

# City of Scotts Valley

## 2013 / 2014 Preliminary Budget

Randy Johnson  
Mayor

Jim Reed  
Vice Mayor

Stephany E. Aguilar  
Council Member



Dene Bustichi  
Council Member

Donna Lind  
Council Member

Stephen H. Ando  
City Manager

# **CITY OF SCOTTS VALLEY**

**2013 / 2014**

## **PRELIMINARY BUDGET**

<b>Randy Johnson</b>	<b>Mayor</b>
<b>Jim Reed</b>	<b>Vice Mayor</b>
<b>Stephany E. Aguilar</b>	<b>Council Member</b>
<b>Dene Bustichi</b>	<b>Council Member</b>
<b>Donna Lind</b>	<b>Council Member</b>
<b>Stephen H. Ando</b>	<b>City Manager / Finance Director</b>
<b>Kirsten Powell</b>	<b>City Attorney</b>
<b>Tracy A. Ferrara</b>	<b>City Clerk</b>
<b>John Weiss</b>	<b>Chief of Police</b>
<b>Ken Anderson</b>	<b>Director of Public Works / City Engineer</b>
<b>Corrie Kates</b>	<b>Community Development Dir / Deputy City Manager</b>

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2013 / 2014

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# CITY OF SCOTTS VALLEY

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## OFFICE OF THE CITY MANAGER

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June 19, 2013

Honorable Mayor and City Council  
City of Scotts Valley  
One Civic Center Drive  
Scotts Valley, CA 96066

**SUBJECT: 2013-14 Fiscal Year Budget**

Honorable Mayor and City Council:

It is with pleasure that I submit to the City Council the budget for fiscal year 2013-2014. Below is a discussion of the larger funds that comprise the budget of the City of Scotts Valley.

### **GENERAL FUND OVERVIEW**

Although the City currently has a structural deficit, there have been a number of steps taken by the City to address and manage this deficit. Below is a list of those steps.

- The City has reduced its budget by instituting a work furlough one day per month which saves just over \$100,000 per year.
- The City instituted a hiring freeze which has reduced the number of City employees by 16 employees (21%) over the last 10 years.
- The City pursued additional property tax revenues from the County and won its lawsuit. This provided back taxes of \$2,175,000 and ongoing revenues of approximately \$200,000.
- The City had a loan to the Redevelopment Agency that could have been repaid incrementally (approximately \$2 million).
- The City had built up some reserves from the temporary sales tax (Measure C) that ended in March 2011.
- The City has worked with a property owner to have a new hotel built on Scotts Valley Drive. This should break ground this summer.
- Using the Redevelopment Agency prior to its elimination to prepare the specific plan and EIR for the Town Center as well as purchase four properties in that area.
- The City has taken actions to help businesses such as Central Home Supply, Bell Sports, Zero Motorcycles, Bay Photo, and Fox Shox move into Scotts Valley creating jobs and increasing sales tax revenues.
- The City has assisted with the Tourism Marketing District which provides funds from the lodging businesses to increase advertising and marketing of the local area thereby increasing transient occupancy taxes from the Hilton and Best Western.

Despite the actions taken by the City to manage its budget deficit, the State has done its share to thwart those plans. There have been shifts of revenue away from the City and the elimination of redevelopment agencies which have had dramatic impacts on the General Fund as discussed below.

#### Revenue Shifts by the State:

Local governments were successful with the passage of Proposition 1A in November 2004 with almost 84% of the votes to try to protect local revenues from being taken by the State. However, despite its passage, the State continues to “redirect” local revenues. The latest being SB 89 in 2011 which took away vehicle license fees (VLF) from the General Fund to fund law enforcement grants. The City’s VLF revenue decreased \$80,000 from fiscal year 2011 to the projected amount in fiscal year 2013. The State has taken \$5,342,579 from the City’s General Fund since fiscal year 1993 through its shift of property taxes to the Educational Revenue Augmentation Fund (ERAF). For the current fiscal year the shift from the City amounted to \$317,366. The State shifted another \$1,790,783 (supplemental ERAF) from the City’s former Redevelopment Agency in 2010 and 2011, right before they eliminated redevelopment agencies altogether.

#### Elimination of Redevelopment Agency Impacts:

As time goes by, we are more fully realizing the dramatic impact of the elimination of redevelopment agencies. There are three issues that are having a large impact on the City’s General Fund. First, large redevelopment agencies with separate staff from the city were able to let go their personnel when the redevelopment agencies were eliminated. Scotts Valley could not do this because the redevelopment staff and City staff were one in the same. Those personnel costs (approximately \$392,000) had to be absorbed into the General Fund.

Second, the dissolution process has been a difficult one. The State, being prosecuting attorney, judge, and jury on all aspects, makes it difficult to win any disputes with the State. The Scotts Valley Successor Redevelopment Agency had disputes with the State regarding the amount of cash to be retained to pay enforceable obligations. The State also incorrectly disallowed two bond payments during one six-month period. To correct these issues, the State recommended the City loan the funds to the Successor Agency to be repaid in the future. This amounted to approximately \$950,000 which lowered the City’s General Fund reserves.

Third, the law eliminating redevelopment agencies has also considerably delayed the ability to repay loans back to the City of Scotts Valley. This affects not only the loans from when the Redevelopment Agency was first formed, but the later loans discussed above. These three issues have resulted in very significant negative impacts on the City’s General Fund budget and eroding away the benefits the City has worked on so diligently much quicker than anticipated.

#### 2013-14 Budget Deficit and Reserves:

Although the 2013-14 preliminary budget is showing a deficit of approximately \$357,000 this includes some revenues that will not continue. The City is receiving \$725,000 per year for three years for payment of the back taxes owed by the County of Santa Cruz. We received the first payment in September 2012. The final two payments will be in September 2013 and 2014 (i.e. fiscal years 2013-14 and 2014-15). The budget also includes a transfer of \$300,000 from a reserve established years ago for debt payments. These are one-time monies that cannot continue to be transferred into the General Fund.

The fund balance (or reserves) for the General Fund is projected to be approximately \$1.2 million at the start of next fiscal year. At the end of next fiscal year with the \$357,000 budgeted deficit, the fund balance will be reduced to \$843,000. With the General Fund deficits and the one-time revenues discussed above going away, this puts the General Fund in a precarious position much sooner than planned due to the actions by the State.

Also affecting the City's budget situation is the fact that the City has very low taxes. Prior to winning the lawsuit with the County, the City only received approximately 4% of the property taxes generated in the City. That is only \$400 on a property valued at \$1 million. Now the City receives approximately 7% which is still lower than the Cities of Santa Cruz (20.8%) and Watsonville (14.6%). Scotts Valley's utility users tax is only 4% on gas/electric bills. No other utilities are taxed. The City of Santa Cruz has an 8.5% utility users tax and charges it on water, sewer, refuse, cable TV, gas/electric, home telephone, and cell phone bills. The City of Watsonville charges a 6% utility users tax on gas/electric, telephone, and cable TV. Scotts Valley's temporary sales tax (Measure C) expired in March 2011. The Cities of Santa Cruz, Watsonville, and Capitola all have a permanent add-on sales tax. The City of Capitola also has a 12-year temporary sales tax that will expire in December 2017.

In summary, despite all of the positive actions the City has taken, the budget deficit will need to be addressed sooner than expected due to the actions by the State.

Below is a discussion of next year's budget of the City's three larger funds: General Fund, Wastewater Fund, and Recreation Fund.

## **GENERAL FUND REVENUE**

Below is a discussion of some of the larger revenue accounts and categories.

**Sales tax** is budgeted with a \$20,000 increase over the 2013 projected amount. Sales tax has seen/projected increases of 2.6%, 9.4%, and 3.6% for the last three fiscal years (2011, 2012, and 2013, respectively). An increase of only \$20,000 (1%) for next year is conservative. Last year a comparison of sales tax by calendar year showed a large increase from service stations. This year, comparing 2011 to 2012, sales tax is increasing the most in the contractors and fast food categories. Service stations show a very small increase.

**Transient occupancy tax (TOT)** is budgeted next year with a conservative \$10,000 (1.3%) increase over the 2013 projected amount. TOT should easily reach a 5.4% increase in fiscal year 2013. After 2008-09 when TOT dropped 28%, it bounced back 4.6% in 2009-10, 4.7% in 2010-11, and 25% in 2011-12. Even after that tremendous growth last fiscal year, fiscal year 2012-13 is projected to increase 5.2%. Besides some increase in the economy, a majority of this increase can be attributed to enhanced outreach and marketing by the local hotel/motel and by the Conference and Visitors Council (CVC). A new Tourist Marketing District (TMD) that included the County and cities started in 2010-11 provided additional dollars to the CVC to increase their marketing of this area. All of the increased efforts have shown results in higher transient occupancy taxes. A second TMD for additional funding has been approved to start in fiscal year 2013-14.

**Business license tax** is being budgeted with no increase next year; however, this revenue had been decreasing every year since a high of \$325,321 in fiscal year 2006-07 due to the downturn in the economy. Last year business license tax revenues were \$265,909 after a fifth straight year of decreases. For fiscal year 2012-13 they are projected to be \$280,000, a 5.3% increase. New businesses and expanding existing businesses such as Bay Photo, Zero Motorcycles, and Fox Racing Shox have contributed to this turnaround. No increase is budgeted for next year until the City sees more than just one year of increases.

**Charges for services** are increasing from projected amounts due to revenues relating to the Planning and Building Departments. Revenue estimates for the 2013-14 budget were based on the continuation of the Woodside residential project (building permits are pulled in phases), the Polo Ranch Project, the Scotts Valley Drive hotel project, and an estimate of miscellaneous residential and commercial permits throughout the year. Those estimates reflect an increase from the projected 2012-13 revenues.

**Other Revenue** is being budgeted with a \$8,000 increase related to the impact fee administrative fee. With increase building activity as reflected in the increased charges for services above, the impact fees are also increasing. The other accounts in this category are fairly consistent from year to year.

**GENERAL FUND EXPENDITURES**

The 2013-14 General Fund expenditures are being recommended with a net increase of \$75,559 from the 2012-13 budget. The increase is net of a decrease in salaries and benefits offset by increases in the other two major categories detailed below.

	<u>2012-13 Budget</u>	<u>2013-14 Budget</u>	<u>Increase (Decrease)</u>
Salaries & Benefits	\$6,960,499	\$6,846,496	(\$114,003)
Services & Supplies	1,113,377	1,216,946	103,569
Other	<u>564,451</u>	<u>650,444</u>	<u>85,993</u>
Total	<u>\$8,638,327</u>	<u>\$8,713,886</u>	<u>\$75,559</u>

**Salaries & Benefits:**

In total this category is decreasing \$114,003. This is mostly made up of a combination of a decrease in the pension costs (\$346,033), as discussed earlier, and an increase in medical insurance premiums (\$188,541).

Pension costs are decreasing primarily due to the payoff of the side fund liability as discussed earlier. However, there is an additional factor for the 2013-14 budget. The Pension Reform Act has lower pension costs for employees hired after January 1, 2013, and are new to the PERS system (i.e. not an employee who is hired from another City in the PERS system). For next year's budget we have three employees who meet this criteria: two police officers and one emergency dispatcher. With these three employees falling under the new law, the City will be saving \$37,910.

The budget for insurance premiums is increasing in 2013-14 partly due to increased rates but also due to an error in the calculations when the 2012-13 budget was prepared. Medical insurance premiums increased 10.3% from calendar year 2012 to 2013. The group insurance account is increasing 16.4% from fiscal year 2012-13 to 2013-14.

The budget for 2013-14 includes a Building Inspector. Due to the City's hiring freeze, staff placed a report on the consent agenda seeking authorization from Council to advertise and hire a Building Inspector to replace the City's Building Official who will be retiring in June. Hiring a Building Inspector rather than a Building Official will save the City approximately \$10,000 to \$12,000.

**Services & Supplies:**

Overall, this category is increasing \$103,569. The main changes are in the following accounts:

Supplemental Services	\$55,000
Insurance	26,601
Maintenance of Bldgs/Structures/Grounds	17,500
Professional Services	17,000
Elections	(15,000)
All Other Accounts	<u>2,468</u>
Total	<u>\$103,569</u>

Supplemental services are increasing in the Legal Department due to a change in the accounting after the elimination of redevelopment agencies as discussed above.

Liability insurance is increasing for fiscal year 2013-14. Scotts Valley has been consistently low with its liability claims experience. However, there was a change in the method in allocation of the premiums among the cities in the joint powers authority in which Scotts Valley is a member. This change increased the proportion of the premiums allocated to Scotts Valley.

Building maintenance was increased to better reflect the actual costs the City has been experiencing the last few years. Aging facilities such as City Hall are requiring more maintenance.

Professional services was increased in the Building Department for outside plan check services. These costs are paid by the developers and are included in the General Fund revenue amounts.

Elections are every other year; therefore, no amounts were budgeted for 2013-14.

**Other:**

This category includes the City's debt payments and contributions to other organizations providing services to the City. The increase in this category is for payments for existing debt. The City made its last payment on the 1992 Certificates of Participation (COP) this fiscal year in October 2012. The increase in the existing 2006 COP annual payments for 2013-14 was more than the decrease from there being no more 1992 COP payments. The existing debt payments may be reduced in the future as staff is currently looking into refinancing existing COP's to take advantage of low interest rates.

## WASTEWATER

A recap of the Wastewater Operations is shown below.

	2012-13 <u>Budget</u>	2012-13 <u>Projected</u>	2013-14 <u>Budget</u>
Revenues	<u>\$1,623,470</u>	<u>\$1,623,470</u>	<u>\$1,708,100</u>
Salaries/Benefits	867,051	822,062	821,990
Services/Supplies	674,040	679,340	680,846
Fixed Assets	27,100	27,100	29,600
Other	220,000	225,000	225,000
Pension Bond	-	<u>33,420</u>	<u>50,355</u>
Total Expenditures	<u>1,788,191</u>	<u>1,786,922</u>	<u>1,807,791</u>
Net Deficit	<u>(\$164,721)</u>	<u>(\$163,452)</u>	<u>(\$99,691)</u>

The 2013-14 budgeted revenues are \$84,630 higher than the 2012-13 projected revenues. Wastewater service fees are increasing \$95,000. This is a little higher than the 5% rate increase due to additional residential units being added in the City. The cost reimbursement of \$10,370 in 2012-13 was from the CSA 9C fund for sludge removal. Due to the funding limitations in the CSA 9C fund, this revenue to the Wastewater Fund is being eliminated. These two amounts account for the net increase of \$84,630. All of the other accounts were held constant with the 2012-13 projected amounts.

In total, expenditures are being budgeted next fiscal year with a \$19,600 increase from the current fiscal year budget as follows:

	Increase <u>(Decrease)</u>
Salaries / Benefits / Pension Bond	\$5,294
Services and Supplies	6,806
Fixed Assets	2,500
Other	<u>5,000</u>
Total	<u>\$19,600</u>

The budget for salaries and benefits is increasing slightly for two reasons. First, more time of the Wastewater Treatment Plant staff is being budgeted in the Tertiary Treatment Plant budget; however, this decrease is more than offset by an increase in the pension bond transfer. Fiscal year 2012-13 was the first year of the bond payments. Interest payments were lower in that first year because it reflected only a partial year. Overall the City is saving over \$1 million over 13 years; however, most of the savings comes in later years.

Services and supplies is being budgeted \$6,806 higher next year than the current year. This is made up of the following:

	Increase (Decrease)
Equipment Maintenance	\$5,000
Contract Services	3,360
Insurance	3,346
Special Department Expense	(5,000)
All other accounts	<u>100</u>
<b>Total</b>	<b><u>\$6,806</u></b>

These variances are very low based on a \$1.8 million budget. Equipment maintenance and contract services are being increased to handle unexpected equipment issues such as the major repairs to three effluent pumps during fiscal year 2012-13. Insurance is going up due to the revised liability insurance allocation method in the insurance pool the City is a member. Special department costs are decreasing to reflect the lower costs for chemicals and sludge disposal in fiscal year 2013.

Future Analysis:

The rate increases are lowering the budgeted deficit over time. Fiscal year 2013-14 is only the second year of the five-year rate increase. The budgeted deficit for next year is lower than the current year by \$65,000 or 39%. The annual deficit should be eliminated by the future rate increases alone. In addition to the rate increases, at the March 6 meeting Council approved an agreement with the City of Santa Cruz for disposal of the WWTP biosolids. Once this is operational, it should save the WWTP approximately \$70,000 per year. Those savings have not been included in next year's budget because staff does not anticipate the new system being operational until late next fiscal year. However, once it is operational, the WWTP budget will be that much closer to eliminating its deficit.

**RECREATION**

A recap of the Recreation budget is presented on the following page. It presents revenues in detail and expenditures in summary for the following: 2012-13 budget, 2012-13 projected amounts, and 2013-14 budget. It shows that the Recreation program continues to struggle through these difficult economic times, but is showing signs of improvement from changes being made this past year. Recreation revenues in fiscal year ended June 30, 2008 (right before the economic downturn) were \$987,000. Projected revenues for the current fiscal year are \$736,000, a decrease of \$251,000. The Recreation staff has done an excellent job in reducing their expenses to counter this drop in revenue.

The following are some of the latest ideas that the Recreation staff have instituted. Staff have coordinated activities with summer recreation. By doing this, Recreation will be able to transport the children in summer recreation to the various activities. Previously this was not done. Parents have been more willing to enroll their children in summer recreation and the activities if they are provided transportation between the two. This increases both School Age Recreation and Class revenues. Recreation staff has also provided information to the sales offices of the residential developments currently under construction regarding these programs and have enrolled children because of it.

In the area of expenditures, the staff schedules have been tightened to lower costs for temporary staff. Advertising costs were reduced by only mailing the summer recreation guide. For the other times of the year copies of the guide were placed in areas such as the library, schools, bus station, and local shopping markets thus reducing printing and mailing costs. Recreation has also taken advantage of City Public Works staff for pool maintenance rather than using an outside service company.

	<u>RECREATION</u>		
	<u>2012-13</u> <u>Budget</u>	<u>2012-13</u> <u>Projected</u>	<u>2013-14</u> <u>Budget</u>
<b>Revenue:</b>			
School Age Rec	\$585,000	\$510,000	\$520,000
Sports	75,000	76,000	80,000
Aquatics	65,000	50,000	55,000
Classes	75,000	50,000	55,000
Facility Rental	40,000	37,000	50,000
Other Revenue	<u>15,000</u>	<u>13,000</u>	<u>15,000</u>
<b>Total Revenue</b>	<u><b>855,000</b></u>	<u><b>736,000</b></u>	<u><b>775,000</b></u>
<b>Expenditures:</b>			
Salaries/Benefits	653,188	644,496	620,138
Services/Supplies	214,240	212,409	214,659
Pension Bond Transfer	<u>-</u>	<u>19,917</u>	<u>30,009</u>
<b>Total Expenditures</b>	<u><b>867,428</b></u>	<u><b>876,822</b></u>	<u><b>864,806</b></u>
<b>Net Deficit</b>	<u><b>(\$12,428)</b></u>	<u><b>(\$140,822)</b></u>	<u><b>(\$89,806)</b></u>

Fiscal year 2013-14 is being budgeted with almost a \$90,000 deficit. This is a \$51,000 (36%) decrease from the projected deficit for the current fiscal year. This is due to higher budgeted revenues (\$39,000) and a reduction in expenses (\$12,000).

Total revenues are being budgeted \$39,000 higher than the 2012-13 projected amounts as follows:

	<u>Increase</u> <u>(Decrease)</u>
Facility Rentals	\$13,000
School Age Recreation	10,000
Aquatics	5,000
Classes	5,000
Sports	4,000
Other Revenue	<u>2,000</u>
<b>Total</b>	<u><b>\$39,000</b></u>

Facility rental is increasing due to the 10% fee for when organizations charge admission to an event held at a City facility. This fee had previously been overlooked. It is in addition to the regular rental fee for the City facilities and is 10% of the admission fee charged for an event at the City facility.

As mentioned above, School Age Recreation and Class revenues are budgeted higher due to the outreach by recreation and providing transportation to activities during the summer. Aquatics revenues are budgeted with an increase due to adding weekend lessons, Senior Splash classes, and changing pool party rental times to increase rentals. Sports revenue is budgeted to increase by adding two very successful basketball camps and planning new sports leagues.

Expenditures are budgeted in 2013-14 with a decrease of approximately \$12,000 from the current year projected amounts as shown below.

	Increase <u>(Decrease)</u>
Salaries and Benefits	(\$24,358)
Services and Supplies	2,250
Pension Bond Transfer	<u>10,092</u>
Total	<u>(\$12,016)</u>

Salaries and benefits are decreasing for two reasons. First, more of the budget for recreation staff is being allocated to the Senior Center and Community Center to better reflect the actual time spent at these locations. Recreation staff handles the facility bookings, class/activity registrations, memberships, opening/closing the facility, and all receipts. Second, wages for temporary staff is decreasing due to tightening up staff schedules in youth basketball and swimming and cutting the temporary office position by one-half during the summer.

Services and supplies are increasing slightly due to liability insurance. As discussed above with the General Fund budget, there was a change in the liability insurance allocation formula to make it more equitable to the members in the insurance pool. This increased the allocation of liability insurance premiums to Scotts Valley.

The pension bond transfer is increasing because 2012-13 fiscal year was only a partial (initial) year and the interest was lower as a result. Fiscal year 2013-14 will be the first full year.

## CLOSING

The budget document itself has been prepared with the help of the Finance Department. I want to thank Accountant II Laurie Grundy and the Finance staff for their hard work and dedication.

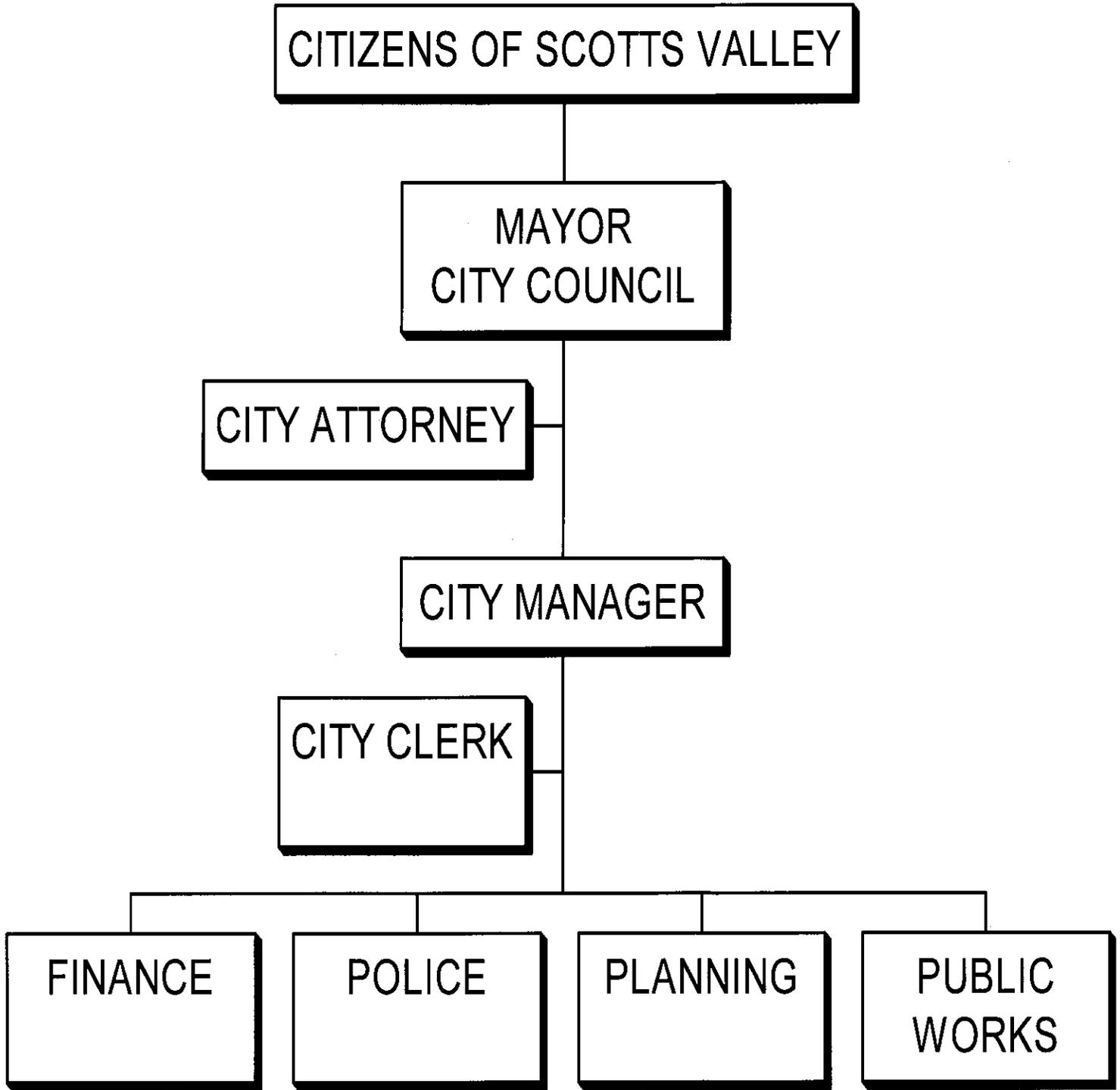
I would also like to close the budget message by indicating, as I have in the past, how proud I am to be associated with the City of Scotts Valley, its Council, its employees, and the community. The City continues to respond in an excellent fashion in a difficult environment where we are challenged by fiscal constraints.

Sincerely,

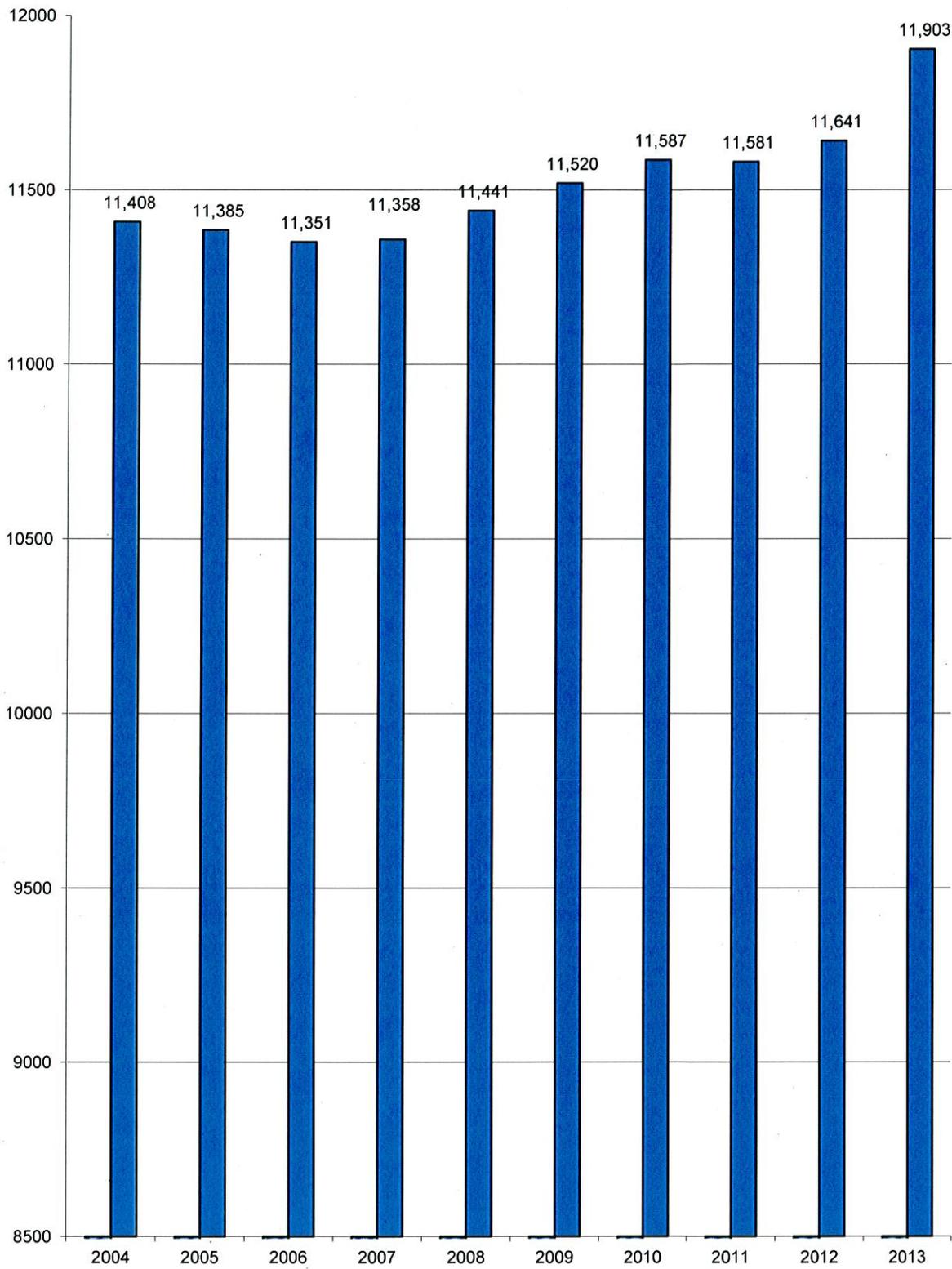


Stephen H. Ando  
City Manager

# CITY OF SCOTT'S VALLEY ORGANIZATION CHART



# CITY OF SCOTTS VALLEY POPULATION



DATA SOURCE: CALIFORNIA DEPARTMENT OF FINANCE

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# FINANCIAL SUMMARIES

## THIS SECTION INCLUDES:

- *Fund Balance Summary*
- *Authorized Fund Transfers To Be Made*
- *General Fund Revenues (pie chart)*
- *General Fund Expenditures (pie chart)*
- *Consolidated Expenditures – All Funds*
- *General Fund Expenditures By Department*
- *General Fund Expenditures By Account*
- *Personnel Detail Summary By Department*

**CITY OF SCOTTS VALLEY**  
**FUND BALANCE SUMMARY - 2013 / 2014**

<b>FUND</b>	<b>FUND TITLE</b>	<b>7/1/2013 AVAILABLE ASSETS</b>	<b>2013 / 2014 ESTIMATED REVENUE</b>	<b>ESTIMATED TRANSFERS IN</b>	<b>TOTAL FUNDS AVAILABLE</b>
1	General	1,200,000	8,208,155	650,000	10,058,155
2	Recycling Operations	35,000	60,000		95,000
3	Gas Tax	560,000	353,530		913,530
4	Recreation Operations	0	775,000	89,806	864,806
5	SMIP Fees	3,000	10		3,010
6	General Capital	415,000	16,500		431,500
7	Drainage Construction	70,000	13,250		83,250
8	Traffic Impact Mitigation	1,300,000	403,000		1,703,000
9	Parks & Recreation Facilities	450,000	413,500		863,500
10	Wastewater Operations	515,000	1,708,100		2,223,100
11	Tertiary Treatment Plant	0	94,547	77,357	171,904
12	Wastewater Capital Reserve	2,595,000	148,000		2,743,000
14	Wastewater Equip Replacement Reserve	1,075,000	5,000		1,080,000
18	Senior Center Designated Donations	3,000	10		3,010
21	General Facility	77,000	25,200		102,200
26	Pension Obligation Bonds	0	0	443,268	443,268
27	Police Facility Building	227,000	90,700		317,700
28	Senior Center Operations	16,000	67,000		83,000
31	STP Exchange Projects	27,000	85		27,085
33	Tree Replacement Fund	52,000	675		52,675
35	Green Building Funding	70,000	12,650		82,650
45	1990 Refunding Dist Redemption	51,000	45,500		96,500
50	Pinewood Estates Maintenance Dist	15,000	6,300		21,300
51	Mt Hermon Traffic Mitigation	16,000	10,000		26,000
53	Gateway So II/C Redemption	100,000	178,000		278,000
59	Victor Square Dist Redemption	54,000	54,000		108,000
60	Ridgecrest Subdivision Dist Redemption	23,000	19,300		42,300
66	COP Debt Service Reserve	1,140,000	4,000		1,144,000
67	Wastewater Expansion Redemption	160,000	168,000		328,000
75	Gateway So Supplemental Redemption	65,000	131,800		196,800
77	Skypark Maint Assessment District	0	41,750		41,750
78	Skypark Maint Assessment District Insurance	438,000	16,200		454,200
80	2002 Consolidated Refunding District Prepayment	4,000	0		4,000
82	2002 Consolidated Refunding District Reserve	395,000	1,000		396,000
86	Library	0	45,000		45,000
90	SV Drive A Redemption	270,000	304,000		574,000
91	SV Drive A Prepayment	3,000	0		3,000
92	SV Drive A Reserve	303,000	0		303,000

**CITY OF SCOTTS VALLEY  
FUND BALANCE SUMMARY - 2013 / 2014**

		2013 / 2014	ESTIMATED	6/30/2014	6/30/2014
FUND	FUND TITLE	BUDGETED EXPENDITURES	TRANSFERS OUT	RESTRICTED RESERVE	FUND BALANCE
1	General	8,713,886	501,468		842,801
2	Recycling Operations	60,000			35,000
3	Gas Tax	75,000	350,000		488,530
4	Recreation Operations	834,797	30,009		0
5	SMIP Fees	0			3,010
6	General Capital	0			431,500
7	Drainage Construction	0	50,000		33,250
8	Traffic Impact Mitigation	150,000			1,553,000
9	Parks & Recreation Facilities	15,000	50,000		798,500
10	Wastewater Operations	1,757,436	127,712		337,952
11	Tertiary Treatment Plant	171,904			0
12	Wastewater Capital Reserve	609,000		2,134,000	
14	Wastewater Equip Replacement Reserve	64,500		1,015,500	
18	Senior Center Designated Donations	0			3,010
21	General Facility	0			102,200
26	Pension Obligation Bonds	443,268			0
27	Police Facility Building	50,000			267,700
28	Senior Center Operations	67,039	621		15,340
31	STP Exchange Projects	0			27,085
33	Tree Replacement Fund	10,000			42,675
35	Green Building Funding	0			82,650
45	1990 Refunding Dist Redemption	45,456		51,044	
50	Pinewood Estates Maintenance Dist	13,500		7,800	
51	Mt Hermon Traffic Mitigation			26,000	
53	Gateway So II/C Redemption	177,926		100,074	
59	Victor Square Dist Redemption	53,981		54,019	
60	Ridgecrest Subdivision Dist Redemption	19,282		23,018	
66	COP Debt Service Reserve	0	300,000	844,000	
67	Wastewater Expansion Redemption	168,068		159,932	
75	Gateway So Supplemental Redemption	131,761		65,039	
77	Skypark Maint Assessment Dist	41,000		750	
78	Skypark Maint Assessment Dist Insurance	0		454,200	
80	2002 Consolidated Refunding District Prepayment	0		4,000	
82	2002 Consolidated Refunding District Reserve	0		396,000	
86	Library	0		45,000	
90	SV Drive A Redemption	303,960		270,040	
91	SV Drive A Prepayment	0		3,000	
92	SV Drive A Reserve	0		303,000	

**CITY OF SCOTTS VALLEY  
FUND BALANCE SUMMARY - 2013 / 2014**

<b>FUND</b>	<b>FUND TITLE</b>	<b>7/1/2013 AVAILABLE ASSETS</b>	<b>2013 / 2014 ESTIMATED REVENUE</b>	<b>ESTIMATED TRANSFERS IN</b>	<b>TOTAL FUNDS AVAILABLE</b>
94	SV Drive B Redemption	140,000	132,000		272,000
95	SV Drive B Prepayment	5,000	0		5,000
96	SV Drive B Reserve	115,000	0		115,000
112	Dental Insurance	0	72,000		72,000
123	Community Facility Center	11,000	55,000		66,000
150	General Capital Projects	134,000	970,000	200,000	1,304,000
151	Vehicle Replacement Fund	12,000	50		12,050
306	Supplemental Law Enforcement Services	44,000	100,500		144,500
315	Police Development Fees	165,000	500		165,500
317	EDG - Revolving Loan Fund	556,000	1,750		557,750
<b>TOTAL:</b>		<b>12,909,000</b>	<b>14,751,562</b>	<b>1,460,431</b>	<b>29,120,993</b>

**CITY OF SCOTTS VALLEY**  
**FUND BALANCE SUMMARY - 2013 / 2014**

<b>FUND</b>	<b>FUND TITLE</b>	<b>2013 / 2014 BUDGETED EXPENDITURES</b>	<b>ESTIMATED TRANSFERS OUT</b>	<b>6/30/2014 RESTRICTED RESERVE</b>	<b>6/30/2014 FUND BALANCE</b>
94	SV Drive B Redemption	132,131		139,869	
95	SV Drive B Prepayment	0		5,000	
96	SV Drive B Reserve	0		115,000	
112	Dental Insurance	72,000			0
123	Community Facility Center	53,443	621		11,936
150	General Capital Projects	1,120,000	50,000		134,000
151	Vehicle Replacement Fund	0			12,050
306	Supplemental Law Enforcement Services	70,000			74,500
315	Police Development Fees	0			165,500
317	EDG - Revolving Loan Fund	0			557,750
<b>TOTAL:</b>		<b>15,424,338</b>	<b>1,460,431</b>	<b>6,216,285</b>	<b>6,019,939</b>

**AUTHORIZED FUND TRANSFERS  
TO BE MADE  
BY RESOLUTION OF THE COUNCIL  
DURING THE FISCAL YEAR 2013 / 2014**

To:	Pension Obligation Bonds (26)	\$ 443,268
From:	General Fund (1)	361,662
	Wastewater Operations (10)	50,355
	Recreation (4)	30,009
	Senior Center Operations (28)	621
	Community Center Operations (123)	621

To transfer the amounts necessary for the 2013-14 Pension Obligation Bond payments.

To:	Recreation (4)	\$ 89,806
From:	General Fund (1)	89,806

General Fund subsidy to the Recreation Department.

To:	General Fund (1)	\$ 300,000
From:	Gas Tax (3)	300,000

To reimburse the General Fund for gas tax related expenditures.

To:	General Fund (1)	\$ 300,000
From:	COP Debt Service Reserve (66)	300,000

To provide additional funding for the General Fund.

To:	Tertiary Treatment Plant (11)	\$ 77,357
From:	Wastewater Operations (10)	77,357

To provide City's share of Tertiary Treatment Plant operation and maintenance costs.

To:	General Capital Projects (150)	\$ 50,000
From:	General Fund (1)	50,000

To transfer General Plan Maintenance Fee revenues to General Capital Projects to fund the City's General Plan update.

**AUTHORIZED FUND TRANSFERS  
 TO BE MADE  
 BY RESOLUTION OF THE COUNCIL  
 DURING THE FISCAL YEAR 2013 / 2014**

To:	General Fund (1)	\$ 50,000
From:	General Capital Projects (150)	50,000

To fund City staff time for General Plan update.

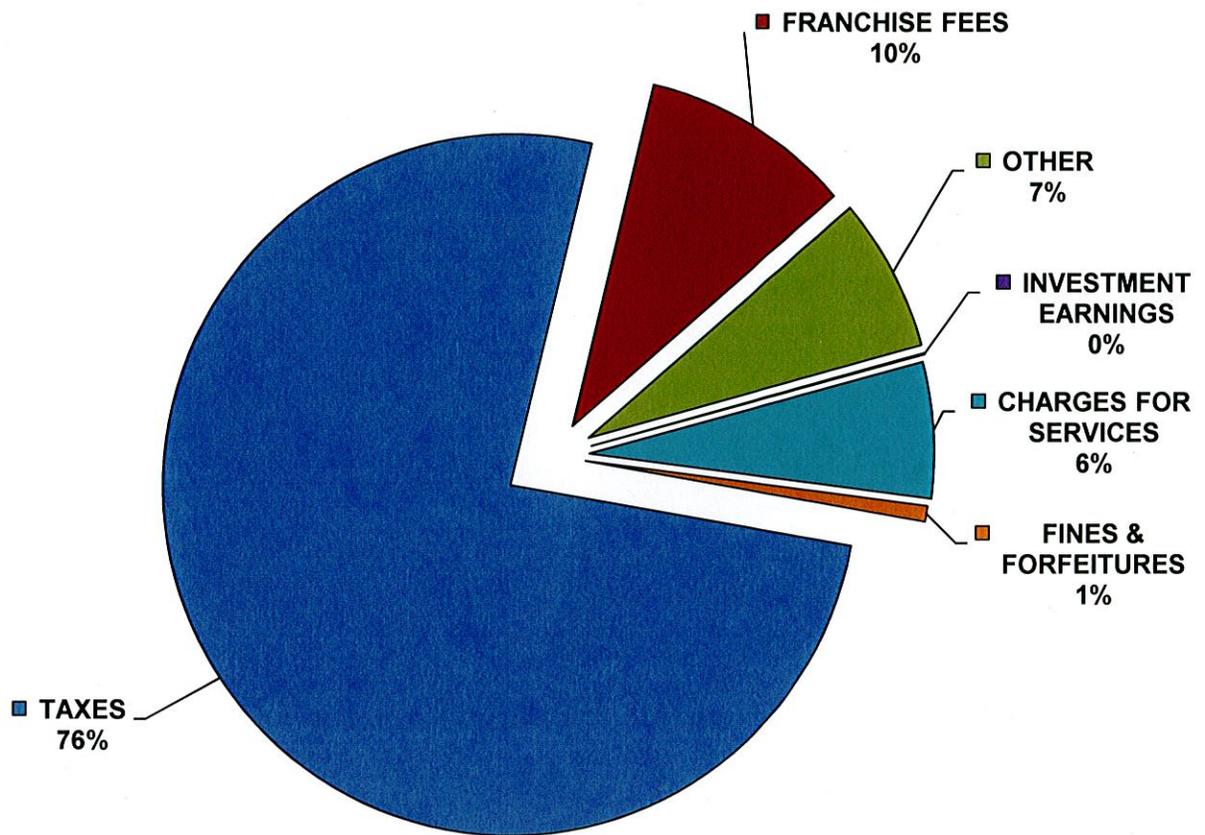
To:	General Capital Projects (150)	\$ 100,000
From:	Gas Tax (3)	50,000
	Drainage Construction (7)	50,000

To provide grant matching funds for the Vine Hill Road project.

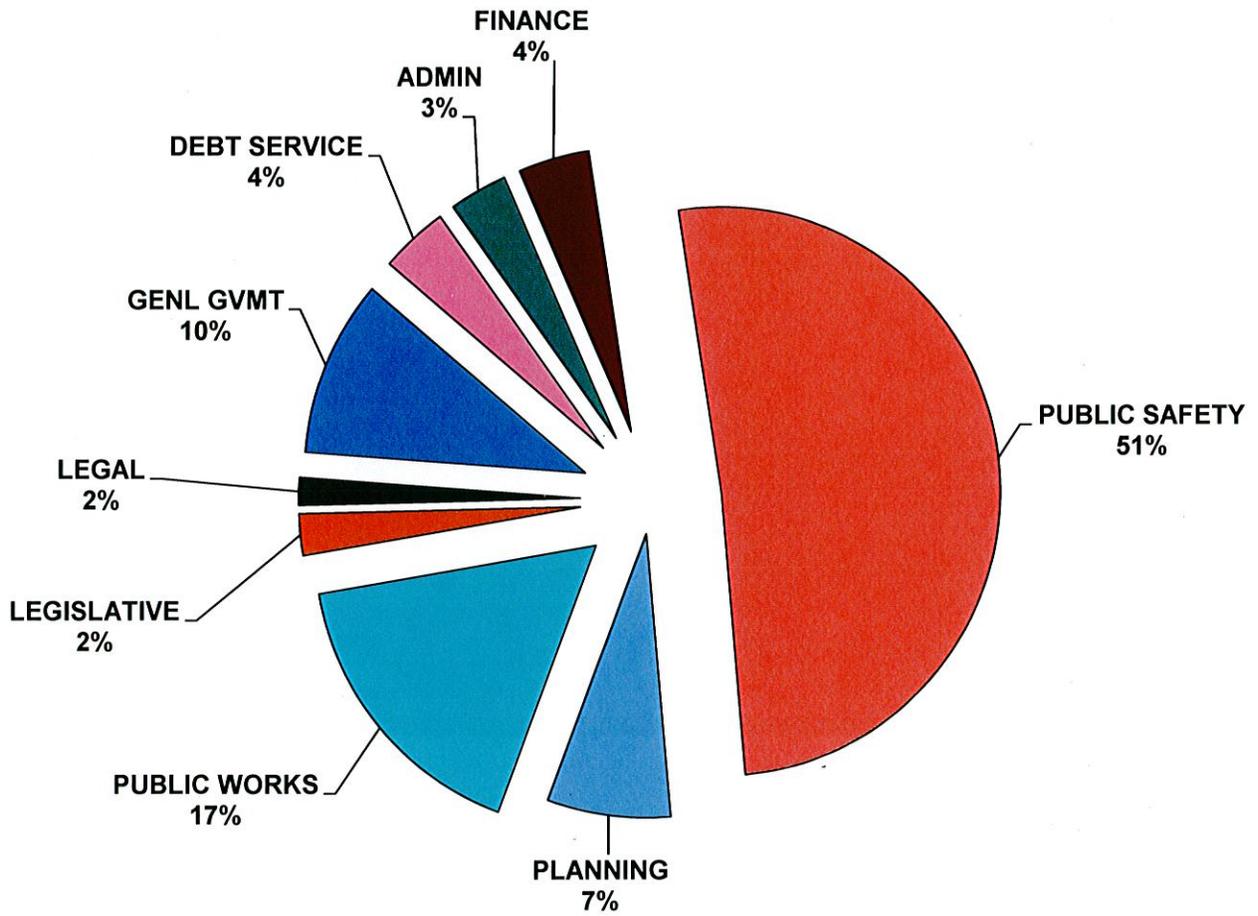
To:	General Capital Projects (150)	\$ 50,000
From:	Parks and Recreation Facilities (9)	50,000

To provide grant matching funds for the Shugart Park Pathway project.

# 2013 / 2014 GENERAL FUND REVENUES



# 2013 / 2014 GENERAL FUND EXPENDITURES



**CITY OF SCOTTS VALLEY  
2013 / 2014 CONSOLIDATED EXPENDITURES**

	<u>TOTAL</u>	<u>SALARIES &amp; BENEFITS</u>	<u>SERVICES &amp; SUPPLIES</u>	<u>FIXED ASSETS</u>	<u>OTHER</u>
<b><u>GENERAL GOVERNMENT</u></b>					
41 LEGISLATIVE	202,021	186,271	15,750	0	0
42 LEGAL	134,000	0	134,000	0	0
43 GENERAL GOVERNMENT	1,211,493	443,842	216,545	0	551,106
44 ADMINISTRATION	287,202	285,202	2,000	0	0
45 FINANCE	351,576	326,751	24,825	0	0
61 PLANNING	484,703	473,728	10,975	0	0
62 BUILDING	120,903	90,053	30,850	0	0
<b>TOTAL</b>	<b>2,791,898</b>	<b>1,805,847</b>	<b>434,945</b>	<b>0</b>	<b>551,106</b>
<b><u>PUBLIC SAFETY</u></b>					
51 POLICE	4,319,757	3,996,442	289,939	5,000	28,376
52 ANIMAL CONTROL	104,202	0	104,202	0	0
53 EMERGENCY SERVICES	66,962	0	1,000	0	65,962
<b>TOTAL</b>	<b>4,490,921</b>	<b>3,996,442</b>	<b>395,141</b>	<b>5,000</b>	<b>94,338</b>
<b><u>PUBLIC WORKS</u></b>					
71 ENGINEERING	461,029	433,979	27,050	0	0
72 STREET MAINTENANCE	334,482	207,332	127,150	0	0
73 VEHICLE/EQMT MAINTENANCE	110,187	104,687	5,500	0	0
74 WASTEWATER OPERATIONS	1,757,436	821,990	680,846	29,600	225,000
75 PARK MAINTENANCE	319,329	173,279	146,050	0	0
76 BUILDING MAINTENANCE	206,040	124,930	81,110	0	0
77 RECREATION	834,797	620,138	214,659	0	0
<b>TOTAL</b>	<b>4,023,300</b>	<b>2,486,335</b>	<b>1,282,365</b>	<b>29,600</b>	<b>225,000</b>

**CITY OF SCOTTS VALLEY  
2013 / 2014 CONSOLIDATED EXPENDITURES**

	<u>TOTAL</u>	<u>SALARIES &amp; BENEFITS</u>	<u>SERVICES &amp; SUPPLIES</u>	<u>FIXED ASSETS</u>	<u>OTHER</u>
<b><i>NON-DEPARTMENTAL</i></b>					
2 RECYCLING OPERATIONS	60,000	0	60,000	0	0
3 GAS TAX	75,000	0	0	75,000	0
8 TRAFFIC IMPACT MITIGATION	150,000	0	0	150,000	0
9 PARKS AND RECREATION FACILITIES	15,000	0	0	15,000	0
11 TERTIARY TREATMENT PLANT	171,904	37,860	128,044	6,000	0
12 WASTEWATER CAPITAL RESERVE	609,000	0	0	609,000	0
14 WASTEWATER EQMT REPLACEMENT RESERVE	64,500	0	0	64,500	0
26 PENSION OBLIGATION BONDS	443,268	0	0	0	443,268
27 POLICE FACILITY	50,000	0	0	50,000	0
28 SENIOR CENTER OPERATIONS	67,039	38,467	24,072	4,500	0
33 TREE REPLACEMENT FUND	10,000	0	0	10,000	0
45 1990 REFUNDING DIST REDEMPTION	45,456	0	3,900	0	41,556
50 PINWOOD EST LNDSCP MAINT DIST	13,500	0	13,500	0	0
53 GATEWAY SOUTH IIC REDEMPTION	177,926	0	2,800	0	175,126
59 VICTOR SQUARE DIST REDEMPTION	53,981	0	1,200	0	52,781
60 RIDGECREST SUBDIVISION DIST REDEMPTION	19,282	0	1,200	0	18,082
67 WASTEWATER EXPANSION REDEMPTION	168,068	0	9,500	0	158,568
75 GATEWAY SOUTH SUPPLEMENTAL REDEMPTION	131,761	0	3,200	0	128,561
77 SKYPARK OPEN SPACE MAINT ASSESSMENT DIST	41,000	0	41,000	0	0
90 SV DRIVE A REDEMPTION	303,960	0	10,000	0	293,960
94 SV DRIVE B REDEMPTION	132,131	0	4,400	0	127,731
112 DENTAL INSURANCE	72,000	72,000	0	0	0
123 COMMUNITY FACILITIES CENTER	53,443	22,452	30,991	0	0
150 GENERAL CAPITAL PROJECTS	1,120,000	0	0	1,120,000	0
306 SUPPLEMENTAL LAW ENFORCEMENT SERVICES	70,000	0	0	70,000	0
316 HOMELAND SECURITY	0	0	0	0	0
<b>TOTAL</b>	<b>4,118,219</b>	<b>170,779</b>	<b>333,807</b>	<b>2,174,000</b>	<b>1,439,633</b>
<b>GRAND TOTAL</b>	<b>15,424,338</b>	<b>8,459,403</b>	<b>2,446,258</b>	<b>2,208,600</b>	<b>2,310,077</b>

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**GENERAL FUND EXPENDITURES BY DEPARTMENT**

The General Fund is the general operating fund of the City. It is used to account for all financial resources traditionally associated with governments and not accounted for in other funds.

<b><u>DEPT DEPARTMENT</u></b>	<b><u>2011 / 2012 ACTUAL</u></b>	<b><u>2012 / 2013 BUDGET</u></b>	<b><u>2012 / 2013 PROJECTED</u></b>	<b><u>2013 / 2014 DEPT REQUEST</u></b>	<b><u>2013 / 2014 CITY MANAGER PROPOSED</u></b>
41 LEGISLATIVE / ELECTIONS	200,490	203,348	197,886	202,021	202,021
42 LEGAL	181,758	82,800	134,000	134,000	134,000
43 GENERAL GOVERNMENT	1,281,118	1,090,323	1,141,706	1,211,493	1,211,493
44 ADMINISTRATION	301,242	293,531	285,880	287,202	287,202
45 FINANCE	365,887	343,226	342,946	351,576	351,576
51 POLICE	4,337,533	4,428,048	4,209,492	4,319,757	4,319,757
52 ANIMAL CONTROL	100,862	107,029	104,202	104,202	104,202
53 EMERGENCY SERVICES	57,576	69,658	69,558	66,962	66,962
61 PLANNING	463,907	488,866	469,187	484,703	484,703
62 BUILDING	46,068	119,407	126,935	120,903	120,903
71 PUBLIC WORKS-ENGINEERING	494,846	465,472	461,825	461,029	461,029
72 PUBLIC WORKS-STREET MAINT	397,720	327,940	322,275	334,482	334,482
73 PUBLIC WORKS-VEHICLE/EQMT MAINT	115,154	110,193	99,950	110,187	110,187
75 PUBLIC WORKS-PARK MAINT	346,447	316,533	310,405	319,329	319,329
76 PUBLIC WORKS-BUILDING MAINT	170,876	191,953	163,460	206,040	206,040
<b>TOTAL</b>	<b><u>8,861,484</u></b>	<b><u>8,638,327</u></b>	<b><u>8,439,707</u></b>	<b><u>8,713,886</u></b>	<b><u>8,713,886</u></b>

**CITY OF SCOTTS VALLEY  
GENERAL FUND EXPENDITURES BY ACCOUNT**

	<u>2011 / 2012 ACTUAL</u>	<u>2012 / 2013 BUDGET</u>	<u>2012 / 2013 PROJECTED</u>	<u>2013 / 2014 DEPT REQUEST</u>	<u>2013 / 2014 CITY MANAGER PROPOSED</u>	
<b>SALARIES &amp; BENEFITS:</b>						
101	REGULAR WAGES	3,575,343	3,822,965	3,734,124	3,820,175	3,820,175
107	TEMPORARY WAGES	41,982	12,144	12,144	12,144	12,144
109	OVERTIME WAGES	147,826	130,000	132,150	132,000	132,000
202	PARS	511	557	510	557	557
203	FICA	275,064	255,267	277,737	293,202	293,202
204	RETIREMENT	1,279,763	1,375,587	1,069,100	1,038,264	1,038,264
205	GROUP INSURANCE	1,248,045	1,150,008	1,203,730	1,338,549	1,338,549
206	WORKERS' COMPENSATION	333,653	203,971	230,763	201,605	201,605
207	UNEMPLOYMENT INSURANCE	4,195	10,000	22,000	10,000	10,000
	<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>6,906,382</b>	<b>6,960,499</b>	<b>6,682,258</b>	<b>6,846,496</b>	<b>6,846,496</b>
<b>SERVICES &amp; SUPPLIES:</b>						
208	UNIFORM EXPENSE	27,920	25,575	25,575	25,825	25,825
210	SUPPLEMENTAL SERVICES	226,924	116,500	171,500	171,500	171,500
301	OFFICE EXPENSE	33,184	32,725	30,300	32,425	32,425
302	SPECIAL DEPARTMENT EXPENSE	36,568	32,335	30,720	32,435	32,435
303	SMALL TOOLS & SUPPLIES	12,661	12,875	11,100	13,175	13,175
306	COMMUNICATIONS	48,584	53,020	52,260	50,120	50,120
308	RENTS & LEASES	6,183	7,294	7,000	7,679	7,679
310	RECRUITMENT	7,667	13,000	17,000	16,900	16,900
312	PROFESSIONAL/SPECIALIZED SVC	37,973	36,250	46,250	53,250	53,250
313	OTHER CONTRACTUAL SERVICES	299,462	243,014	270,517	240,852	240,852
314	INSURANCE & SURETY BONDS	45,432	52,479	56,600	79,080	79,080
315	MEMBERSHIPS & DUES	13,879	18,740	18,625	18,145	18,145
316	TRAVEL/CONFERENCES/MEETINGS	8,997	7,420	10,410	11,510	11,510
319	ELECTIONS	0	15,000	0	0	0
322	TRAINING & EDUCATION	39,362	45,300	42,950	45,250	45,250
327	POWER UTILITIES	93,797	91,000	91,000	91,000	91,000
328	WATER UTILITIES	42,945	39,500	35,500	39,500	39,500
349	MISCELLANEOUS	9,525	8,250	6,000	8,000	8,000
401	MAINT OF BLDGS/STRUCT/GRNDS	66,718	53,500	66,000	71,000	71,000
402	MAINT & OPERATION OF EQMT	96,636	84,350	82,825	82,250	82,250
403	MAINT & OPERATION OF VEHICLES	106,962	99,250	103,050	101,550	101,550
404	ROAD MAINTENANCE MATERIALS	16,009	26,000	20,500	25,500	25,500
	<b>TOTAL SERVICES &amp; SUPPLIES</b>	<b>1,277,388</b>	<b>1,113,377</b>	<b>1,195,682</b>	<b>1,216,946</b>	<b>1,216,946</b>

**CITY OF SCOTTS VALLEY  
GENERAL FUND EXPENDITURES BY ACCOUNT  
(CONCLUDED)**

	<u>2011 / 2012 ACTUAL</u>	<u>2012 / 2013 BUDGET</u>	<u>2012 / 2013 PROJECTED</u>	<u>2013 / 2014 DEPT REQUEST</u>	<u>2013 / 2014 CITY MANAGER PROPOSED</u>
<b>FIXED ASSETS:</b>					
904 IMPROVEMENTS O/T BUILDINGS	72,870	0	0	0	0
905 MACHINERY & EQUIPMENT	4,552	0	0	0	0
910 OFFICE EQMT & FURNITURE	11,157	5,000	0	5,000	5,000
<b>TOTAL FIXED ASSETS</b>	<b>88,579</b>	<b>5,000</b>	<b>0</b>	<b>5,000</b>	<b>5,000</b>
<b>OTHER:</b>					
701 CONTRIBUTIONS	53,942	59,067	61,383	61,680	61,680
705 CONTRIBUTIONS/SOCIAL SERVICE	45,120	47,278	47,278	46,258	46,258
801 RETIREMENT OF PRINCIPAL	177,039	140,353	140,353	335,000	335,000
802 INTEREST EXPENSE	313,034	312,753	312,753	202,506	202,506
<b>TOTAL OTHER</b>	<b>589,135</b>	<b>559,451</b>	<b>561,767</b>	<b>645,444</b>	<b>645,444</b>
<b>GRAND TOTAL:</b>	<b>8,861,484</b>	<b>8,638,327</b>	<b>8,439,707</b>	<b>8,713,886</b>	<b>8,713,886</b>

**CITY OF SCOTTS VALLEY**

**2013 / 2014 PERSONNEL DETAIL SUMMARY**

DEPARTMENT						2013 / 14 CITY MANAGER PROPOSED	POSITIONS FROZEN
	2009 / 10	2010 / 11	2011 / 12	2012 / 13			
LEGISLATIVE	10.50	10.50	10.50	10.50	<b>10.50</b>		
ADMINISTRATION	1.20	1.20	1.20	1.60	<b>1.60</b>	0.10	
FINANCE	5.25	4.75	4.75	4.75	<b>4.75</b>	1.40	
POLICE	30.50	30.00	30.00	30.00	<b>30.00</b>	2.00	
PLANNING	4.30	3.40	3.40	4.50	<b>4.50</b>	1.00	
BUILDING	2.41	1.41	1.41	2.41	<b>2.41</b>	1.41	
ENGINEERING	3.50	3.00	3.00	3.30	<b>3.30</b>		
STREET MAINTENANCE	3.60	3.60	3.60	3.60	<b>3.60</b>	1.30	
VEHICLE/EQUIPMENT MAINTENANCE	1.20	1.20	1.20	1.20	<b>1.20</b>	0.10	
WASTEWATER OPERATIONS	7.35	7.35	7.35	7.35	<b>7.35</b>		
PARK MAINTENANCE	2.60	2.60	2.60	2.60	<b>2.60</b>	0.30	
BUILDING MAINTENANCE	1.60	1.60	1.60	1.60	<b>1.60</b>	0.30	
RECREATION	7.00	7.00	7.00	7.00	<b>7.00</b>	2.00	
REDEVELOPMENT AGENCY	1.35	1.25	1.25	0.00	<b>0.00</b>		
AFFORDABLE HOUSING	0.55	0.55	0.55	0.00	<b>0.00</b>		
<b>TOTAL</b>	<b>82.91</b>	<b>79.41</b>	<b>79.41</b>	<b>80.41</b>	<b>80.41</b>	<b>9.91</b>	

Note: The frozen positions are included in the "City Manager Proposed" number but no dollar amounts have been included in the budget for these positions. The positions are:

Deputy City Mgr/Admin Serv Dir	1.00
Police Officer	2.00
Principal Planner	1.00
Senior Building Inspector / Code Enforcement Officer	0.66
Secretary I	0.75
Network Systems Specialist	0.50
Senior Recreation Specialist	1.00
Senior Center Coordinator	1.00
Maintenance Division Manager	1.00
Maintenance Worker I	1.00
<b>Total Full-Time Equivalent Positions</b>	<b><u>9.91</u></b>