the proposed district.

(c) A description of the boundaries of the district, including the boundaries of benefit zones, proposed for establishment or extension in a manner sufficient to identify the affected lands and businesses included. The boundaries of a proposed property assessment district shall not overlap with the boundaries of another existing property assessment district created pursuant to this part.

This part does not prohibit the boundaries of a district created pursuant to this part to overlap with other assessment districts established pursuant to other provisions of law, including, but not limited to, the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500)). This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with another business assessment district created pursuant to this part. This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with a property assessment district created pursuant to this part.

(d) The improvements and activities proposed for each year of operation of the district and the maximum cost thereof. If the improvements and activities proposed for each year of operation are the same, a description of the first year's proposed improvements and activities and a statement that the same improvements and activities are proposed for subsequent years shall satisfy the requirements of this subdivision.

(e) The total annual amount proposed to be expended for improvements, maintenance and operations, and debt service in each year of operation of the district. If the assessment is levied on businesses, this amount may be estimated based upon the assessment rate. If the total annual amount proposed to be expended in each year of operation of the district is not significantly different, the amount proposed to be expended in the initial year and a statement that a similar amount applies to subsequent years shall satisfy the requirements of this subdivision.

(f) The proposed source or sources of financing, including the proposed method and basis of levying the assessment in sufficient detail to allow each property or business owner to calculate the amount of the assessment to be levied against his or her property or business. The plan also shall state whether bonds will be issued to finance improvements.

(g) The time and manner of collecting the assessments.

(h) The specific number of years in which assessments will be levied. In a new district, the maximum number of years shall be five. Upon renewal, a district shall have a term not to exceed 10 years. Notwithstanding these limitations, a district created pursuant to this part to finance capital improvements with bonds may levy assessments until the maximum maturity of the bonds. The management district plan may set forth specific increases in assessments for each year of operation of the district.

(i) The proposed time for implementation and completion of the management district plan.

(j) Any proposed rules and regulations to be applicable to the district.

(k) A list of the properties or businesses to be assessed, including the assessor's parcel numbers for properties to be assessed, and a statement of the method or methods by which the expenses of a district will be imposed upon benefited real property or businesses, in proportion to the benefit received by the property or business, to defray the cost thereof, including operation and maintenance.

(l) Any other item or matter required to be incorporated therein by the city council.

§ 36623. Procedure to levy assessment

(a) If a city council proposes to levy a new or increased property assessment, the notice and protest and hearing procedure shall comply with Section 53753 of the Government Code.

(b) If a city council proposes to levy a new or increased business assessment, the notice and protest and hearing procedure shall comply with Section 54954.6 of the Government Code, except that notice shall be mailed to the owners of the businesses proposed to be assessed. A protest may be made orally or in writing by any interested person. Every written protest shall be filed with the clerk at or before the time fixed for the public hearing. The city council may waive any irregularity in the form or content of any written protest. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing. Each written protest shall contain a description of the business in which the person subscribing the protest is interested sufficient to identify the business and, if a person subscribing is not shown on the official records of the city as the owner of the business, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the business or the authorized representative. A written protest that does not comply with this section shall not be counted in determining a majority protest. If written protests are received from the owners or authorized representatives of businesses in the proposed district that will pay 50 percent or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than 50 percent, no further proceedings to levy the proposed assessment against such businesses, as contained in the resolution of intention, shall be taken for a period of one year from the date of the finding of a majority protest by the city council.

(c) If a city council proposes to conduct a single proceeding to levy both a new or increased property assessment and a new or increased business assessment, the notice and protest and hearing procedure for the property assessment shall comply with subdivision (a), and the notice and protest and hearing procedure for the business assessment shall comply with subdivision (b). If a majority protest is received from either the property or business owners, that respective portion of the assessment shall not be levied. The remaining portion of the assessment may be levied unless the improvement or other special benefit was proposed to be funded by assessing both property and business owners.

§ 36624. Changes to proposed assessments

At the conclusion of the public hearing to establish the district, the city council may adopt, revise, change, reduce, or modify the proposed assessment or the type or types of improvements and activities to be funded with the revenues from the assessments. Proposed assessments may only be revised by reducing any or all of them. At the public hearing, the city council may only make changes in, to, or from the boundaries of the proposed property and business improvement district that will exclude territory that will not benefit from the proposed improvements or activities. Any modifications, revisions, reductions, or changes to the proposed assessment district shall be reflected in the notice and map recorded pursuant to Section 36627.

§ 36625. Resolution of formation

(a) If the city council, following the public hearing, decides to establish the proposed property and business improvement district, the city council shall adopt a resolution of formation that shall contain all of the following:

(1) A brief description of the proposed activities and improvements, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property, businesses, or both within the district, a statement about whether bonds will be issued, and a description of the exterior boundaries of the proposed district. The descriptions and statements do not need to be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements and activities and the location and extent of the proposed district.

(2) The number, date of adoption, and title of the resolution of intention.

(3) The time and place where the public hearing was held concerning the establishment of the district.

(4) A determination regarding any protests received. The city shall not establish the district or levy assessments if a majority protest was received.

(5) A statement that the properties, businesses, or properties and businesses in the district established by the resolution shall be subject to any amendments to this part.

(6) A statement that the improvements and activities to be provided in the district will be funded by the levy of the assessments. The revenue from the levy of assessments within a district shall not be used to provide improvements or activities outside the district or for any purpose other than the purposes specified in the resolution of intention, as modified by the city council at the hearing concerning establishment of the district.

(7) A finding that the property or businesses within the area of the property and business improvement district will be benefited by the improvements and activities funded by the assessments proposed to be levied.

(b) The adoption of the resolution of formation and, if required, recordation of the notice and map pursuant to Section 36627 shall constitute the levy of an assessment in each of the fiscal years referred to in the management district plan.

§ 36626. Resolution establishing district

If the city council, following the public hearing, desires to establish the proposed property and business improvement district, and the city council has not made changes pursuant to Section 36624, or has made changes that do not substantially change the proposed assessment, the city council shall adopt a resolution establishing the district. The resolution shall contain all of the information specified in paragraphs (1) to (8), inclusive, of subdivision (b) of Section 36625, but need not contain information about the preliminary resolution if none has been adopted.

§ 36626.5. [Section repealed 1999.]

§ 36626.6. [Section repealed 1999.]

§ 36626.7. [Section repealed 1999.]

§ 36627. Notice and assessment diagram

Following adoption of the resolution establishing district assessments on properties pursuant to Section 36625 or Section 36626, the clerk of the city shall record a notice and an assessment diagram pursuant to Section 3114. No other provision of Division 4.5 (commencing with Section 3100) applies to an assessment district created pursuant to this part.

§ 36628. Establishment of separate benefit zones within district; Categories of businesses

The city council may establish one or more separate benefit zones within the district based upon the degree of benefit derived from the improvements or activities to be provided within the benefit zone and may impose a different assessment within each benefit zone. If the assessment is to be levied on businesses, the city council may also define categories of businesses based upon the degree of benefit that each will derive from the improvements or activities to be provided within the district and may impose a different assessment or rate of assessment on each category of business, or on each category of business within each zone.

§ 36628.5. Assessments on businesses or property owners

The city council may levy assessments on businesses or on property owners, or a combination of the two, pursuant to this part. The city council shall structure the assessments in whatever manner it determines corresponds with the distribution of benefits from the proposed improvements and activities.

§ 36629. Provisions and procedures applicable to benefit zones and business categories

All provisions of this part applicable to the establishment, modification, or disestablishment of a property and business improvement district apply to the establishment, modification, or disestablishment of benefit zones or categories of business. The city council shall, to establish, modify, or disestablish a benefit zone or category of business, follow the procedure to establish, modify, or disestablish a property and business improvement district.

§ 36630. Expiration of district; Creation of new district

If a property and business improvement district expires due to the time limit set pursuant to subdivision (h) of Section 36622, a new management district plan may be created and a new district established pursuant to this part.

§ 36631. Time and manner of collection of assessments; Delinquent payments

The collection of the assessments levied pursuant to this part shall be made at the time and in the manner set forth by the city council in the resolution levying the assessment. Assessments levied on real property may be collected at the same time and in the same manner as for the ad valorem property tax, and may provide for the same lien priority and penalties for delinquent payment. All delinquent payments for assessments levied pursuant to this part shall be charged interest and penalties.

§ 36632. Assessments to be based on estimated benefit; Classification of real property and businesses; Exclusion of residential and agricultural property

(a) The assessments levied on real property pursuant to this part shall be levied on the basis of the estimated benefit to the real property within the property and business improvement district. The city council may classify properties for purposes of determining the benefit to property of the improvements and activities provided pursuant to this part.

(b) Assessments levied on businesses pursuant to this part shall be levied on the basis of the estimated benefit to the businesses within the property and business improvement district. The city council may classify businesses for purposes of determining the benefit to the businesses of the improvements and activities provided pursuant to this part.

(c) Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and service funded through these assessments, and shall not be subject to any assessment pursuant to this part.

§ 36633. Time for contesting validity of assessment

The validity of an assessment levied under this part shall not be contested in any action or proceeding unless the action or proceeding is commenced within 30 days after the resolution levying the assessment is adopted pursuant to Section 36626. Any appeal from a final judgment in an action or proceeding shall be perfected within 30 days after the entry of judgment.

§ 36634. Service contracts authorized to establish levels of city services

The city council may execute baseline service contracts that would establish levels of city services that would continue after a property and business improvement district has been formed.

§ 36635. Request to modify management district plan

The owners' association may, at any time, request that the city council modify the management district plan. Any modification of the management district plan shall be made pursuant to this chapter.

§ 36636. Modification of plan by resolution after public hearing; Adoption of resolution of intention; Modification of improvements and activities by adoption of resolution after public hearing

(a) Upon the written request of the owners' association, the city council may modify the management district plan after conducting one public hearing on the proposed modifications. The city council may modify the improvements and activities to be funded with the revenue derived from the levy of the assessments by adopting a resolution determining to make the modifications after holding a public hearing on the proposed modifications. If the modification includes the levy of a new or increased assessment, the city council shall comply with Section 36623. Notice of all other public meetings and public hearings pursuant to this section shall comply with both of the following:

(1) The resolution of intention shall be published in a newspaper of general circulation in the city once at least seven days before the public meeting.

(2) A complete copy of the resolution of intention shall be mailed by first class mail, at least 10 days before the public meeting, to each business owner or property owner affected by the proposed modification.

(b) The city council shall adopt a resolution of intention which states the proposed modification prior to the public hearing required by this section. The public hearing shall be held not more than 90 days after the adoption of the resolution of intention.

§ 36637. Reflection of modification in notices recorded and maps

Any subsequent modification of the resolution shall be reflected in subsequent notices and maps recorded pursuant to Division 4.5 (commencing with Section 3100), in a manner consistent with the provisions of Section 36627.

§ 36640. Bonds authorized; Procedure; Restriction on reduction or termination of assessments

(a) The city council may, by resolution, determine and declare that bonds shall be issued to finance the estimated cost of some or all of the proposed improvements described in the resolution of formation adopted pursuant to Section 36625, if the resolution of formation adopted pursuant to that section provides for the issuance of bonds, under the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500)) or in conjunction with Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with *Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code*). Either act, as the case may be, shall govern the proceedings relating to the issuance of bonds, although proceedings under the Bond Act of 1915 may be modified by the city council as necessary to accommodate assessments levied upon business pursuant to this part.

(b) The resolution adopted pursuant to subdivision (a) shall generally describe the proposed improvements specified in the resolution of formation adopted pursuant to Section 36625, set forth the estimated cost of those improvements, specify the number of annual installments and the fiscal years during which they are to be collected. The amount of debt service to retire the bonds shall not exceed the amount of revenue estimated to be raised from assessments over 30 years.

(c) Notwithstanding any other provision of this part, assessments levied to pay the principal and interest on any bond issued pursuant to this section shall not be reduced or terminated if doing so would interfere with the timely retirement of the debt.

§ 36641. [Section repealed 2001.]

§ 36642. [Section repealed 2001.]

§ 36643. [Section repealed 2001.]

§ 36650. Report by owners' association; Approval or modification by city council

(a) The owners' association shall cause to be prepared a report for each fiscal year, except the first year, for which assessments are to be levied and collected to pay the costs of the improvements and activities described in the report. The owners' association's first report shall be due after the first year of operation of the district. The report may propose changes, including, but not limited to, the boundaries of the property and business improvement district or any benefit zones within the district, the basis and method of levying the assessments, and any changes in the classification of property, including any categories of business, if a classification is used.

(b) The report shall be filed with the clerk and shall refer to the property and business improvement district by name, specify the fiscal year to which the report applies, and, with respect to that fiscal year, shall contain all of the following information:

(1) Any proposed changes in the boundaries of the property and business improvement district or in any benefit zones or classification of property or businesses within the district.

(2) The improvements and activities to be provided for that fiscal year.

(3) An estimate of the cost of providing the improvements and the activities for that fiscal year.

(4) The method and basis of levying the assessment in sufficient detail to allow each real property or business owner, as appropriate, to estimate the amount of the assessment to be levied against his or her property or business for that fiscal year.

(5) The amount of any surplus or deficit revenues to be carried over from a previous fiscal year.

(6) The amount of any contributions to be made from sources other than assessments levied pursuant to this part.

(c) The city council may approve the report as filed by the owners' association or may modify any particular contained in the report and approve it as modified. Any modification shall be made pursuant to Sections 36635 and 36636.

The city council shall not approve a change in the basis and method of levying assessments that would impair an authorized or executed contract to be paid from the revenues derived from the levy of assessments, including any commitment to pay principal and interest on any bonds issued on behalf of the district.

§ 36651. Designation of owners' association to provide improvements and activities

The management district plan may, but is not required to, state that an owners' association will provide the improvements or activities described in the management district plan. If the management district plan designates an owners' association, the city shall contract with the designated nonprofit corporation to provide services.

§ 36660. Renewal of district; Transfer or refund of remaining revenues; District term limit

(a) Any district previously established whose term has expired, may be renewed by following the procedures for establishment as provided in this chapter.

(b) Upon renewal, any remaining revenues derived from the levy of assessments, or any revenues derived from the sale of assets acquired with the revenues, shall be transferred to the renewed district. If the renewed district includes additional parcels or businesses not included in the prior district, the remaining revenues shall be spent to benefit only the parcels or businesses in the prior district. If the renewed district does not include parcels or businesses included in the prior district, the remaining revenues attributable to these parcels shall be refunded to the owners of these parcels or businesses.

(c) Upon renewal, a district shall have a term not to exceed 10 years, or, if the district is authorized to issue bonds, until the maximum maturity of those bonds. There is no requirement that the boundaries, assessments, improvements, or activities of a renewed district be the same as the original or prior district.

§ 36670. Circumstances permitting disestablishment of district; Procedure

(a) Any district established or extended pursuant to the provisions of this part, where there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the district, may be disestablished by resolution by the city council in either of the following circumstances:

(1) If the city council finds there has been misappropriation of funds, malfeasance, or a violation of law in connection with the management of the district, it shall notice a hearing on disestablishment.

(2) During the operation of the district, there shall be a 30-day period each year in which assesses may request disestablishment of the district. The first such period shall begin one year after the date of establishment of the district and shall continue for 30 days. The next such 30-day period shall begin two years after the date of the establishment of the district. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners or authorized representatives of real property or the owners or authorized representatives of businesses in the area who pay 50 percent or more of the assessments levied, the city council shall pass a resolution of intention to disestablish the district. The city council shall notice a hearing on disestablishment.

(b) The city council shall adopt a resolution of intention to disestablish the district prior to the public hearing required by this section. The resolution shall state the reason for the disestablishment, shall state the time and place of the public hearing, and shall contain a proposal to dispose of any assets acquired with the revenues of the assessments levied within the property and business improvement district. The notice of the hearing on disestablishment required by this section shall be given by mail to the property owner of each parcel or to the owner of each business subject to assessment in the district, as appropriate. The city shall conduct the public hearing not less than 30 days after mailing the notice to the property or business owners. The public hearing shall be held not more than 60 days after the adoption of the resolution of intention.

§ 36671. Refund of remaining revenues upon disestablishment or expiration without renewal of district; Calculation of refund; Use of outstanding revenue collected after disestablishment of district

(a) Upon the disestablishment or expiration without renewal of a district, any remaining revenues, after all outstanding debts are paid, derived from the levy of assessments, or derived from the sale of assets acquired with the revenues, or from bond reserve or construction funds, shall be refunded to the owners of the property or businesses then located and operating within the district in which assessments were levied by applying the same method and basis that was used to calculate the assessments levied in the fiscal year in which the district is disestablished or expires. All outstanding assessment revenue collected after disestablishment shall be spent on improvements and activities specified in the management district plan.

(b) If the disestablishment occurs before an assessment is levied for the fiscal year, the method and basis that was used to calculate the assessments levied in the immediate prior fiscal year shall be used to calculate the amount of any refund.

APPENDIX 2 – LODGING BUSINESSES TO BE ASSESSED WITHIN THE SCCTMD

	Property Name	Number of Units	Physical Address	Jurisdiction
1	1440 Multiversity	225 units	800 Bethany Drive	Scotts Valley
2	Royal Inn (formerly America's Best Value Inn - Watsonville)	28 units	781 Freedom Blvd.	Watsonville
3	Aqua Breeze Inn	50 units	204 Second Street	Santa Cruz
4	At the Dunes	42 units	2661 Beach Road	Watsonville
5	Bailey Property Management	100 Units	106 Aptos Beach Drive	County/Capitola/Santa Cruz
6	Bay Front Inn	46 units	325 Pacific Avenue	Santa Cruz
7	Beach House Rentals	60 units	312 Capitola Avenue, Suite D	County/Capitola/Santa Cruz
8	Beach Street Inn & Suites	48 units	125 Beach Street	Santa Cruz
9	Beachnest Property Management & Vacation Rentals	39 units	180 7th Avenue, #103	County/Capitola/Santa Cruz
10	Beachview Inn	22 units	50 Front Street	Santa Cruz
11	Bella Notte - The Inn at East Cliff	10 units	21305 East Cliff Drive	County
12	Best Western Inn - Santa Cruz	29 units	126 Plymouth Street	Santa Cruz
13	Best Western Plus - All Suites Inn	58 units	500 Ocean Street	Santa Cruz
14	Best Western Plus - Scotts Valley Inn	58 units	6020 Scotts Valley Dr.	Scotts Valley
15	Best Western Plus Capitola By-the-Sea Inn & Suites	58 units	1435 41st Avenue	Capitola
16	Best Western Rose Garden Inn	46 units	740 Freedom Boulevard	Watsonville
17	Best Western Seacliff Inn	148 units	7500 Old Dominion Court	County
18	Boca del Cielo	6 units	118 First Street	Santa Cruz
19	Brookdale Lodge	46 units	11570 Hwy. 9	County

	Property Name	Number of Units	Physical Address	Jurisdiction
20	Budget Inn Motel of Santa Cruz	19 units	110 San Lorenzo Boulevard	Santa Cruz
21	Capitola Beach Suites	10 units	5000 Cliff Drive	Capitola
22	Capitola Hotel	10 units	210 Esplanade	Capitola
23	Capitola Venetian Hotel	20 units	1500 Wharf Road	Capitola
24	Capri Motel	17 units	337 Riverside Avenue	Santa Cruz
25	Carousel Beach Inn	34 units	110 Riverside Avenue	Santa Cruz
26	Casablanca Inn on the Beach	33 units	101 Main Street at Beach	Santa Cruz
27	Chaminade Resort & Spa	156 units	One Chaminade Lane	County
28	Cheshire Rio Realty and Property Management	65 units	107 Aptos Beach Drive	County
29	Cliff Crest Bed & Breakfast Inn	6 units	407 Cliff Street	Santa Cruz
30	Comfort Inn - Beach/Boardwal k	30 units	314 Riverside Ave.	Santa Cruz
31	Comfort Inn - Santa Cruz	62 units	110 Plymouth Street	Santa Cruz
32	Comfort Inn - Watsonville	40 units	112 Airport Boulevard	Watsonville
33	Continental Inn	49 units	414 Ocean Street	Santa Cruz
34	Davenport Roadhouse Inn	12 units	1 Davenport Ave.	County
35	Dream Inn Santa Cruz	165 units	175 West Cliff Drive	Santa Cruz
36	Economy Inn	30 units	584 Auto Center Drive	Watsonville
37	Edgewater Beach Inn & Suites	17 units	525 Second Street	Santa Cruz
38	El View Lodge	22 Units	810 Third Street	Santa Cruz
39	Fairfield Inn & Suites by Marriott Capitola	84 units	1255 41st Avenue	Capitola

	Property Name	Number of Units	Physical Address	Jurisdiction
40	Fairfield Inn & Suites by Marriott Santa Cruz	82 units	2956 Mission Street	Santa Cruz
41	Fairview Manor Bed & Breakfast	4 units	245 Fairview Avenue	County
42	Fern River Resort	15 units	5250 Hwy. 9	County
43	Fireside Inn	25 units	311 2nd Street	Santa Cruz
44	Flipjack	3 units	4600 Smith Grade Road	County
45	Flora Vista Inn	6 units	1258 San Andreas Road	Watsonville
46	Four Points Santa Cruz Scotts Valley	128 units	5030 Scotts Valley Drive	Scotts Valley
47	Hampton Inn	46 units	1505 Ocean Street	Santa Cruz
48	Hampton Inn - Watsonville	112 units	75 Lee Street	Watsonville
49	Hampton Inn - Westside Santa Cruz	60 units	2424 Mission Street	Santa Cruz
50	Harbor Inn	19 units	645 7th Avenue	County
51	Hilton Santa Cruz / Scotts Valley	174 units	6001 La Madrona Drive	Santa Cruz
52	Hinds Victorian Guest House	11 units	529 Chestnut Street	Santa Cruz
53	Historic Sand Rock Farm	5 units	6901 Freedom Boulevard	County
54	Hitching Post Studios Inn	31 units	1717 Soquel Avenue	Santa Cruz
55	Holiday Inn Express Hotel & Suites	65 units	1855 Main Street	Watsonville
56	Holiday Inn Express Hotel & Suites - Santa Cruz	100 units	1410 Ocean Street	Santa Cruz
57	Home H2 By Hilton	80 units	1 Western Drive	Watsonville
58	Hotel Paradox, Autograph Collection	170 units	611 Ocean Street	Santa Cruz
59	Hotel Solares	78 units	600 Riverside Avenue	Santa Cruz

	Property Name	Number of Units	Physical Address	Jurisdiction
60	Howard Johnson Santa Cruz Beach Boardwalk	30 units	130 West Cliff Drive	Santa Cruz
61	Hyatt Place Santa Cruz	106 units	407 Broadway Avenue	Santa Cruz
62	Inn at Depot Hill	12 units	250 Monterey Avenue	Capitola
63	Inn at Pasatiempo	54 units	555 Hwy 17	County
64	Jaye's Timberlane Resort	10 units	8705 Hwy. 9	County
65	Kendall & Potter Property Management	39 Units	522 Capitola Avenue	County/Capitola/Santa Cruz
66	Kennolyn	30 Units	8400 Glen Haven Road	County
67	La Quinta (formerly Lanai Lodge)	60 units	550 Second Street	Santa Cruz
68	Marriott Courtyard	151 units	313 Riverside Avenue	Santa Cruz
69	Masood's Lodge	10 units	13420 Big Basin Way	County
70	Mission Inn	53 units	2250 Mission St.	Santa Cruz
71	Monarch Cove Inn	11 units	620 El Salto Drive	Capitola
72	Monterey Bay Realty	3 units	324 Ocean View	County/Capitola/Santa Cruz
73	Motel 6 - Watsonville	124 units	125 Silver Leaf Drive	Watsonville
74	Motel Santa Cruz	55 units	370 Ocean Street	Santa Cruz
75	National 9 Motel	25 units	130 Plymouth Street	Santa Cruz
76	Ocean Echo Inn & Beach Cottages	15 units	401 Johans Beach Drive	County
77	Ocean Gate Inn	25 units	111 Ocean Street	Santa Cruz
78	Ocean Lodge	29 units	1015 Ocean St	Santa Cruz
79	Ocean Pacific Lodge	56 units	301 Pacific Ave.	Santa Cruz
80	Oceana Inn	55 units	525 Ocean Street	Santa Cruz
81	Pacific Blue Inn	9 units	636 Pacific Ave	Santa Cruz
82	Pacific Inn Santa Cruz	36 units	330 Ocean Street	Santa Cruz

	Property Name	Number of Units	Physical Address	Jurisdiction
83	Pajaro Dunes Resort	125 units	105 Shell Drive	Watsonville
84	Pelican Point Inn	10 units	21345 East Cliff Drive	County
85	PowerWest Property Management (formerly Taylor Property Management)	17 units	118 Pearl Alley, Suite B	County/Capitola/Santa Cruz
86	Quality Inn - Downtown Santa Cruz	42 units	1101 Ocean Street	Santa Cruz
87	Quality Inn & Suites (Capitola By-The-Sea)	55 units	720 Hill Street	Capitola
88	Quality Inn & Suites Santa Cruz Mountains	25 units	9733 Highway 9	County
89	Ramada Limited Santa Cruz	50 units	516 Water Street	Santa Cruz
90	Rio Sands Hotel	51 units	116 Aptos Beach Drive	County
91	Rio Vista Luxury Suites	16 units	611 Third Street	Santa Cruz
92	Riverside Inn & Suites Santa Cruz	25 units	505 Riverside Avenue	Santa Cruz
93	Rodeway Inn	94 units	1620 W. Beach Street	Watsonville
94	Salt Air Lodge	28 units	510 Leibrandt Ave.	Santa Cruz
95	Santa Cruz Hostel	5 units	321 Main Street	Santa Cruz
96	Santa Cruz Inn	20 units	2950 Soquel Ave	Santa Cruz
97	Santa Cruz/Monterey Bay KOA	34 units	1186 San Andreas Road	Watsonville
98	Sea & Sand Inn	22 units	201 West Cliff Drive	Santa Cruz
99	Seascape Beach Resort - Monterey Bay	285 units	One Seascape Resort Drive	County
100	Seaway Inn	23 units	176 West Cliff Drive	Santa Cruz
101	Sunny Cove Motel	13 units	2-1610 East Cliff Drive	County
102	Super 8 Motel - East	24 units	338 Riverside Avenue	Santa Cruz

	Property Name	Number of Units	Physical Address	Jurisdiction
103	Surf City Inn and Suites	63 units	619 Riverside Avenue	Santa Cruz
104	Surf City Rentals	19 units	P.O. Box 623	Capitola
105	The Babbling Brook Inn	13 units	1025 Laurel St.	Santa Cruz
106	The Islander Motel	22 units	522 Ocean Street	Santa Cruz
107	Torch Lite Inn	38 units	500 Riverside Avenue	Santa Cruz
108	Valley Inn	22 units	970 Main Street	Watsonville
109	West Cliff Inn, A Four Sisters Inn	10 units	174 West Cliff Drive	Santa Cruz

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: June 2, 2021

TO: Honorable Mayor and City Council

FROM: Scott Hamby, Interim Public Works Director

APPROVED: Tina Friend, City Manager

SUBJECT: **PINEWOOD ESTATES LANDSCAPE MAINTENANCE ASSESSMENT DISTRICT; RESOLUTION 1213.35; ANNUAL ENGINEER'S REPORT**

SUMMARY OF ISSUE

On July 15, 1987, Resolution 1213 was adopted by City Council to form the referenced assessment district pursuant to the Landscape and Lighting Act of 1972. The District improvements, which generally consist of ornamental landscaping, irrigation equipment, signs, fences, and storm detention ponds, were dedicated to the City by the developer of Pinewood Estates subdivision. These improvements were planted/constructed in the right-of-way of Lockewood Lane and in landscaping easements from the subdivision. The district participants are the twenty-five Pinewood Estates homeowners, who are being assessed for the cost of maintaining the improvements.

The District special fund is annually depleted and the owners reassessed each year. Attached is the Engineer’s Report establishing the assessments this year at $240 per unit, the same as last year’s, for total revenue of $6,000.

As required, all 25 owners were notified of the June 2, 2021 public meeting and the June 16, 2021 public hearing via mail. The assessor’s roll is used to obtain the current name and address of each property owner to be notified of the proceedings. The purpose of the public meeting is to receive public testimony from the affected property owners regarding the assessment. No other action is necessary.

On June 16, 2021, a public hearing will be held to receive additional testimony from property owners. At that time, Council will consider approving the annual Engineer’s Report and adopting the attached Resolution No. 1213.35.

FISCAL IMPACT

Costs associated with the maintenance and repair of the assessed area are funded through an assessment district. The established assessment amount is $240 per unit/parcel, generating approximately $6,000 annually.

AGENDA ITEM 1
DATE: 06-02-2021

STAFF RECOMMENDATION

It is recommended that the City Council accept public testimony at the June 2, 2021 public meeting and hold a public hearing on June 16, 2021.

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RESOLUTION NO. 1213.35

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SCOTTS VALLEY ORDERING AND AUTHORIZING THE LEVY AND COLLECTION OF ASSESSMENTS THEREIN PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972

PINEWOOD ESTATES LANDSCAPE MAINTENANCE DISTRICT

RESOLVED, by the City Council of the City of Scotts Valley, California, that:

WHEREAS, pursuant to Resolution No. 1192, a Resolution of Public Interest and Convenience to Form a Landscaping Maintenance District and Ordering Preparation of an Engineer's Report adopted on the 4th day of February, 1987, by the City Council pursuant to the Landscaping and Lighting Act of 1972, as amended, the Engineer of Work of said City has filed with the City Clerk the written report called for under said Act and by said Resolution No. 1192, which report has been presented by said Engineer of Work to this Council and this Council has preliminarily approved and confirmed said report by its Resolution No. 1213, adopted July 15, 1987, and ordered that the same stand as the report for the purpose of all subsequent proceedings pursuant to said Resolution No. 1213.

WHEREAS, June 2, 2021 at the hour of 6:00 o'clock p.m. and June 16, 2021 at the hour of 6:00 o'clock p.m., in the regular meeting place of said Council, Council Chambers, One Civic Center Drive, Scotts Valley, California, was appointed and fixed as the time and place of public hearings to act upon the Engineer's Report and Resolution No. 1213.35.

WHEREAS, the City Clerk gave notice of said hearings by publication once a week for two weeks in the local newspaper published and circulated in said City, and by mailing or causing to be mailed notice of the adoption of said Resolution and of the filing of said report, postage prepaid, at least ten days before the date set for hearings of said protests, to all persons owning real property to be assessed, whose names and addresses appear on the last equalized assessment roll for County taxes prior thereto or as known to the City Clerk, which notice contained a statement of the time, place and purpose of the hearings and a statement of the total estimated cost of said proposed maintenance and improvements, the amount as shown by said report to be assessed against the particular parcel covered by the notice, together with a statement that any person interested may file a protest in writing as provided in said Act.

WHEREAS, all written protests and other written communications were read by the Council and are on file with the Clerk and all persons desiring to be heard were fully heard.

NOW, THEREFORE, IT IS ORDERED, as follows:

1. That protests against said maintenance of improvements and levy of assessments were not signed by the owners of a majority or more of the area of the lands within the assessment district assessed for the costs and expenses of said work.

2. That said protests be, and each of them are, hereby overruled.

3. That the owners of one-half (1/2) or more of the area to be assessed for the cost of the project did not, at or prior to the time fixed for said hearings, file written protests against the said proposed maintenance and improvements as a whole, or against said district or the extent thereof to be assessed for the costs and expenses of said maintenance and improvements as a whole, or as to the Engineer's estimate of said costs and expenses, or against the maps and descriptions, or against the diagram or assessment to pay for the costs and expenses thereof.

4. That the district benefitted by said maintenance and improvements are to be assessed to pay the costs and expenses thereof, and the exterior boundaries thereof are more particularly described in said Resolution Nos. 1192 and 1213 and made a part hereof by reference thereto. That all public streets and highways within said assessment district in use in the performance of a public function as such shall be omitted from said district and from the levy and collection of the special taxes to be hereafter levied and collected to cover the costs and expenses of said maintenance and improvements.

5. That the Engineer's estimate of the itemized and total costs and expenses in connection therewith, contained in said Report, be, and it is hereby, finally adopted and approved as the Engineer's total and detailed estimate of the costs and expenses of said maintenance of improvements.

6. That the public interest and convenience require and said Council does hereby order the maintenance of improvements to be made as described in and in accordance with said Resolution Nos. 1192 and 1213 on file in the office of the Clerk, reference to which is hereby made for a more particular description of said maintenance of improvements, and also for further particular pursuant to the provisions of said Landscaping and Lighting Act of 1972.

7. That the diagram showing the assessment district referred to and described in said Resolution No. 1192 and 1213, and also the boundaries and dimensions of the respective subdivisions having been given a separate number upon said diagram, as contained in said report, be, and it is hereby, finally approved and confirmed as the diagram of the properties to be assessed to pay the costs and expenses of said maintenance of improvements.

8. That the assessment of the total amount of the costs and expenses of the proposed maintenance of improvements upon the several subdivisions of land in said district in proportion to the estimated benefits to be received by said subdivisions,

respectively from said maintenance of improvements, and of the expenses incidental thereto, contained in said report, be, and the same is hereby, finally approved and confirmed as the assessment to pay the costs and expenses of said maintenance of improvements.

9. That said Engineer's Report be, and the same is hereby, finally adopted and approved as a whole.

10. That the Clerk shall forthwith deliver to the Superintendent of Streets said assessment as confirmed by this Council with his/her certificate of such confirmation thereto attached and of the date thereof; and that said Superintendent of Streets shall record said diagram and assessment in his/her office in a suitable book to be kept for that purpose, and append thereto his/her certificate for the date of such recording, and such recordation shall be and constitute the assessment roll herein.

11. Proceedings shall be taken by this Council pursuant to said Act for any fiscal year during which an assessment is to be levied and collected within said district.

12. The Clerk of this City be, and is hereby, authorized and directed to file a certified copy of this resolution with the County Auditor of Santa Cruz County.

I hereby certify that the foregoing resolution was duly and regularly adopted and passed by the City Council of the City of Scotts Valley, California, at a regular meeting thereof held on the 16th day of June 2021, by the following vote of the members thereof:

AYES:

NOES:

ABSENT:

ABSTAIN:

Approved: ______________________________
Derek Timm, Mayor

Attest: ____________________________
Tracy A. Ferrara, City Clerk

ANNUAL ENGINEER'S REPORT
Fiscal Year 2021-2022

PINEWOOD ESTATES
LANDSCAPING MAINTENANCE DISTRICT
Tract No. 1121

City of Scotts Valley
Santa Cruz County, California

Derek Timm
Mayor

Jim Reed **Vice Mayor**	**Donna Lind** **Council Member**
Randy Johnson **Council Member**	**Jack Dilles** **Council Member**

Tina Friend
City Manager

Scott Hamby
Interim Public Works Director

Joel F. Ricca, RCE 53588
Assessment District Engineer of Work

ASSESSMENT

Fiscal Year 2021-2022

WHEREAS, on February 4, 1987, the City Council of the City of Scotts Valley, California, pursuant to the provisions of the Landscaping and Lighting Act of 1972, adopted its Resolution No. 1192, determining to undertake proceedings for the establishment of an assessment district to be known as the "Pinewood Estates Landscaping Maintenance District", more particularly therein described; and

WHEREAS, on July 15, 1987, the City Council of the City of Scotts Valley, California adopted Resolution No. 1213 primarily approving and confirming the written report by the Engineers of Work called for under said Act, and ordered that the same stand as the report for the purpose of all subsequent proceedings had pursuant to said Resolution No. 1213; and

WHEREAS, on August 17, 1988, the City Council of said City of Scotts Valley adopted Resolution No. 1213.1 setting a time and place of hearing protest on levy of assessments pursuant to said Act; and

WHEREAS, on September 7, 1988, the City Council of said City of Scotts Valley adopted Resolution No. 1213.2 ordering and authorizing the levy and collection of assessments therein pursuant to the said Act; and

WHEREAS, the proceedings under said Act require an annual engineers report to be prepared and filed in the same way as the report for the formation of the district for each year in which an assessment is to be levied.

NOW, THEREFORE, I, Joel F. Ricca, RCE 53588, City Engineer of said City of Scotts Valley, acting in the capacity of Engineer of Work under order of the City Council of said City of Scotts Valley, hereby make the following assessment to cover the portion of the estimated cost of the maintenance and servicing of the proposed improvements, including the costs and expenses incidental thereto, to be paid by the assessment district.

The amount to be paid for said maintenance and servicing of the proposed improvements, including the costs and expenses incidental thereto, to be paid by the assessment district for the fiscal year 2021-2022 is as follows:

Engineer's Estimate: $6,000

And I do hereby assess and apportion said portion of said total amount of the costs and expenses of said maintenance and servicing of the proposed improvements, including the costs and expenses incidental thereto, upon the several lots, pieces, or parcels or portions of lots of land liable therefore and benefitted thereby, and hereinafter numbered to correspond with the numbers upon the diagram, upon each, severally and respectively, in proportion to the benefits to be received by such lands respectively, from the maintenance hereto attached and by reference made a part hereof.

As required by said Act, a diagram is recorded in official records of the County of Santa Cruz showing the assessment district and also the boundaries and dimensions of the respective lots or parcels of land within said assessment district as the same existed at the passage of said Resolution No. 1192.

Said assessment is made upon the several lots or parcels of land within said assessment district in proportion to the estimated benefits to be received by said lots or parcels respectively, from the maintenance and servicing of the improvements. The diagram and assessment numbers appearing herein are the diagram numbers appearing on said diagram, to which reference is hereby made for a more particular description of said property.

I hereby place opposite the number of each lot or parcel of land assessed, the amount assessed thereon and the number of the assessment. Each lot or parcel of land is described in the assessment list by reference to its parcel number as shown on the Assessor's Maps of the County of Santa Cruz for the fiscal year 2021-2022 to the right of the parcel numbers and includes all of such parcels.

Dated: ____________________

____
Joel F. Ricca, RCE 53588
City Engineer

DESCRIPTION OF WORK

1. Maintaining and servicing of landscaping and ornamental vegetation, including the cost of repair, removal or replacement of all or any part thereof, providing for the life, growth, health and beauty thereof, including cultivation, trimming, spraying, fertilizing or treating for disease or injury, the removal of trimmings, rubbish, debris and other solid waste, and water for the irrigation thereof.

2. Maintaining and servicing of decorative fencing, signage and other ornamental structures and facilities, including the cost of repair, reconstruction, removal, or replacement of all or any part thereof.

3. Repair or replacement, including the installation and construction thereof, of hardscaping, including damaged curbs, gutters, walls, sidewalks, paving, water, irrigation systems, drainage, lighting, or electric facilities within the landscape maintenance easement.

4. The maintenance, repair or replacement of such other facilities as may be appurtenant to the foregoing or which are necessary or convenient for the maintenance or servicing thereof.

ESTIMATE OF COSTS

ANNUAL MAINTENANCE COSTS

Fiscal Year 2021-2022

Engineer's Estimate (City Engineer)

Maintenance Expenses		
Maintenance and servicing		$ 4,000
Irrigation and power		1,600
	Subtotal	$ 5,600
Incidental Expenses		
City administration		$ 200
Landscape management		200
	Subtotal	$ 400
	Total Estimated Cost	$ 6,000
	Net Amount to be Assessed	$ 6,000

RULES OF SPREADING ASSESSMENTS

1. District is to be assessed for all costs associated with the maintenance and servicing of the landscaping, hardscaping and appurtenant improvements within the boundaries of the district.

2. Total costs shall be apportioned to all parcels within the district boundaries in accordance with the benefit derived from the landscaping improvements.

3. Because the landscaping enhances an area serving as a drainage detention system for all parcels within the boundaries of the district, the benefit derived has been determined to be equal for all parcels.

Certificates

I, Tracy Ferrara, City Clerk of the City of Scotts Valley, hereby certify that the foregoing assessment, in the amount set forth, was filed with me on ____________________.

____
Tracy A. Ferrara, City Clerk

I, Joel F. Ricca, City Engineer for the City of Scotts Valley, do hereby certify that the amounts set forth have been re-computed in accordance with the order of the City Council of said City of Scotts Valley, as expressed by Resolution No. 1213.35, duly adopted by said City Council on June 16, 2021.

____
Joel F. Ricca, RCE 53588
City Engineer

I, Tracy Ferrara, City Clerk of the City of Scotts Valley, hereby certify that the foregoing assessment, in the amount set forth was approved and confirmed by the City Council of the City of Scotts Valley on ____________________.

____
Tracy A. Ferrara, City Clerk

The Assessment was filed in the office of the County Auditor of the County of Santa Cruz, California, on ___________________.

____
Tracy A. Ferrara, City Clerk

I HEREBY CERTIFY that the enclosed Engineer's Report and Assessment was recorded in my office on _________________.

Superintendent of Streets
Scotts Valley, Santa Cruz County, California

By:_________________________________
Scott Hamby, Interim Public Works Dir

City of Scotts Valley

PINEWOOD ESTATES LANDSCAPING MAINTENANCE DISTRICT

ASSESSMENT ROLL

2021-2022

Assessment Number	Assessor's Parcel No.	Property Owner	Assessment Amount
1.	021-172-01	Samuel Kurita	$ 240
2.	021-172-02	Russell J. Marino Trustee	240
3.	021-172-03	Geoffrey & Susan Martin	240
4.	021-172-04	Terry A. & Julie Keller Trustees	240
5.	021-172-05	Andrea Edwards	240
6.	021-172-06	Marshall E. Wolf & Kristia Burgess Trustees	240
7.	021-172-07	Eugene J. & Jennifer M. Hall	240
8.	021-172-08	Michael C. O’Connor & Sarah Wright	240
9.	021-172-09	Carlos E. Robinson et al	240
10.	021-172-10	Tracy Lee Roberts	240
11.	021-172-11	John & Janine Dunn	240
12.	021-172-12	Qi Gong et al	240
13.	021-172-13	Melvin M. & Miriam C. McConnell	240
14.	021-172-14	Amy D. & Robert W. McMullen	240
15.	021-301-01	Joel M. & Karina Linn	240
16.	021-301-02	Vinicio & Kristy Sion Co-Trustees	240
17.	021-301-03	Mark S. & Eve M. Davidson	240
18.	021-301-04	Seth K. Keith	240
19.	021-301-05	Cynthia M. Lemmon Trustee	240
20.	021-301-07	John B. & Linda L. Suggs Trustees	240
21.	021-301-08	Mark John Nordstrom Trustee et al	240
22.	021-301-09	James D. Spiegel Trustees et al	240
23.	021-301-10	Simon J.S. & Kirstin L. McElrea	240
24.	021-301-11	Clint R. Cox	240
25.	021-301-12	Brandon J & Kathy C Ross	240
		TOTAL ASSESSMENTS:	**$ 6,000**

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: June 2, 2021

TO: Honorable Mayor and City Council

FROM: Scott Hamby, Interim Public Works Director

APPROVED: Tina Friend, City Manager

SUBJECT: **PUBLIC MEETING FOR SKYPARK OPEN SPACE MAINTENANCE ASSESSMENT DISTRICT NO. 1**

SUMMARY OF ISSUE

In 1995, the City Council formed the Skypark Open Space Maintenance Assessment District No. 1 and subsequently authorized the levy and collection of an assessment to maintain the open space district. The revenue collected to maintain the district includes the Linear Park, two greenbelt areas, and a self-insurance fund in the event of a slope failure. The assessment district is formed pursuant to the Landscaping and Lighting Act of 1972 and must be renewed annually.

Each year, an Annual Engineer's Report is filed, which includes an estimate of expenses to be paid by the district, a description of the work to be performed or improvements to be made, and benefit assessment, outlining the proposed budget for the cost of maintaining, repairing, and operating any public improvements. The FY 2021/22 assessment is $219.74 per unit, which is the same as the FY 2020/21 assessment. The total assessment revenue is estimated to be $41,750.60. At the time the assessment was established, an annual inflator was not included; therefore, the per unit assessment has remained the same since 1995.

Revenue generated by the assessment covers expenses related to landscape services such as cultivation, trimming, spraying, fertilizing or treating of disease, and removal of trimmings, debris, and other solid waste; repair, reconstruction, removal, and/or replacement of items related to the maintenance of vegetation and open space, including but not limited to: irrigation systems, lighting, infrastructure (curbs, gutters, sidewalks); and utilities (water and electricity). The assessment also requires that funds be set aside in the event of a slope failure within the assessment area. A slope evaluation was completed in October 2017. The study showed the drainage culvert outfall on the south side is showing signs of being compromised causing inadequately controlled erosion at the toe of slope. This will require continued annual inspection, and repair. The remainder and majority of the slope shows no active erosion.

Staff has received a number of citizen concerns including green belt issues, fire mitigation, drainage, perimeter fencing deterioration, sprinklers, wood chips, graffiti, neighbors planting their own plants and trimming in the greenbelt, installing benches and features, etc. The City is now beginning to work with a local temporary labor agency, local landscapers and tree service contractors to improve Linear Park maintenance.

Earlier this year, the City replaced approximately 600 feet of the Linear Park fence. In fiscal year 2021/2022 the City plans to replace additional fencing. In addition to the fence replacement, actual costs spent on the park and greenbelt maintenance is as follows:

- Fence replacement $41,400
- Misc. materials $ 1,903
- Staff time $ 5,282
- Utilities $15,970

Total $64,555

The table below reflects the proposed FY 2021/22 assessment budget, estimated year-end for FY 2020/21 and FY 2019/20 actuals:

	Proposed FY 21/22	**Estimated FY 20/21**	**Actual FY19/20**
Assessments	$41,751	$41,751	**$41,751**
Transfer from Insurance Fund	$12,000	$12,000	**$12,000**
Total Revenue	**$53,751**	**$53,751**	**$53,751**
Expenses			
Utilities	$15,000	$15,970	$15,777
Landscape Maintenance/Repairs*	$38,751	$48,585	$42,800
Expense Subtotal	*$53,751*	*$64,555*	*$58,577*
Self Insurance Fund – Slope Stability	$0	$0	$0
Total Expenses	**$53,751**	**$64,585**	**$58,577**

*also includes estimated city staff time

Staff is requesting an additional $12,000 allocation from the Insurance Fund as per last year's report to continue these maintenance issues that the standard assessment revenue cannot support. The current balance in the Insurance Fund is $530,844.

As required, all 190 owners were notified of the June 2, 2021 public meeting and the June 16, 2021 public hearing via mail. The purpose of the public meeting is to receive public testimony regarding the assessment. No other action is required.

On June 16, 2021, a public hearing will be held to receive additional testimony from property owners. At that time, Council will consider approving the annual Engineer's Report and adopting the attached Resolution 1555-SP-33.

FISCAL IMPACT

Costs associated with maintaining, repairing, and operating the assessment district are funded through an annual assessment levy, which generates an estimated $41,751. Additionally, if approved, $12,000 will be transferred in from the Skypark Landscape Maintenance District Insurance fund for improvements at the Linear Park.

STAFF RECOMMENDATION

It is recommended that Council accept testimony at the June 2, 2021 public meeting and hold a public hearing on June 16, 2021.

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RESOLUTION NO. 1555-SP-033

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SCOTTS VALLEY ORDERING AND AUTHORIZING THE LEVY AND COLLECTION OF ASSESSMENTS THEREIN PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972

SKYPARK OPEN SPACE MAINTENANCE DISTRICT

RESOLVED, by the City Council of the City of Scotts Valley, California, that,

WHEREAS, pursuant to Resolution No. 1555-SP-07, ordering formation of territory into an Open Space Maintenance Assessment District and authorizing the levy and collection of assessments, adopted on the 6th day of December 1995 by the City Council pursuant to the Landscaping and Lighting Act of 1972, as amended, the Engineer of Work of said City has filed with the City Clerk the written report called for under said Act and by said Resolution No. 1555-SP-07, which report has been presented by said Engineer of Work to this Council and this Council has preliminarily approved and confirmed said report by its Resolution No. 1555-SP-03, adopted October 18, 1995, and ordered that the same stand as the report for the purpose of all subsequent proceedings pursuant to said Resolution No. 1555-SP-03; and

WHEREAS, June 2, 2021 at the hour of 6:00 o'clock p.m. and June 16, 2021 at the hour of 6:00 o'clock p.m., in the regular meeting place of said Council, Council Chambers, One Civic Center Drive, Scotts Valley, California, was appointed and fixed as the time and place of public hearings to act upon the Engineer's Report and Resolution No. 1555-SP-033; and

WHEREAS, the City Clerk gave notice of said hearings by publication once a week for two weeks in the local newspaper published and circulated in said City, and by mailing or causing to be mailed notice of the adoption of said Resolution and of the filing of said report, postage prepaid, at least ten days before the date set for hearings of said protests, to all persons owning real property to be assessed, whose names and addresses appear on the last equalized assessment roll for County taxes prior thereto or as known to the City Clerk, which notice contained a statement of the time, place and purpose of the hearings and a statement of the total estimated cost of said proposed maintenance and improvements, the amount as shown by said report to be assessed against the particular parcel covered by the notice, together with a statement that any person interested may file a protest in writing as provided in said Act; and

WHEREAS, all written protests and other written communications were read by the Council and are on file with the Clerk and all persons desiring to be heard were fully heard.

NOW, THEREFORE, IT IS ORDERED, as follows:

1. That protests against said maintenance of improvements and levy of assessments were not signed by the owners of a majority or more of the area of the lands within the assessment district assessed for the costs and expenses of said work.

2. That said protests be, and each of them are, hereby overruled.

3. That the owners of one-half (1/2) or more of the area to be assessed for the cost of the project did not, at or prior to the time fixed for said hearings, file written protests against the said proposed maintenance and improvements as a whole, or against said district or the extent thereof to be assessed for the costs and expenses of said maintenance and improvements as a whole, or as to the Engineer's estimate of said costs and expenses, or against the maps and descriptions, or against the diagram or assessment to pay for the costs and expenses thereof.

4. That the district benefitted by said maintenance and improvements are to be assessed to pay the costs and expenses thereof, and the exterior boundaries thereof are more particularly described in said Resolution No. 1555-SP-07 and made a part hereof by reference thereto. That all public streets and highways within said assessment district in use in the performance of a public function as such shall be omitted from said district and from the levy and collection of the special taxes to be hereafter levied and collected to cover the costs and expenses of said maintenance and improvements.

5. That the Engineer's estimate of the itemized and total costs and expenses in connection therewith, contained in said Report, be, and it is hereby, finally adopted and approved as the Engineer's total and detailed estimate of the costs and expenses of said maintenance of improvements.

6. That the public interest and convenience require and said Council does hereby order the maintenance of improvements to be made as described in and in accordance with said Resolution No. 1555-SP-07 on file in the office of the Clerk, reference to which is hereby made for a more particular description of said maintenance of improvements, and also for further particular pursuant to the provisions of said Landscaping and Lighting Act of 1972.

7. That the diagram showing the assessment district referred to and described in said Resolution No. 1555-SP-07, and also the boundaries and dimensions of the respective subdivisions having been given a separate number upon said diagram, as contained in said report, be, and it is hereby, finally approved and confirmed as the diagram of the properties to be assessed to pay the costs and expenses of said maintenance of improvements.

8. That the assessment of the total amount of the costs and expenses of the proposed maintenance of improvements upon the several subdivisions of land in said district in proportion to the estimated benefits to be received by said subdivisions, respectively from said maintenance of improvements, and of the expenses incidental thereto, contained in said report, be, and the same is hereby, finally approved and confirmed as the assessment to pay the costs and expenses of said maintenance of improvements.

9. That said Engineer's Report be, and the same is hereby, finally adopted and approved as a whole.

10. That the Clerk shall forthwith deliver to the Superintendent of Streets said assessment as confirmed by this Council with his/her certificate of such confirmation thereto attached and of the date thereof; and that said Superintendent of Streets shall record said diagram and assessment in his/her office in a suitable book to be kept for that purpose, and append thereto his/her certificate for the date of such recording, and such recordation shall be and constitute the assessment roll herein.

11. Proceedings shall be taken by this Council pursuant to said Act for any fiscal year during which an assessment is to be levied and collected within said district.

12. The Clerk of this City be, and is hereby, authorized and directed to file a certified copy of this resolution with the County Auditor of Santa Cruz County.

I hereby certify that the foregoing resolution was duly and regularly adopted and passed by the City Council of the City of Scotts Valley, California, at a regular meeting thereof held on the 16th day of June, 2021, by the following vote of the members thereof:

AYES:

NOES:

ABSENT:

ABSTAIN:

Approved: ______________________________
Derek Timm, Mayor

Attest: ______________________________
Tracy A. Ferrara, City Clerk

ENGINEER'S REPORT
Fiscal Year 2021-2022

SKYPARK OPEN SPACE
MAINTENANCE ASSESSMENT DISTRICT NO. 1
Tract No. 1380

CITY OF SCOTTS VALLEY
Santa Cruz County, California

Derek Timm
Mayor

Jim Reed
Vice Mayor

Donna Lind
Council Member

Randy Johnson
Council Member

Jack Dilles
Council Member

Tina Friend
City Manager

Scott Hamby
Interim Public Works Director

Joel F. Ricca, RCE 53588
Assessment District Engineer of Work

Skypark Open Space Maintenance Assessment District No. 1

ASSESSMENT

Fiscal Year 2021-2022

WHEREAS, on October 18, 1995, the City Council of the City of Scotts Valley, California, pursuant to the provisions of the Landscaping and Lighting Act of 1972, adopted its Resolution No. 1555-SP-01, determining to initiate proceedings for the establishment of an assessment district to be known as the "Skypark Open Space Maintenance Assessment District No. 1", more particularly therein described; and

WHEREAS, Resolution No. 1555-SP-25 appointed the City Engineer as Engineer of Work and directed the preparation and filing of an Engineer's Report presenting plans of the improvements to be maintained, a diagram for the assessment district, an estimate of cost for maintenance and servicing thereof, and an assessment of the estimated costs upon all assessable lots or parcels within the assessment district, to which resolutions reference is hereby made for further particulars.

NOW, THEREFORE, I, Joel F. Ricca, RCE 53588, City Engineer of said City of Scotts Valley, acting in the capacity of Engineer of Work under order of the City Council of said City of Scotts Valley, hereby make the following assessment to cover the portion of the estimated cost of the maintenance and servicing of the proposed improvements, including the costs and expenses incidental thereto, to be paid by the assessment district.

The amount to be paid for said maintenance and servicing of the proposed improvements, including the costs and expenses incidental thereto; to be paid by the assessment district for the fiscal year 2021-2022 is as follows:

Engineer's Estimate: $41,750.60

And I do hereby assess and apportion said portion of said total amount of the costs and expenses of said maintenance and servicing of the proposed improvements, including the costs and expenses incidental thereto, upon the several lots, pieces, or parcels or portions of lots of land liable therefore and benefitted thereby, and hereinafter numbered to correspond with the numbers upon the diagram, upon each, severally and respectively, in proportion to the benefits to be received by such lands respectively, from the maintenance hereto attached and by reference made a part hereof.

As required by said Act, a diagram is recorded in official records of the County of Santa Cruz showing the assessment district and also boundaries and dimensions of the respective lots or parcels of land within said assessment district generally described as the same existed at passage of said Resolution No. 1555-SP-01.

Said assessment is made upon the several lots or parcels of land within said assessment district in proportion to the estimated benefits to be received by said lots or parcels respectively, from the maintenance and servicing of the improvements. The diagram and assessment numbers appearing herein are the diagram numbers appearing on said diagram, to which reference is hereby made for a more particular description of said property.

I hereby place opposite the number of each lot or parcel of land assessed, the amount assessed thereon and the number of the assessment. Each lot or parcel of land is described in the assessment list by reference to its parcel number as shown on the Assessor's Maps of the County of Santa Cruz for the fiscal year 2021-2022 to the right of the parcel numbers and includes all of such parcels.

Date	Joel F. Ricca, RCE 53588 City Engineer

DESCRIPTION OF WORK

Skypark Open Space Maintenance Assessment District No. 1

1. Maintaining and servicing of landscaping, vegetation and open space, including the cost of repair, removal or replacement of all or any part thereof, providing for the life, growth, health and beauty thereof, including cultivation, trimming, spraying, fertilizing or treating for disease or injury, the removal of trimmings, rubbish, debris and other solid waste, and water for the irrigation thereof.

2. Maintaining and servicing of decorative fencing, exercise par course and signage thereon, electronically controlled gates, and other ornamental structures and facilities, including the cost of repair, reconstruction, removal, or replacement of all or any part thereof.

3. Repair or replacement, including the installation and construction thereof, of hardscaping, including damaged curbs, gutters, walls, sidewalks, paving, water, irrigation systems, drainage, lighting, or electric facilities appurtenant to any of the improvements referenced in paragraphs 1 and 2 above, or which are necessary or convenient for the maintenance or servicing of said improvements.

4. The improvements referenced above are all within the boundaries of parcels 14, 15, 16, 17, as shown on Final Map, Tract No. 1355, Skypark, recorded in the official records of Santa Cruz County in the Book of Maps, Volume 89, Page 14, and within the boundaries of parcels A and B as shown on Final Map, Tract No. 1380, California Skypark, recorded in the official records of Santa Cruz County in the Book of Maps, Volume 89, Page 15 (hereinafter referred to as Final Maps).

5. The cost of slope subsidence/stability insurance or a self-insurance fund for any and all slope failures within the boundaries of parcels 14, 15, 16, 17, A and B as shown on the aforesaid Final Maps.

6. The maintenance, repair or replacement of such other facilities as may be appurtenant to the foregoing or which are necessary or convenient for the maintenance or servicing thereof.

SKYPARK OPEN SPACE

MAINTENANCE ASSESSMENT DISTRICT NO. 1

Engineer's Estimate

Fiscal Year 2021-2022

BENEFIT ASSESSMENT

The budget for the costs and expenses of maintaining and operating any and all of said public improvements for fiscal year 2021-2022 is as follows:

MAINTENANCE

1. Initial maintenance contract

a.	Park Maintenance and Materials	$37,951.00
b.	Water Cost	$14,500.00
c.	Utilities (PG&E)	$ 500.00

Subtotal $53,751.00
Total maintenance cost (12-month period)
**Includes an additional $12,000 from Insurance Fund*

INSURANCE

1. Self-Insurance Fund for Park Slope/Bluff Area $ 0.00 (deferred)

INCIDENTALS

1. Printing and advertising (notices) $ 800.00

BALANCE TO ASSESSMENT **$53,751.00**

RULES OF SPREADING ASSESSMENTS

1. District is to be assessed for all costs associated with the maintenance and servicing of the landscaping, hardscaping and appurtenant improvements within parcels 14, 15, 16, 17, as shown on Final Map, Tract No. 1355, Skypark, recorded in the official records of Santa Cruz County in the Book of Maps, Volume 89, Page 14, and within the boundaries of parcels A and B as shown on Final Map, Tract No., 1380, California Skypark, recorded in the official records of Santa Cruz County in the Book of Maps, Volume 89, Page 15.

2. Total costs shall be apportioned to all parcels within the district boundaries in accordance with the benefit derived from the landscaping improvements.

3. The benefit derived has been determined to be equal for all parcels.

Certificates

I, Tracy A. Ferrara, City Clerk of the City of Scotts Valley, hereby certify that the foregoing assessment roll, in the amount set forth, was filed with me on ____________________.

____
Tracy A. Ferrara, City Clerk

I, Joel F. Ricca, City Engineer of the City of Scotts Valley, do hereby certify that the amounts set forth under the Engineer's Estimate on Page 1 of the Assessment, and the individual amounts on the foregoing pages of the Assessment have been computed in accordance with the order of the City Council of said City of Scotts Valley, as expressed by Resolution No. 1555-SP-033, duly adopted by said City Council on June 2, 2021.

____
Joel F. Ricca, RCE 53588
City Engineer

I, Tracy A. Ferrara, City Clerk of the City of Scotts Valley, hereby certify that the foregoing assessment, in the amount set forth in the Engineer's Estimate on Page 1 of the Assessment, was approved and confirmed by the City Council of the City of Scotts Valley on ___________________.

____
Tracy A. Ferrara, City Clerk

The Assessment was filed in the office of the County Auditor of the County of Santa Cruz, California, on ___________________.

____
Tracy A. Ferrara, City Clerk

I HEREBY CERTIFY that the enclosed Engineer's Report and Assessment was recorded in my office on ____________________.

Superintendent of Streets
Scotts Valley, Santa Cruz County, California

By _________________________________
Scott Hamby

SKYPARK OPEN SPACE MAINTENANCE ASSESSMENT DISTRICT NO. 1

ASSESSMENT ROLL

Ass. No.	Assessor's Parcel No.	Property Owner	Assessment Amount
1001	22-691-01	Mario Guerrero Magno & Marife Arcinas	$ 219.74
1002	22-691-02	Jyri Virkki	$ 219.74
1003	22-691-03	Christopher & Dianne Wong	$ 219.74
1006	22-691-06	Anna Kesler-Diaz	$ 219.74
1007	22-691-07	Nanette L Carrillo Trustee	$ 219.74
1008	22-691-08	Brian D. & Teresa M. Hallin Trustees	$ 219.74
1009	22-691-09	Soon K. & Young H. Yuh	$ 219.74
1010	22-691-10	Michael Mark Goodwin	$ 219.74
1011	22-691-11	Jaime & Emily Rakow	$ 219.74
1012	22-691-12	Jeremy & Lori Gentile	$ 219.74
1013	22-691-13	Clarence W. Jr. & Maureen A. Mezzell	$ 219.74
1014	22-691-14	Robert L Hambelton	$ 219.74
1015	22-691-15	Gillian McGlaze	$ 219.74
1016	22-691-16	Matthew D & Spring V Babb	$ 219.74
1017	22-691-17	Dan Joe Aspromonte Trustee	$ 219.74
1018	22-691-18	Willie D. & Lisa J. Lu Trustees	$ 219.74
1004	22-691-20	Jose F. & Heather T. Lomba	$ 219.74
1005	22-691-21	Christian Life Center First Assembly of	$ 219.74
1144	22-692-01	Deandre & Karen James	$ 219.74
1145	22-692-02	Jeanette E. Anderson	$ 219.74
1146	22-692-03	Jann L. Smart	$ 219.74
1147	22-692-04	Carl Gyllenhammer	$ 219.74
1148	22-692-05	Andreas & Jennifer Becker	$ 219.74
1149	22-692-06	Hin F. Boen et al	$ 219.74
1150	22-692-07	Peter K. Thompson	$ 219.74
1151	22-692-08	Edward J. & Karen E. McNamara	$ 219.74
1152	22-692-09	Guadalupe & Sarah De Leon	$ 219.74
1153	22-692-10	Jeffrey Allen Ott	$ 219.74
1154	22-692-11	Owen Ward	$ 219.74
1177	22-692-12	Nathan Lee & Jodie Fillhardt	$ 219.74
1178	22-692-13	Johnny Mon et al	$ 219.74
1179	22-692-14	Yuriko Yamasaki	$ 219.74
1180	22-692-15	David R & Melissa Zieper	$ 219.74
1181	22-692-16	John C. & Kassi L. Van Lanen	$ 219.74
1182	22-692-17	Sarah E. Christensen	$ 219.74
1183	22-692-18	Robert Kurt Molholm	$ 219.74
1184	22-692-19	Henry J. Kondrat et al	$ 219.74
1185	22-692-20	Tuo Chen	$ 219.74

1186	22-692-21	David J. Albano	$ 219.74
1187	22-692-22	Anjna & Kamaljit Mann	$ 219.74
1188	22-692-23	Charles D Berg	$ 219.74
1189	22-692-24	Peter Svensson	$ 219.74
1190	22-692-25	Eric P. & Julie A. Miller	$ 219.74
1107	22-693-01	Clay M. Teramo	$ 219.74
1108	22-693-02	Catherine Hope & Gregory L. Horvath	$ 219.74
1109	22-693-03	Mary Patricia & David Dorsey	$ 219.74
1110	22-693-04	Stuart & Lora Glasgow	$ 219.74
1137	22-693-05	Shelley Noh	$ 219.74
1138	22-693-06	Scott & Lisa M. MacGowan	$ 219.74
1139	22-693-07	Ping Fai Ben Li et al	$ 219.74
1140	22-693-08	Hubert Hudson Burroughs	$ 219.74
1141	22-693-09	Sylvia P. Morrison	$ 219.74
1142	22-693-10	Prashanth Jade	$ 219.74
1143	22-693-11	Jeffrey Kennedy & Jennifer Leigh Wade	$ 219.74
1019	22-701-01	Sheryl Ann McEwan	$ 219.74
1020	22-701-02	Clark P. & Sarah N. Winn	$ 219.74
1021	22-701-03	David R. & Cheryl R. Schneider	$ 219.74
1022	22-701-04	Andrew Seppy Bloom et al	$ 219.74
1023	22-701-05	Mary Simpson	$ 219.74
1024	22-701-06	Christopher S. Thomas	$ 219.74
1025	22-701-07	James V. & Lea K. Reed	$ 219.74
1026	22-701-08	George C. Jones et al	$ 219.74
1027	22-701-09	Kevin & Julie L. Burnett	$ 219.74
1028	22-701-10	Linda Lloyd Fisher Trustee et al	$ 219.74
1029	22-701-11	Carolyn A. Nicholson	$ 219.74
1030	22-701-12	Jason & Sandra Malone	$ 219.74
1031	22-701-13	Roderick A. & Cheryle M. Brownfield	$ 219.74
1032	22-701-14	Jessica I. Puccinelli	$ 219.74
1033	22-701-15	Kendall Q. & Marisela Maria Sullivan	$ 219.74
1176	22-702-01	Isaac & Michelle Sparrow	$ 219.74
1175	22-702-02	Francis J. III & Bridget E. Gramkowski	$ 219.74
1174	22-702-03	Karl R. & Marsha J. Landgraf	$ 219.74
1173	22-702-04	James S. Szabo et al	$ 219.74
1172	22-702-05	Roman Efimov	$ 219.74
1171	22-702-06	Terrence A. & Megan A. O'Toole	$ 219.74
1170	22-702-07	William Scholtz	$ 219.74
1169	22-702-08	Janet Elizabeth Barber	$ 219.74
1168	22-702-09	Justin J. & Sara R. Kiesby	$ 219.74
1167	22-702-10	Debbie P. Dizon	$ 219.74
1166	22-702-11	Charles E. Schmuck Trustee	$ 219.74
1165	22-702-12	Steven & Kathleen F. Gullickson	$ 219.74

1164	22-702-13	Dale R. Henry et al	$ 219.74
1163	22-702-14	Brian & Michiyo Johnston	$ 219.74
1162	22-702-15	Eric & Beth Seib	$ 219.74
1161	22-702-16	Kimberly M. Clark	$ 219.74
1160	22-702-17	Amanda Danner	$ 219.74
1159	22-702-18	Brian P. & Stacey G. Costello Trustees	$ 219.74
1158	22-702-19	Gayathri Balaji	$ 219.74
1157	22-702-20	Barry Young	$ 219.74
1156	22-702-21	James Ray Jr. & Heather Lewis Sebring	$ 219.74
1155	22-702-22	Richard D. & Elaine C. Bennett	$ 219.74
1134	22-702-26	Robert D. & Jayne E. Scott	$ 219.74
1133	22-702-27	Mark T. & Helen L. Youmans	$ 219.74
1132	22-702-28	Maria C. Torchio-Gauthier et al	$ 219.74
1131	22-702-29	Sadra Emami	$ 219.74
1115	22-702-30	Stephen R. Morairty	$ 219.74
1114	22-702-31	The Salvation Army	$ 219.74
1113	22-702-32	Stephen P. & Kristina N. Dinwiddie	$ 219.74
1112	22-702-33	Jason P. & Amy M. Ivey	$ 219.74
1111	22-702-34	Gavin J. & Jane F. Melford Trustees	$ 219.74
1135	22-702-36	Cesar & Jacqueline DeSantos	$ 219.74
1136	22-702-37	Douglas G. & Susan Diane Morey	$ 219.74
1105	22-703-01	Araceli Henley	$ 219.74
1106	22-703-02	Fazlul & Rokhsana B. Quader	$ 219.74
1073	22-703-03	John Lau et al	$ 219.74
1072	22-703-04	James E. & Deborah L. Nieters	$ 219.74
1129	22-711-01	Craig W. & Kathleen M Adams Trustees	$ 219.74
1128	22-711-02	Jordan & Jessica Boschen	$ 219.74
1127	22-711-03	Lisa M Newton	$ 219.74
1126	22-711-04	Gregory Allen Rexelle	$ 219.74
1125	22-711-05	Peter C. Lombrozo et al	$ 219.74
1124	22-711-06	William & Joanne Thompson	$ 219.74
1123	22-711-07	Philip W. Crowley	$ 219.74
1122	22-711-08	Tavin B & Kristina M. Lanpheir	$ 219.74
1121	22-711-09	Thomas M. Carli & Margaret Walsh	$ 219.74
1120	22-711-10	Jakko M. Kleijnen et al	$ 219.74
1119	22-711-11	John B. & Susan A. Ledingham	$ 219.74
1118	22-711-12	Brian J. & Valerie E. Kindell	$ 219.74
1117	22-711-13	Kaylon M. & John A. Northington	$ 219.74
1100	22-711-14	Kim & John M. Lariviere	$ 219.74
1099	22-711-15	Henry R. & Stephanie A. Knight	$ 219.74
1098	22-711-16	Donald G. II & Tamera L. Melrose	$ 219.74
1097	22-711-17	Sandra Holland et al	$ 219.74
1096	22-711-18	Deant A. & Marina P. Earl	$ 219.74
1095	22-711-19	Craig Moorhead	$ 219.74

1094	22-711-20	Omeed M. & Traci L. Ghaffarian	$ 219.74
1093	22-711-21	April N. & Stephen A. Clarke	$ 219.74
1092	22-711-22	Steven & Kierstin L. Trefethen	$ 219.74
1091	22-711-23	Gareth & Karen S. Egerton	$ 219.74
1090	22-711-24	Srinivasan & Hemamalini Sathish	$ 219.74
1089	22-711-25	Clark & Debra Patteson Trustees	$ 219.74
1088	22-711-26	Tom Evenson Survivors Trust	$ 219.74
1087	22-711-27	Mark R. & Marna S. Scarr Trustees	$ 219.74
1086	22-711-28	Ursula T. Christiansen	$ 219.74
1085	22-711-29	John D. Gullory & Suzanne Herrera	$ 219.74
1084	22-711-30	Kim & Michael Cushing	$ 219.74
1083	22-711-31	James D. Neef et al	$ 219.74
1082	22-711-32	Alan & Laurie Okamura	$ 219.74
1081	22-711-33	Sudesh Shetty Kodialbail et al	$ 219.74
1080	22-711-34	Gerald E. Beyke	$ 219.74
1079	22-711-35	Matthew & Marina M. Ward	$ 219.74
1078	22-711-36	Keith & Jennifer Chomentowski	$ 219.74
1130	22-711-38	Kevin Tien	$ 219.74
1116	22-711-39	Barry W. Prentiss	$ 219.74
1101	22-711-40	Richard P. Des Jardin Trustee et al	$ 219.74
1102	22-711-41	Daniel Marhenke Peterson	$ 219.74
1103	22-711-42	Kevin J. & Valerie W. Lenahan	$ 219.74
1104	22-711-43	Susan Hanlock Chapman	$ 219.74
1074	22-711-44	Larry D. & Rebecca C. Mosley	$ 219.74
1075	22-711-45	Valerie Polito	$ 219.74
1076	22-711-46	Todd & Michelle Riddle	$ 219.74
1077	22-711-47	Richard & Theresa Riemer	$ 219.74
1034	22-712-01	Matthew A. & Gretchen K. Clark	$ 219.74
1035	22-712-02	Claude H. & Cynthia M. Lopez	$ 219.74
1036	22-712-03	Christopher W. Bensen & Tara Dalton	$ 219.74
1037	22-712-04	Jeffrey L. Gee et al	$ 219.74
1038	22-712-05	Emir & Denise Gurer	$ 219.74
1039	22-712-06	Goran & Susan Domitrovic	$ 219.74
1040	22-712-07	Milind Mohan Hirlekar	$ 219.74
1041	22-712-08	Shaun Shahram & Habibeh Deyhim	$ 219.74
1042	22-712-09	Robert J. Romero et al	$ 219.74
1043	22-712-10	Kimberly A Brosseau	$ 219.74
1044	22-712-11	Rodney W. & Christine E. Stanton	$ 219.74
1045	22-712-12	Clifford & Lily Dong Trustees	$ 219.74
1046	22-712-13	Wellington R & George Ann White Trust	$ 219.74
1047	22-712-14	Donald L. & Paula K. Cardoza Trustees	$ 219.74
1048	22-712-15	Lee & Diane D. Basilotta	$ 219.74
1049	22-712-16	Alan Van Wambeck Trustee et al	$ 219.74
1050	22-712-17	Carlos S & Roberta N Camilo Denilson	$ 219.74
1051	22-712-18	The Salvation Army	$ 219.74

1052	22-712-19	Richard W. Wilkman & Ellen Foster	$ 219.74
1053	22-712-20	Mark Alan Newton et al	$ 219.74
1054	22-712-21	Donald J. Hutchison Trustee	$ 219.74
1071	22-713-01	Gary D. Thomsen	$ 219.74
1070	22-713-02	Sheldon N. Rosell	$ 219.74
1069	22-713-03	Jeffrey S. & Susan Leigh Rosell	$ 219.74
1068	22-713-04	Daryl & Claire Spitzer	$ 219.74
1067	22-713-05	Scott M. & Lailah Mueting	$ 219.74
1066	22-713-06	Elsa Marmolejo	$ 219.74
1065	22-713-07	Manish N. & Alpa M. Patel	$ 219.74
1064	22-713-08	Justin R. Rishoff	$ 219.74
1063	22-713-09	Terrie S. Dusa Trustee	$ 219.74
1062	22-713-10	Andrew Joseph Dick	$ 219.74
1061	22-713-11	Thomas M. & Barbara R. Evenson	$ 219.74
1060	22-713-12	Mark & Vicki C. Teixeira	$ 219.74
1059	22-713-13	William J. Simons	$ 219.74
1058	22-713-14	Casey G. & Betty Nicole Peterson	$ 219.74
1057	22-713-15	Wilma M. Caldwell	$ 219.74
1056	22-713-16	Mallory & Lance Walkup	$ 219.74
1055	22-713-17	Matthew R. Hakimi Trustee	$ 219.74

TOTAL ASSESSMENTS **$41,750.00**

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: June 2, 2021

TO: Honorable Mayor and City Council

FROM: Athena Cheung, Engineering Associate

APPROVED: Tina Friend, City Manager

SUBJECT: **APPROVAL OF MEASURE D FY21-26 FIVE YEAR PROGRAM**

SUMMARY OF ISSUE

Passed in November 2016 by Santa Cruz County Voters, Measure D provides funding for efforts related to maintaining and improving local roads, including pavement, bicycle, and pedestrian infrastructure for a period of ten years. As a part of the measure's accountability and transparency measures, each agency receiving funds is required to develop, update, hold a public hearing on, and adopt a five-year program of projects ("5-Year Plan") every year. 5-Year Plans are adjusted annually based on actual expenditures, updated revenue projections, proposed allowances to projects, updated project schedules, and updated cost estimates.

FISCAL IMPACT

Measure D will fund or partially fund projects on the 5-Year Plan, and will be used to help leverage additional grant funding by serving as local match.

STAFF RECOMMENDATION

It is recommended that the City Council adopt Resolution No. 1923.4 approving the list of Measure D Projects for FY21-22 through FY25-26.

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RESOLUTION NO. 1923.4

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SCOTTS VALLEY APPROVING THE FY 2021/22 TO FY 2025/26 FIVE-YEAR PROGRAM OF PROJECTS TO BE FUNDED WITH MEASURE D REVENUES

WHEREAS, on November 8, 2016, the voters of Santa Cruz County adopted an ordinance approving the Santa Cruz County Transportation Improvement Plan Measure ("Measure D"), authorizing the Santa Cruz County Regional Transportation Commission ("RTC") to administer the proceeds from a retail transaction and use tax of one-half of one percent (0.5%); and

WHEREAS, sales tax proceeds from Measure D will be collected for 30 years beginning April 1, 2017, which are to be used to pay for the programs and projects outlined in the Measure D Expenditure Plan and Ordinance; and

WHEREAS, the Master Funding Agreement between RTC and the City of Scotts Valley articulates the terms and conditions of RTC's administration and direct allocation of proceeds to the City as authorized in the Measure D Expenditure Plan; and

WHEREAS, the Master Funding Agreement requires that the City Council annual adopt an annual report that includes a five-year program of projects including information about each of the projects to be funded with Measure D revenues after holding a public hearing; and

WHEREAS, the five-year program of projects is considered part of the City's Five-Year Capital Improvement and Purchase Plan, which was published for public review on the City's website on April 29, 2021 and reviewed during a public hearing at the City Council's regular meeting on June 2, 2021; and

WHEREAS, the five-year program of projects, attached hereto and incorporated herein, lists the projects proposed by the City that are consistent with the Measure D Expenditure Plan.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that the FY 2021/22 to FY2025/26 Five-Year Program of Projects to be funded with Measure D revenues, attached hereto and incorporated herein, is approved.

The above and foregoing resolution was duly and regularly adopted by the City Council of the City of Scotts Valley at a regular meeting held on the 2nd day of June, 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Approved: ____________________________
Derek Timm, Mayor

Attest: ____________________________
Tracy A. Ferrara, City Clerk

Measure D Five Year Plan

Measure D: 5-Year Program of Projects (FY21/22-FY25/26)
Agency: **City of Scotts Valley**
Expenditure Plan Category: Neighborhood Projects

Measure D Revenues

	Rollover	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26
Estimated Annual Measure D Allocations	$ 45,000	$ 301,930	$ 313,156	$ 318,595	$ 324,122	$ 329,737

Name/Road/Limits	Description, Complete Streets Components	Total Measure D	Amount of Measure D Funds to be Used: Rollover	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	Total Estimate	Other Funds ($)	Other Fund Sources	Est. Construction Start Date	Major Project?* (yes/no)
Bean Creek Road	Rework subgrade, asphalt overlaying, drainage improvements, and restriping (two phases)	$ 874,100		$ 574,100				$ 300,000		$ 400,000	RSTPX	Spring	yes
Scotts Valley Drive	Crack seal	$ 75,000			$ 75,000							Spring	no
Janis Way	Digout and overlay and sidewalk and bikelanes	$ 250,000			$ 250,000						SB1	Spring	no
Glenwood Drive *(Scotts Valley Drive to K Street)*	Crack seal and type-2 slurry and bike lanes and striping	$ 100,000				$ 100,000					SB1	Spring	no
Mt Herman Road	digouts & crack seal & slurry & La Madronna intersection rework	$ 200,000					$ 200,000					Spring	yes
Lockwood Lane *(Mt Hermon to City Limit)*	Digouts and overlay and striping and bike lanes	$ 100,000						$ 100,000			TBD	Spring	no

	Rollover	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	Total Estimate
Estimated Annual Measure D Expenditures		$ 574,100	$ 325,000	$ 100,000	$ 200,000	$ 400,000	$ -
Carry Over to Next Fiscal Year	$ 45,000	$ (227,170)	$ (239,014)	$ (20,419)	$ 103,703	$ 33,440	
Annual Interest Earnings on Measure D Revenues							

**For Major Projects (e.g. require CEQA, over $1M, and/or lots of public interest), provide separate one-page summary with longer description, describe consistency with the Complete Streets Act; Cost/Funding/schedule by phase)*

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: June 2, 2021

TO: Honorable Mayor and City Council

FROM: Casey Estorga, Administrative Services Director

APPROVED: Tina Friend, City Manager

SUBJECT: **BUDGET HEARING FOR THE FY 2021-22 ANNUAL BUDGET**

SUMMARY OF ISSUE

At its June 2, 2021 meeting, the Scotts Valley City Council will hold a Budget Hearing for the Fiscal Year 2021-22 Annual Budget that includes a five-year financial plan and a ten-year financial forecast for the General Fund. The preliminary budget was first published online on May 12, 2021 and was introduced during a detailed presentation at the May 19, 2021 City Council meeting. During that meeting, staff provided an overview of the FY 2021-22 Preliminary Budget, including a summary of various policy considerations for the City Council to adopt a Final Budget.

The original budget document as published on May 12, 2021 is included with this report as a point of reference.

The purpose of the Public Hearing is to provide a summary presentation of the Preliminary FY 2021-22 Budget, receive public comment, and request City Council direction on the following policy items, as well as any other changes to the FY 2021-22 Budget before it is returned for final adoption at the June 16, 2021 City Council meeting.

Strategic Plan Priorities

During the May 19, 2021 discussion of the proposed FY 2021/22 Budget, staff presented proposed projects and estimated costs for each initiative under the City's Strategic Plan Priorities:

1. **Ensure Long-Term Financial Stability**

2. **Encourage Business Development and Expand the City's Economic Base**

3. **Implement Operational Initiatives to Enhance City Services**

4. **Maintain Quality of Life for City Residents**

In total, the Strategic Plan represents potential investment of $9,005,500 for FY 2021-22 of which over $8 million is already incorporated into the Proposed Budget. The balance of $881,250 is unbudgeted and requires Council direction on what projects to include or defer to a future year.

Staff prepared a recommended set of new projects for inclusion in the FY 2021-22 budget (see attached). If fully incorporated, these projects would add $336,250 to the budget and would defer $545,000 to future years, with the possibility to reevaluate should business or service needs change.

The projects proposed for inclusion are:

- Fiscal Sustainability Planning Consultant Support $26,250
- Community Survey for Potential Revenue Options $30,000
- Development Impact Fee Study $75,000
- Complete the General Plan Update $20,000
- Town Center Feasibility Assessment and Process $50,000
- Support Post-Pandemic Economic Recovery $ 5,000
- Additional Council and Staff Training Resources $10,000
- Wildfire Prevention – Vegetation Maintenance $60,000
- Adjust the City's Inclusionary Housing Boundary $60,000

Note: these costs will be allocated across different funds, as appropriate.

Staff will seek Council direction on which, if any, of the identified costs should be incorporated into or removed from the FY 2021-22 annual budget.

American Rescue Plan Act (ARPA)

The availability of ARPA funds was introduced during the budget presentation at the May 19, 2021 City Council meeting. This bill provides for the allocation of funds to municipalities throughout the United States, including specifically for cities like Scotts Valley which are identified as "non-entitlement" cities in the law.

In April, the League of California Cities estimated Scotts Valley's allocation would be approximately $2.2 million. However, the United States Department of Treasury recently announced an updated allocation methodology that should more accurately predict how funding will be distributed to non-entitled cities like Scotts Valley.

Treasury's calculations are based on the city's population, with each non-entitlement city receiving a proportional share of funds by comparing the population of one non-entitlement city to the total population of all other non-entitlement cities combined. Therefore, based on the most up-to-date information released by Treasury, it is now estimated that Scott's Valley's allocation will be approximately $2.8 million.

Staff anticipates that these funds will become available in two equal payments of approximately $1.4 million, distributed twelve months apart. ARPA's terms indicate the City could receive the first payment ("tranche") of funds as early as mid-June 2021.

A report summarizing the City's eligibility for ARPA funds was included during the May 19, 2021 City Council meeting. Discussions on how the City can strategically utilize one-time ARPA funds will be presented during the June 2 presentation to the City Council.

Other Items

Staff will also provide updates on additional budget considerations during the June 2, 2021 meeting, include on items where staff needs policy direction from City Council to allocate use of discretionary funds, including one-time funding, that may be available during FY 2021-22.

FISCAL IMPACT

There is no fiscal impact for the City Council to provide policy direction on the use of funds. Based on Council direction, staff will incorporate the necessary appropriations in the proposed FY 2021-22 Annual Budget that will be formally presented to the City Council on June 16, 2021 for final adoption.

STAFF RECOMMENDATION

It is recommended that the City Council provide policy direction on the proposed FY 2021-22 Annual Budget. Policy questions for the City Council to address as the budget is discussed are as follows:

1. Does the City Council have any recommended changes to the proposed FY 2021-22 Annual Budget or Five-Year CIP Plan?
2. Does the City Council want adopt staff's recommendation for Strategic Plan Priorities to be included as part of the for FY 2021-22 Annual Budget?

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City of Scotts Valley

DRAFT: Strategic Goals Work Plan - FY 2021/22

No.	ELEMENT	OBJECTIVE	PROJECT DESCRIPTION	PROJECT LEADS	ESTIMATED TIMELINE	MILESTONES	RESOURCES NEEDED	ESTIMATED TOTAL COSTS	Budgeted	RECOMMEND	DEFER
1	ENSURE LONG-TERM FINANCIAL STABILITY	Strengthen Fiscal Sustainability Plan	Update long-range financial plan to determine if a fiscal gap exists and address any gap by updating FSP.	Budget Committee City Manager ASD	April 2021 - March 2022	Refine w/ FY2021-22 Budget and Mid-Year Review	Consultant support for FSP analysis.	$26,250	$0	$26,250	
2	ENSURE LONG-TERM FINANCIAL STABILITY	Strengthen Fiscal Sustainability Plan	Refine revenue options for hotel tax (TOT) or modernizing utility users tax (UUT).	Budget Committee City Manager ASD	October 2021 - June 2022	Model revenue options. Bring timely options to Council.	Polling to understand community priorities.	$30,000	$0	$30,000	
3	ENSURE LONG-TERM FINANCIAL STABILITY	Strengthen Fiscal Sustainability Plan	Implement annual fee schedule updates, (include Recreation), Update Development Impact Fees after General Plan is approved.	City Manager ASD Community Development	July 2021 - June 2022	Initiate development impact fee study. Develop fee revisions for Council action.	Consultant support for development impact fee study.	$75,000	$0	$75,000	
4	ENSURE LONG-TERM FINANCIAL STABILITY	Strengthen Fiscal Sustainability Plan	Pursue Federal, State, and Regional grant funding for operations, infrastructure, and community service enhancements.	City Manager All Departments	April 2021 - June 2022	Dedicate staff resources to identify and pursue grants.	Grant writing & Staff resources	$25,000	$0		$25,000
5	ENCOURAGE BUSINESS DEVELOPMENT & EXPAND CITY'S ECONOMIC BASE	Complete the General Plan Update	Complete the General Plan Environmental Impact Report (EIR) and present for final adoption	Community Development City Manager	April 2021 - September 2021	Prepare EIR. Present final General Plan for adoption in the Fall of 2021.	Consultant support for EIR	$20,000	Budgeted funds insufficient	$20,000	
6	ENCOURAGE BUSINESS DEVELOPMENT & EXPAND CITY'S ECONOMIC BASE	Facilitate the Development of the Town Center and New Businesses	Develop a grounded vision and actionable development plan for the Town Center and complementary land uses	Town Center Opportunity Committee City Manager Community Development	April 2021 - June 2022	Prepare project feasibility for potential development. Prepare TC development concepts. Support opening of new retail.	Potential economic analysis, conceptual drawings, studies, etc.	$50,000	$0	$50,000	
7	ENCOURAGE BUSINESS DEVELOPMENT & EXPAND CITY'S ECONOMIC BASE	Support Post-Pandemic Economic Recovery	With local and regional partners, provide ongoing support, coordination, and communications for the local business community	Local Business Recovery Committee City Manager	April 2021 - December 2021	Continue collaboration with Chamber of Commerce and regional partners. Assist to administer NDC revolving loan fund.	Potential program/support costs.	$5,000	$0	$5,000	
8	IMPLEMENT OPERATIONAL INITIATIVES TO ENHANCE CITY SERVICES	Improve City Technology	Implement immediate technology needs. Begin to develop a work plan to prioritize approaches to staffing, capital investments, and budgeting for information technology services	City Manager Management Team ASD	January 2022 - June 2022	Study and make recommendations to County on IT internal staffing. Prepare Citywide IT strategic and work plan with a budget.	Consultant support. Technology Purchases.	$185,000	$185,000		
9	IMPLEMENT OPERATIONAL INITIATIVES TO ENHANCE CITY SERVICES	Improve City Technology	Procure and implement planning permitting software.	Community Development ASD	April 2021 - March 2022	With SB2 State grant funds, identify and procure an of-the-shelf permitting software system.	Consultant support. Implementation, training.	$65,000	$65,000		

City of Scotts Valley

DRAFT: Strategic Goals Work Plan - FY 2021/22

No.	ELEMENT	OBJECTIVE	PROJECT DESCRIPTION	PROJECT LEADS	ESTIMATED TIMELINE	MILESTONES	RESOURCES NEEDED	ESTIMATED TOTAL COSTS	Budgeted	RECOMMEND	DEFER
10	IMPLEMENT OPERATIONAL INITIATIVES TO ENHANCE CITY SERVICES	Restore Organizational Strength and Capacity	Invent prudently in restoration of City staffing and resources for improved, efficient customer service	City Council City Manager Management Team	July 2021 - June 2022	With proposed budget, strategically restore staff positions and resources. Review needs and recommend investment at mid-year as appropriate	Unfreeze positions frozen due to COVID-19 (3). Add four new positions. Continue to assess and implement restoration of Recreation staffing and services.	$495,000	$495,000		
11	IMPLEMENT OPERATIONAL INITIATIVES TO ENHANCE CITY SERVICES	Enhance Staff Professional Development and Promote Inclusive Workspace	Present trainings and professional development opportunities for staff and the City Council to increase skill, knowledge, abilities, and customer service and enhance City's efforts in diversity, equity, and inclusion.	City Council City Manager Management Team	April 2021 - June 2022	Identify regular training opportunities, promote and encourage attendance. Provide 3 annual all-staff meetings to encourage communication and connection. Review policies, provide trainings, and adapt practices with a lens toward diversity, equity, and inclusion.	Training resources.	$20,000	$10,000	$10,000	
12	MAINTAIN QUALITY OF LIFE FOR CITY RESIDENTS	Enhance Public Safety	Refine disaster preparedness policies, procedures, training, and community information for wildfire prevention and response and PSPS events in partnership with the Fire, Water, and School Districts, and CALFire	City Manager Police Public Works	April 2021 - December 2021	Review/revise EOC and wildfire plans. Develop action plan for 2021/22 vegetation maintenance. Refine communication plan for coordinated public announcements.	Support for additional plans, training, equipment, and vegetation management.	$60,000	$0	$60,000	
13	MAINTAIN QUALITY OF LIFE FOR CITY RESIDENTS	Enhance Public Safety	Create a bicycle patrol team for enhance patrol of open space, trail systems, and commercial districts	Police	April 2022 - June 2022	Establish program objectives and protocols. Finalize team members and assignments. Deploy and report on outcomes.	Equipment purchases.	$20,000	$0		$20,000
14	MAINTAIN QUALITY OF LIFE FOR CITY RESIDENTS	Support Affordable and Work Force Housing	Complete the Accessory Dwelling Unit (ADU) Policy, Code, and Program Revisions	Community Development	April 2021 - December 2021	With SB2 State grant funds, obtain planning consultant support to draft code and program updates.	Consultant support.	$30,000	$30,000		
15	MAINTAIN QUALITY OF LIFE FOR CITY RESIDENTS	Support Affordable and Work Force Housing	Adjust the City's Inclusionary Housing Boundary to match City limits	Community Development	January 2022- September 2022	Scope and prepare project Fall 2021. Secure specialty legal and consultant support Fall 2021. Launch project Jan 2022.	Specialty legal and consultant support.	$90,000	$30,000	$60,000	
16	MAINTAIN QUALITY OF LIFE FOR CITY RESIDENTS	Foster Balanced Development Standards	Conduct a review and revision of development standards Citywide	Community Development	January 2022- September 2023	Secure consultant planner support and develop review process	Consultant support.	$500,000	$0		$500,000
17	MAINTAIN QUALITY OF LIFE FOR CITY RESIDENTS	Foster Balanced Development Standards	Complete code and program revisions to implement Objective Design Standards for Mixed-Use Developments	Community Development	April 2021 - March 2022	With SB2 State grant funds, obtain planning consultant support to draft code and program updates.	Consultant support.	$60,000	$60,000		

City of Scotts Valley
DRAFT: Strategic Goals Work Plan - FY 2021/22

No.	ELEMENT	OBJECTIVE	PROJECT DESCRIPTION	PROJECT LEADS	ESTIMATED TIMELINE	MILESTONES	RESOURCES NEEDED	ESTIMATED TOTAL COSTS	Budgeted	RECOMMEND	DEFER
18	MAINTAIN QUALITY OF LIFE FOR CITY RESIDENTS	Complete Major Capital Planning and Projects	Complete Scotts Valley Branch Library renovations and complete major capital planning for the Public Works building, streets, and roads, public facilities, and parks.	City Manager Management Team Measure S Renovations Committee	April 2021 - June 2022	Complete Library renovations by 2021. Develop replacement options for the Public Works building. Develop CIP projects and work plan.	Consultant support for design, engineering, planning, and WWTP facility master plan.	$6,959,300	$6,959,300		
19	MAINTAIN QUALITY OF LIFE FOR CITY RESIDENTS	Plan and Implement State Mandated Environmental Compliance Programs	Develop work plan and implement State mandated organic waste disposal (SB 1383) programs.	Public Works City Attorney City Manager Community Development	April 2021 - March 2022	Develop work plan and implement SB 1383 organic waste disposal program	Consultant support to prepare programs and community information.	$239,950	$239,950		
20	MAINTAIN QUALITY OF LIFE FOR CITY RESIDENTS	Plan for Wastewater Management Facility Project	Develop process plan to study and vet the major capital overhaul of aging Wastewater Reclamation Facility	Public Works City Manager	April 2021 - June 2022	Assess options for facility replacement. Determine community process and technical engineering development.	Consultant support for design, engineering, planning.	$50,000	$50,000		
							Total	**$9,005,500**	**$8,124,250**	**$336,250**	**$545,000**

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: June 2, 2021

TO: Honorable Mayor and City Council

FROM: Tina Friend, City Manager

SUBJECT: **DISCUSSION OF CITY OF SCOTTS VALLEY APPLICATION FOR COMMUNITY DEVELOPMENT BLOCK GRANT—PROGRAM INCOME FUNDS**

SUMMARY OF ISSUE

In April 2021, the Scotts Valley City Council discussed the City of Scotts Valley's (City) application for State Community Development Block Grant Coronavirus funding (CDBD-CV). This funding, appropriated through the 2020 CARES Act, allocated $394,456 to Scotts Valley. After a staff presentation, public comment and discussion, the City Council provided direction that the City's CDBG-CV application would support business assistance grants and childcare, and for staff to apply by the deadline of May 7, 2021. Assisted by consultant Adams Ashby Group, staff timely filed its application with the State and is awaiting confirmation of funding award.

Immediately following the CDBG-CV process, City staff initiated a process to advertise the availability of CDBG Program Income (CDBG-PI) funds. CDBG-PI is the annual CDBG program and is not associated with the pandemic. This program had been dormant in the City for multiple years due to lack of staffing to advance the program. The City has $550,000 available to program under CDBG-PI across three fiscal years, as follows:

FY 2021-22	$183,333
FY 2022-23	$183,333
FY 2023-24	$183,334

CDBG-PI funds are provided as grants for a wide range of activities, including housing, public services, economic development, infrastructure and more. All CDBG funds must meet a national objective: benefit low/moderate income persons, aid in the prevention of slums and blight, or meet an urgent need. If the City does not operate eligible programs, it may contract with community-based organizations to provide services to the target population for eligible, defined purposes.

The City duly noticed and conducted a virtual Public Hearing on May 20, 2021 to discuss the funding opportunity and receive input on possible programs. The City also directly reached out to 20 community organizations and provided an application form to gather funding proposals in advance. This step allowed the City to assess interest and pre-qualify proposals under the CDBG guidelines. At the Public Hearing, one public comment was offered in support of the Bluebonnet Lane road improvement projects application. Otherwise, no comments or suggestions for use of the funds were received.

In addition to the public hearing, City staff explored other potential avenues for use of the funds. This included an assessment of the eligibility of City infrastructure projects and public programs for CDBG funding. With CDBG's focus on aiding low-to-moderate income (LMI) community members or achieving another national objective, eligibility of public infrastructure or programs must meet a test of low-to-moderate area income or show a direct and exclusive nexus of the project with a benefit group, for instance, individuals with disabilities. Scotts Valley's area income does not quality the City as a low-to-moderate income area. Accordingly, as any CDBG investment in public infrastructure, facilities or programs would benefit the public generally it would fail the LMI test. This means that CDBG funds cannot be used for City facilities, infrastructure or programs. An exception would be if the City established a scholarship fund for its recreation programs that is only accessible for means-tested LMI residents. As the City is working to rebuild its recreation services, no such program is available currently.

<u>CDBG – PI Funding Proposals</u>

The City received eight proposals from community organizations for CDBG-PI Funds:

- Boys and Girls Clubs of Santa Cruz County – Scotts Valley Clubhouse Facility Expansion
- Bluebonnet Lane Neighborhood Group – Traffic Safety Improvements
- Community Bridges – Meals on Wheels
- Community Bridges – Mountain Community Resources-CZU Fire Victim Support and Social Services Drop-In Center
- Court Appointed Special Advocates (CASA)
- Grey Bears – Healthy Food for Seniors Program
- Second Harvest Food Bank – Scotts Valley Food Access
- Vista Center for the Blind and Visually Impaired – Safe and Healthy Living Program

The proposals were evaluated for eligibility under CDBG-PI requirements:

Applicant	Eligibility	Reason
Boys and Girls Club	Qualifies	Qualified under 05D Youth Services Matrix Code and meets the minimum 51% Limited Clientele requirement using the process of collecting income data on participants.
Bluebonnet Lane	Ineligible	Road projects must be in Low/Moderate Income Area (LMA). No geography of Scotts Valley qualifies as LMA.
Community Bridges-Meals on Wheels	Qualifies	Qualifies under 05A Senior Services Matrix Code and meets the minimum 51% Limited Clientele requirement using the process of collecting income data on participants.
Community Bridges – Mountain Community Resources	Ineligible	Center not located in Scotts Valley and clients of this program intended for CZU fire victims are not from the City Limits of the City of Scotts Valley.
CASA	Qualifies	Qualifies under 05D Youth Services Matrix Code and is a Presumed Benefit Category – no income data is required, and population served meet LMI requirements.
Grey Bears	Qualifies	Qualifies under 05A Senior Services Matrix Code and meets the minimum 51% Limited Clientele requirement using the process of collecting income data on participants.
Second Harvest Food Bank	Ineligible	Cannot confirm LMI residents served are City of Scotts Valley residents and meet the required 51% LMI requirement as no data is/or will be collected.
Vista Center	Qualifies	Qualifies under 05B Matrix Code –Services for Persons with Disabilities and provides services for the persons with disabilities, regardless of age and this is a Presumed Benefit Category.

With the eligible proposals, staff constructed the following CDBG-PI funding proposal for the City Council's discussion, modification as appropriate, and direction to staff:

Provider	***Program***	***Funding Proposed***
Boys and Girls Clubs of Santa Cruz County	Facility Expansion at Scotts Valley Clubhouse (modular building) to increase capacity by 50% at year-round Out-of-School child care program	$105,000 Total ▪ $35,000 FY 21/22 ▪ $35,000 FY 22/23 ▪ $35,000 FY 23/24

Community Bridges	Meals on Wheels meal delivery to low-income seniors	$108,180 Total ▪ $35,000 FY 21/22 ▪ $36,050 FY 22/23 ▪ $37,130 FY 23/24
Court Appointed Special Advocates	Support services for children/young adults with open Dependency or Juvenile Court proceedings	$50,000 Total ▪ $20,000 FY 21/22 ▪ $15,000 FY 22/23 ▪ $15,000 FY 23/24
Grey Bears	Meal delivery for seniors and low-income families	$50,000 Total ▪ $20,000 FY 21/22 ▪ $15,000 FY 22/23 ▪ $15,000 FY 23/24
Vista Center for the Blind and Visually Impaired	Support services including assessment and wellness counseling, food delivery, and vision loss rehabilitation services	$50,000 Total ▪ $20,000 FY 21/22 ▪ $15,000 FY 22/23 ▪ $15,000 FY 23/24
Administration	17% (for consultant and city costs)	$61,740
	TOTAL	$424,920

2021 City of Scotts Valley CDBG Program Income Requests
By Program Year

Qualified Programs	Year 1	Year 2	Year 3	Total
Boys and Girls Club	$ 35,000.00	$ 35,000.00	$ 35,000.00	$ 105,000.00
Community Bridges Meals on Wheels	$ 35,000.00	$ 36,050.00	$ 37,130.00	$ 108,180.00
CASA	$ 20,000.00	$ 15,000.00	$ 15,000.00	$ 50,000.00
Grey Bears	$ 20,000.00	$ 15,000.00	$ 15,000.00	$ 50,000.00
Vista Center for the Blind	$ 20,000.00	$ 15,000.00	$ 15,000.00	$ 50,000.00
General Administration	$ 22,100.00	$ 19,728.50	$ 19,912.10	$ 61,740.60

Total Request	**$ 152,100.00**	**$ 135,778.50**	**$ 137,042.10**	$ 424,920.60
Balance for awards	$ 31,233.00	$ 47,554.50	$ 46,291.90	$ 125,079.40

Total Funding Available	$ 183,333.00	$ 183,333.00	$ 183,334.00	$ 550,000.00

With this funding proposal, five community programs would receive grants for three years. In addition, there is a balance available for future award to address emerging needs that may arise. The City may accept applications for this funding on a rolling basis.

To balance staff capacity with the number of programs and an extensive application and contracting process, the City proposes to group its applications into two sets, approximately three months apart.

First application set (immediate application):
- Community Bridges Meals on Wheels
- Boys and Girls Clubs Facility Expansion

Second application set (within three months of the first application set):
- Vista Center for Blind and Visually Impaired
- Court Appointed Special Advocates
- Grey Bears

Due to staffing constraints and existing workload, the City will require consultant services for the ongoing CDBG program maintenance, monitoring, and reporting for the 36-month period of the CDBG-PI program. HCD allows an administrative percentage of 17% for this purpose. The City will issue a Request for Proposals to identify CDBG consultant services, the costs of which are to be determined. It is recommended that the City reserve the 17% ($61,740) of program proposal to fund these services.

FISCAL IMPACT

Proceeding with the CDBG-PI application as will allocate up to $550,000 to community organizations for the next three fiscal years to support low-to-moderate income individuals in Scotts Valley. The City will solicit the services of a CDBG consultant for the required monitoring and reporting. The costs of this administration will be supported by a portion of the CDBG funds. The City will incur expenses for consultant support to prepare and submit the CDBG-PI applications, at a cost of $3,500 per application.

STAFF RECOMMENDATION

It is recommended that the City Council discuss the CDBG-Program Income funding proposal and alternatives and provide direction to staff on activities and funding amounts to include in the CDBG-PI applications.

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None.