



# MINUTES

## Meeting of the Scotts Valley City Council

**Date: May 17, 2017**

**POSTING:**

The agenda was posted on 5-12-17  
at City Hall, the SV Senior Center, and  
the SV Library, by the City Clerk.

**CALL TO ORDER**                      6:00 p.m.

**PLEDGE OF ALLEGIANCE and MOMENT OF SILENCE**

**ROLL CALL**

Present:

Mayor Johnson  
Vice Mayor Reed  
Council Member Aguilar  
Council Member Dilles  
Council Member Lind

City Manager Haruyama  
City Attorney Powell  
Interim Police Chief Walpole  
Public Wks Director Hamby  
Acting Community Development Director Bateman  
City Clerk Ferrara

**COMMITTEE REPORTS**

CM Dilles reported that he attended the Seniors Council meeting where they discussed various items, including cuts in state nutrition funding, a solutions summit that is being scheduled to look at solutions for issues facing seniors, and concerns about cuts to senior program funding from the City and County of Santa Cruz.

CM Aguilar reported that she attended the AMBAG Board of Directors meeting where they reviewed the Monterey Bay Regional Overall Work Program and budget for FY 2017/18, which is a culmination of transportation projects throughout the region, including the Santa Cruz County Regional Transportation Commission, the Transportation Agency of Monterey County, the Council of San Benito Governments, Monterey-Salinas Transit, the Santa Cruz Metropolitan Transit District, California Department of Transportation, and the Monterey Bay Air Resources District. She stated that this information is available at [www.ambag.org](http://www.ambag.org).

CM Aguilar reported that she and Mayor Johnson attended the League of California Cities Monterey Bay Division dinner meeting where pension and other post employment benefit (OPEB) issues were discussed.

CM Lind reported that she attended the Criminal Justice Council meeting where they received a presentation from Santa Cruz County Broad-Based Apprehension, Suppression, Treatment, & Alternatives (BASTA), which looks at reducing youth gang violence, school truancy, suspensions, expulsions, and alcohol and drug abuse. She stated that this is a volunteer program for at-risk youth.

CM Lind reported that she attended the Santa Cruz Metropolitan Transit District Budget Committee where they discussed unfunded pension liabilities, the replacement of buses, and replenishing reserves to improve their ability to qualify for grants.

Mayor Johnson reported that he attended the League of California Cities Monterey Bay Division dinner meeting where they discussed pension and other post employment benefits (OPEB) and their impacts to all of California.

## **CITY MANAGER REPORT**

### Recreation:

- Thanks to the Scotts Valley Recreation Advocates, the City is hosting a Free Movie in the Park "Finding Dory" at Skypark on Friday, May 19.
- Food trucks will be serving dinner between 5:00 – 8:00 pm and the movie starts at 8:30.

### Police:

- Last week, Chief Walpole and I attended a City Manager/Police Chief Workshop together – over a period of two days we focused how we can continue to support each other in our roles, and discussed strategy and expectations around crisis communications, community relations, and public trust.

### Public Works:

- Maintenance crews have been preparing the mural wall at Siltanen Park in anticipation of the new mural that is on tonight's agenda and scheduled to be painted later this spring/summer.
- The City is now inviting sealed bids for the Scotts Valley Drive/Mt. Hermon Road/ Whispering Pines Drive Intersection Improvement Project. Bids are scheduled to be opened on June 1, 2017. Staff anticipates that a construction contract will be brought forward for Council approval at the June 21 City Council meeting.
- As you know, we have been doing some repair work on Glenwood Drive due to the storms – we have removed and replaced the failed drainage pipe and completed concrete work and rebar replacement today. We anticipated the project will be completed by Wednesday or Thursday next week. Work is being closely documented in order to be reimbursed by FEMA.

### Community Development:

- The General Plan Advisory Committee (GPAC) held its first meeting on April 27, and will meet again on Monday, May 22 at 6:00 pm to discuss the upcoming General Plan Update Open House Workshop, scheduled for June 3 at the Community Center from 11:00 am to 2:00 pm. This is a great opportunity for residents and businesses to get involved and help develop a vision for the future that reflects the community's values.

## **PUBLIC COMMENT**

Trish Melehan, reported that the Scotts Valley Community Theater Guild is hosting "A Night at the Theater" which is a fundraising event in support of the new Scotts Valley Performing Arts Center. This event is being held on Friday, June 2, 2017, from 6:00 to 10:00 pm at the Green Hills Event Center. Early bird tickets are \$60 per person, and ticket prices after May 26, 2017 will be \$75. Tickets and additional information are available at [www.svctheaterguild.org](http://www.svctheaterguild.org) and 831-345-1907.

## **ALTERATIONS TO CONSENT AGENDA**

***M/S: Aguilar/Lind***

***To approve the Consent Agenda.***

***Carried 5/0 (AYES: Aguilar, Dilles, Johnson, Lind, Reed)***

### **Consent Agenda:**

- A. Approve City Council meeting minutes 5-3-17
- B. Approve check register – 4-28-17, 5-5-17
- C. Approve a 5-year extension of the Joint Exercise of Powers Agreement for the Criminal Justice Council through June 30, 2021 with proposed modifications and authorize the City Manager to execute the agreement
- D. Approve Resolution No. 1851.5, establishing a temporary road closure along the specified route on Scotts Valley Drive in order to host a parade in celebration of Independence Day on July 4, 2017
- E. Approve the following documents for Pinnacle View Subdivision, Tract No. 1597:
  - (1) Approve Resolution No. 1808.3, approving the parcel map for Pinnacle View Subdivision, Tract No. 1597, APN's 021-281-01, 02, 05, & 06;
  - (2) Approve Resolution No. 960.83, authorizing execution of the Subdivision Improvement Agreement for the Pinnacle View Subdivision, Tract No. 1597;
  - (3) Approve the Set Aside Agreement to Secure Faithful Performance of Contract and authorize the Mayor to execute the agreement.

## **ALTERATIONS TO REGULAR AGENDA**

***M/S: Lind/Aguilar***

***To approve the Regular Agenda.***

***Carried 5/0 (AYES: Aguilar, Dilles, Johnson, Lind, Reed)***

## **REGULAR AGENDA**

### **1. Consideration of proposed 6' by 150' mural on retaining wall at Siltanen Park**

RDM Ard presented the written staff report, showed drawings on the mural, and responded to questions from Council.

Kim Fleming, Mural Artist, gave a PowerPoint presentation of the mural design and responded to questions from Council.

**M/S: Aguilar/Lind**

**To approve the expenditure of approximately \$3,000 from the FY 2017/18 budget to cover the artist's stipend and supplies/materials, authorize the expenditure of additional funds, if necessary, to provide a protect coating over the mural, and authorize the City Manager to enter into an agreement with the artist, Kim Fleming, to paint the mural. Carried 5/0 (AYES: Aguilar, Dilles, Johnson, Lind, Reed)**

**2. Review of Five-Year Financial Plan and Preliminary FY 2017/18 Annual Budget**

CM Haruyama and Financial Consultant Toler presented the written staff report, a PowerPoint slideshow, and responded to questions from Council.

CM Dilles requested information on the future consequences and impacts to the City should we not contribute toward OPEB. CM Haruyama stated that she would bring that information forward at the next Council meeting.

The City Council considered the following policy questions regarding the proposed FY 2017/18 Annual Budget and Five-Year Financial Plan:

- (1) Does the City Council wish to add to its workplan for FY 2017/18 the development of a comprehensive fiscal sustainability plan?**

**Staff recommendation: Staff recommends that this item be added to the Council's workplan. The City Manager will develop a schedule for discussion of the various elements of the plan throughout FY 2017/18 to finalize the plan in time for preparation of the FY 2018/19 Annual Budget.**

Council indicated their general support for the proposed FY 2017/18 Annual Budget based on its review of the Preliminary FY 2017/18 Annual Budget and Five-Year Financial Plan on May 17, 2017, provided the following direction:

- **Fiscal Sustainability Plan:** Council directed the City Manager to prepare a comprehensive fiscal sustainability plan during FY 2017/18 to provide policy options regarding reserve policies, revenue options and expenditure reductions necessary to achieve fiscal sustainability for the City's General Fund and other funds. The plan will be developed in anticipation of consideration of the FY 2018/19 Annual Budget and Five-Year Financial Plan.

- (2) Does the City Council wish to establish minimum reserves for the General Fund, General CIP Fund, and Wastewater Funds?**

**Staff recommendation: Staff recommends the following minimum reserve levels: General Fund - 25% of annual operating expenditures; General CIP Fund - \$500,000 for emergency repairs; and Wastewater Funds - 67% or 8 months of**

**annual operating expenses for the Wastewater Funds and a minimum capital reserve of \$1 million for emergency repair/replacement of the wastewater collection system/treatment plant.**

- **Minimum Reserve Policies:** Council directed staff to provide feedback regarding the following:
  - **General CIP Fund:** Use a targeted minimum reserve guideline for capital improvement projects of \$500,000 in preparation of the Five-Year Financial Plan
  - **Wastewater Funds:** Use a targeted minimum reserve guideline of 67% of annual operating expenditures, plus a minimum capital reserve amount of \$1 million, in preparation of the draft wastewater rate model for City Council consideration and in preparation of the Five-Year Financial Plan.
  - **General Fund:** Review options for a targeted minimum reserve guideline of 20% and 25% of annual operating expenditures (including net transfers out) in preparation of the Five-Year Financial Plan.

**(3) Does the City Council wish to establish an Internal Service Fund (ISF) for equipment replacement needs related to IT equipment, other equipment, vehicles and building systems?**

**Staff recommendation:** Staff does not recommend the creation of an ISF for equipment replacement purposes at this time. However, it is recommended that the funding needs for equipment replacement be incorporated into the development of the fiscal sustainability plan in FY 2017/18.

- **Equipment Replacement Funding:** Council provided policy direction to not incorporate any set-asides for equipment replacement funding at this time, but to incorporate those needs in the comprehensive fiscal sustainability plan as mentioned earlier.

**(4) Does the City Council wish to begin setting aside assets to fund the City's OPEB obligations?**

**Staff recommendation:** Staff recommends that 50% of the difference between the ARC and the "pay-as-you-go" amount (a total of \$233,000) be included in the FY 2017/18 Budget and in the baseline Five-Year Financial Plan, and those funds be set aside in the CERBT irrevocable trust. Staff further recommends that the proposed actuarial analysis that is required to be completed in FY 2017/18 be used to inform future funding amounts starting in FY 2018/19.

**OPEB Obligations:** Council requested that staff review options for funding the annual required contribution (ARC) amount of 5% to 25% of the difference between the pay-as-you-go amount and the full ARC. The citywide contribution at the 5% level would be \$23,300, of which the General Fund portion would be \$19,200. Funding at the 25% level would be \$116,500, of which the General Fund portion would be \$96,250. Final Council direction is needed to finalize the proposed budget for FY 2017/18, as well as providing

direction whether the payments should be deposited into the irrevocable trust established under the California Employers' Retiree Benefit Trust (CERBT) with CalPERS.

**(5) Does the City Council have any recommended changes to the proposed FY 2017/18 Annual Budget?**

**Staff recommendation: N/A**

- **Changes to Proposed FY 2017/18 Annual Budget:** Council provided direction to incorporate the following in the FY 2017/18 budget:
  - **Building Division:** Ensure that funding will allow for prompt response times for the provision of building application plan checks and permit issuance. Staff believes that the funding amounts presented in the Preliminary FY 2017/18 Annual Budget will allow for enhanced and appropriate turnaround times to facilitate construction of projects by developers and homeowners in a prompt and efficient manner.
  - **Parks Maintenance:** Include an additional \$75,000 in funding to facilitate the completion of various citywide park maintenance and improvement activities, including retaining wall repair, facility and restroom painting, and street striping.

**PUBLIC INPUT ON BUDGET:**

Piet Canin, Ecology Action, spoke in support of the City allocating \$250,000 of Measure D funding to a 0.5 mile protected bike lane pilot project on Scotts Valley Drive, and an allocation of 3%, or \$7,500 annually, of Measure D money to Safe Routes to Schools (SRTS) programming for Scotts Valley youth.

Janneke Strause, Executive Director of Bike Santa Cruz County, spoke in support of the City allocating \$250,000 of Measure D funding to a 0.5 mile protected bike lane pilot project on Scotts Valley Drive, and an allocation of 3%, or \$7,500 annually, of Measure D money to Safe Routes to Schools (SRTS) programming for Scotts Valley youth. She requested that if the Council cannot include this funding in 2017/18 that they consider it for future funding.

Russ Griggs, spoke in support of the City allocating \$250,000 of Measure D funding to a 0.5 mile protected bike lane pilot project on Scotts Valley Drive, and an allocation of 3%, or \$7,500 annually, of Measure D money to Safe Routes to Schools (SRTS) programming for Scotts Valley youth.

Henreich, SV resident, spoke in support of the City allocating \$250,000 of Measure D funding to a 0.5 mile protected bike lane pilot project on Scotts Valley Drive, and an allocation of 3%, or \$7,500 annually, of Measure D money to Safe Routes to Schools (SRTS) programming for Scotts Valley youth.

Elaine Bennett, SV resident, spoke in support of the City allocating \$250,000 of Measure D funding to a 0.5 mile protected bike lane pilot project on Scotts Valley Drive,

and an allocation of 3%, or \$7,500 annually, of Measure D money to Safe Routes to Schools (SRTS) programming for Scotts Valley youth.

**(6) Does the City Council have any additional desired changes to the proposed FY 2017/18 Five-Year CIP Plan?**

**Staff recommendation: N/A**

- **Capital Improvement Plan (CIP):** No changes to the proposed CIP. Results of the City's pavement management study will be brought forward to Council at a subsequent meeting for discussion. An update of the CIP may be considered at that time, depending on the results of the study.

**3. Future Council agenda items**

VM Reed requested a future agenda item to include a joint meeting with the Parks & Recreation Commission to discuss the Parks Master Plan update/revision.

**CONVENE TO CLOSED SESSION**

The City Council convened to closed session at 9:14 p.m. to discuss the following items:

1. Pursuant to Government Code Section 54957.6, the City Council met in closed session to confer with labor negotiator re employee negotiations with Mid Management Group.

**RECONVENE TO OPEN SESSION**

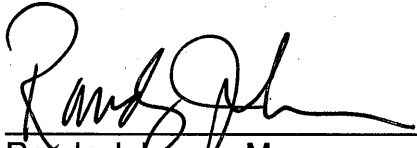
The City Council reconvened to open session at 9:20 p.m.


**REPORT ON ACTION TAKEN DURING CLOSED SESSION**

Mayor Johnson announced that there was nothing to report.

**ADJOURNMENT**

The meeting adjourned at 9:20 p.m.

Approved:   
Randy Johnson, Mayor

Attest:   
Tracy A. Ferrara, City Clerk