

Hearing Draft

City of Scotts Valley Service and Sphere of Influence Review



October 2016



Local Agency
Formation Commission
of Santa Cruz County
701 Ocean Street, Room 318D
Santa Cruz CA 95060



Project Name: 2016 Service and Sphere Review for the City of Scotts Valley

Prepared By: Name: Patrick McCormick
Title: LAFCO Executive Officer
Address: 701 Ocean Street, Room 318-D
Santa Cruz, CA 95060
Phone: (831) 454-2055
Email: pat@santacruzlafco.org

Date: October 24, 2016

PURPOSE OF SERVICE REVIEW

The purpose of a service review, sometimes called a “municipal service review” or “MSR”, is to provide a comprehensive inventory and analysis for improving efficiency, cost-effectiveness, accountability, and reliability of public services provided by cities, districts, and service areas. A service review evaluates the structure and operation of an agency and discusses possible areas for improvement and coordination. A service review is used by LAFCO when updating a sphere of influence, and can be used by the subject agencies when considering changes in their operations. A written statement of determinations must be made in the following areas:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged communities within or contiguous to the agency’s sphere of influence.
3. The present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including need or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the agency’s sphere of influence.
4. The financial ability of agencies to provide services.
5. The status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

PURPOSE OF SPHERE OF INFLUENCE

A “sphere of influence” is defined in state law to be a plan for the probable physical boundaries and service area of a local agency, as determined by the LAFCO in county where the agency is based. The sphere of influence is adopted and amended by LAFCO following a public hearing. The sphere action includes a map, determinations, and a resolution, which may contain recommendations and implementation steps specific to the agency. State law requires LAFCO to make determinations upon the following subjects:

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
5. For a city or district that provides sewers, water, or structural fire protection, the present and probable need for those services in any disadvantaged unincorporated communities within the existing sphere of influence.

In this report, the sphere of influence analysis follows the service review analysis, and is organized using the above determinations as an outline. State law requires that all boundary changes (annexation, detachment, consolidation, dissolution, etc.) be consistent with LAFCO’s policies and the adopted sphere of influence of the subject agency.

EXECUTIVE SUMMARY

LAFCO periodically performs municipal service reviews¹ and updates, as necessary, the sphere of influence of each agency subject to LAFCO’s boundary regulation. A “sphere of influence” is defined as a plan for the probable physical boundaries and service area of a local agency. This report has been prepared to analyze the City of Scotts Valley.

The main conclusions of this report are:

- The City of Scotts Valley is operating in a responsible manner to provide municipal services to its residents.
- The City has adequate sewer capacity to serve the planned development within the City as well as the homes east of the Highway 17 within the proposed sphere amendment area.
- The proposed sphere amendment area east of Highway 17 (Glen Canyon/El Rancho) is planned by both the County and City of Scotts Valley to continue to be rural and mountain residential uses. Though rural and mountain residential areas typically have lot sizes that allow for individual septic systems, the City is able to provide sanitary sewer and other municipal services if the property owners desire these services.

¹ Government Code Section 56430 (Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000). The last service review of the Scotts Valley Water District was prepared by LAFCO in 2005:

<http://www.santacruzlafco.org/wp-content/uploads/2016/02/Whole-Public-Review-Draft.pdf>

AGENCY PROFILE

Scotts Valley City Council	Title	Year of First Service on the Board	Date of Term Expiration
Donna Lind	Mayor	2008	2016
Randy Johnson	Vice Mayor	1996	2016
Stephany Aguilar	Council Member	1998	2018
Dene Bustichi	Council Member	2004	2016
Jim Reed	Council Member	2007	2018

Regular Meetings: The City Council meetings are held on the first and third Wednesday of the month at 6:00 p.m. in the City Council Chambers, 1 Civic Center Drive, Scotts Valley.

City Manager: Jenny Haruyama, jharuyama@scottsvalley.org

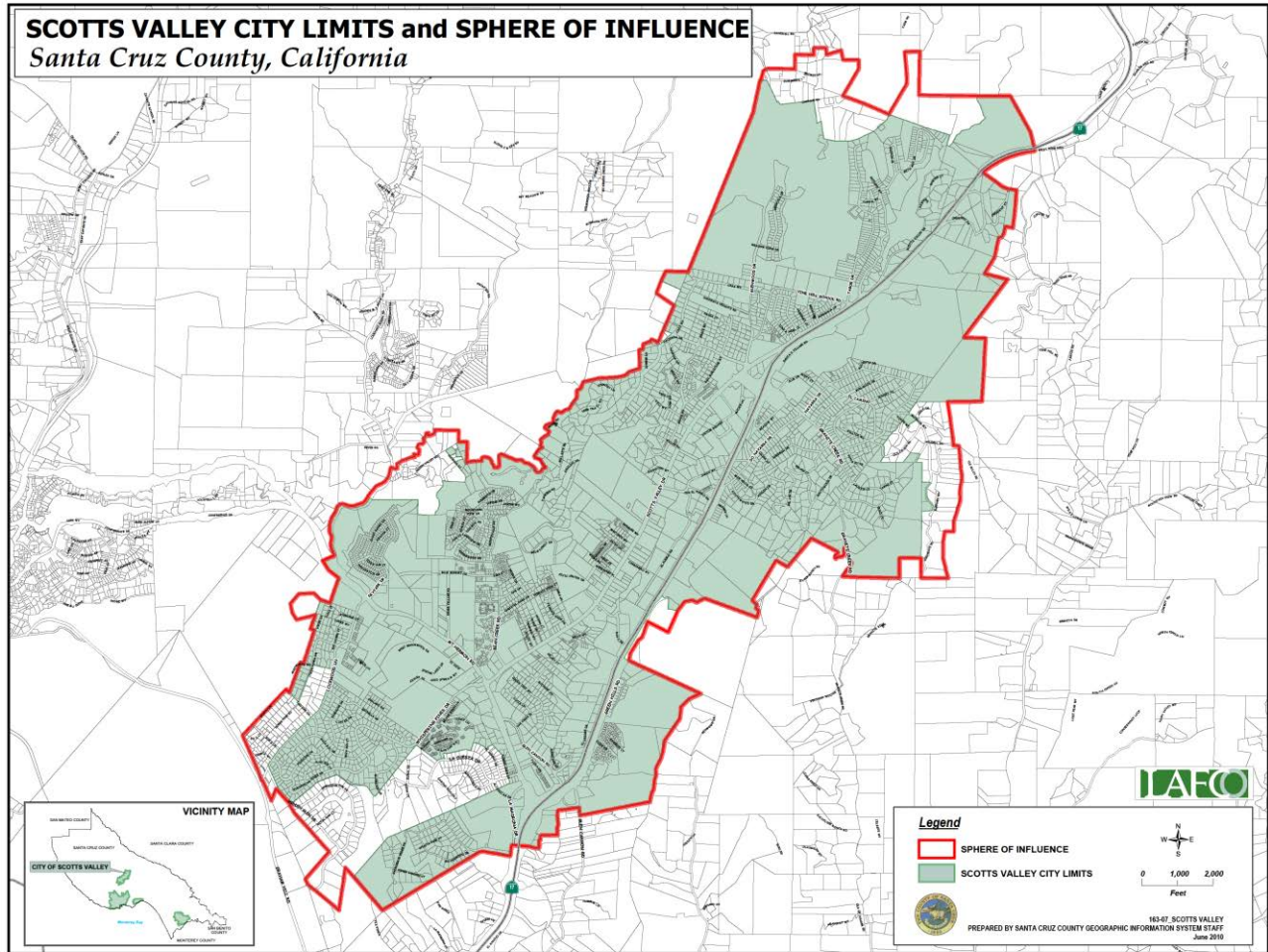
Address: 1 Civic Center Drive, Scotts Valley, CA 95066-4159

Phone: (831) 440-5600

Fax: (831) 438-2793

Website: www.scottsvalley.org





The City of Scotts Valley was incorporated in 1966 and operates as a general law city pursuant to the laws of the State of California. The City’s estimated populationⁱⁱⁱ on January 1, 2016 was 12,143, and the City contains 4.6 square miles of land area. The City provides the following services:

- General local governmental administration (council, manager, attorney, city clerk, finance)
- Police
- Animal control
- Emergency services
- Roads
- Stormwater management
- Garbage (though a franchise)
- Wastewater treatment and recycling
- Parks and recreation
- Community development, planning and building regulation.

Its FY 2016-17 budget authorizes the following number of employees in the various departments:

FY 2016-17 BUDGETED POSITIONS, CITY OF SCOTTS VALLEY

DEPARTMENT	Employees
Legislative	5.50
Administration	1.50
Finance	3.65
Police	32.00
Planning	3.00
Building	2.00
Engineering	3.10
Street Maintenance	2.60
Vehicle/Equipment Maintenance	1.10
Wastewater Operations	7.05
Park Maintenance	1.30
Building Maintenance	1.70
Recreation	4.90
TOTAL	69.40

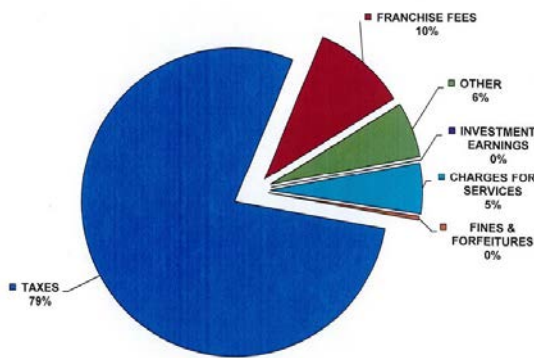
The City is recovering from the recession that started in 2008, and has had to cut positions and limit capital expenditures to stay within its revenues. The cuts would have been more severe, but the voters authorized 0.50% sales tax increase for the time period of 2014 to 2022.

CITY OF SCOTTS VALLEY REVENUES AND EXPENDITURES, 2006 TO 2015

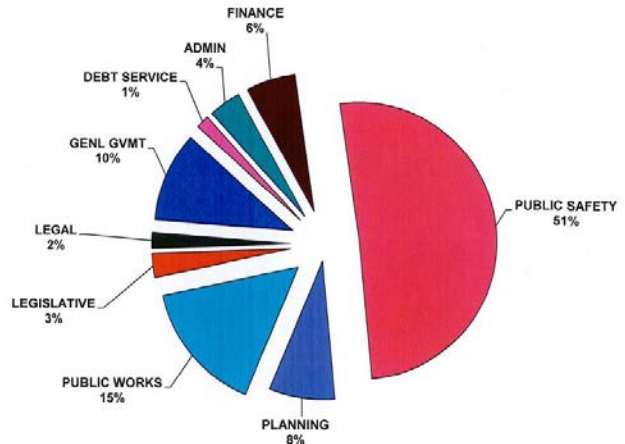
	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Taxes and Assessments	\$ 9,444,126	\$ 8,052,339	\$ 7,598,884	\$ 7,748,024	\$ 11,447,535	\$ 11,776,466	\$ 12,953,976	\$ 13,347,407	\$ 12,912,846	\$ 11,680,546
Intergovernmental Revenues	1,062,025	352,004	110,828	217,028	228,618	1,154,106	538,448	979,568	821,243	1,217,309
Fees and Services	1,285,952	1,183,852	1,187,315	1,018,433	621,447	838,973	676,894	737,500	837,482	1,020,027
Fines and Forfeitures	70,470	41,731	54,438	57,815	51,001	98,056	63,080	89,098	78,300	85,427
Investment Earnings	92,967	24,865	68,205	97,544	71,123	168,550	423,821	908,992	830,842	509,065
Contributions, Non-Government	19,911	2,167	46,003	14,340	18,902	16,883	14,484	60,979	151,244	20,123
Facility/Building Rental	22,500	30,000	32,400	32,100	30,000	30,000	5,300	-	-	-
Miscellaneous Revenues	525,360	473,808	613,979	542,296	3,534,381	718,131	342,816	386,329	370,458	558,021
Total Revenues	12,523,311	10,160,766	9,712,052	9,727,580	16,003,007	14,791,165	15,018,819	16,509,873	16,002,415	15,090,518
Expenditures:										
Current:										
General Government	1,814,779	1,850,794	1,763,970	5,407,571	1,475,238	1,723,271	1,612,901	1,701,720	1,443,253	1,401,603
Public Safety	4,511,889	4,223,936	4,297,153	4,495,974	4,193,222	4,135,205	4,002,014	3,604,995	3,572,920	3,677,138
Planning and Building	929,264	756,737	4,214,913	1,133,940	1,438,042	1,287,042	1,479,113	1,833,919	1,126,216	1,079,355
Public Works	1,753,952	1,753,449	1,696,000	1,668,457	1,705,250	1,715,856	1,723,742	1,673,248	1,659,409	1,624,992
Capital Outlay	1,902,961	764,110	524,019	687,698	6,819,604	6,193,587	5,291,225	624,415	1,176,862	1,311,383
Tax Increment Pass-Through	-	-	-	-	3,036,003	4,262,521	3,015,135	3,320,907	2,648,024	2,758,236
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal	445,000	4,995,000	290,353	262,871	405,568	398,457	391,914	380,232	3,481,083	2,207,302
Interest and Finance Charges	357,388	354,808	586,970	745,957	1,202,960	871,365	715,539	841,371	779,156	915,486
Bond Issuance Costs	-	304,891	-	158,332	-	360,606	-	-	167,893	354,330
Total Expenditures	11,715,233	15,003,725	13,373,378	14,560,800	20,275,887	20,947,910	18,231,583	13,980,807	16,074,816	15,329,825
Excess(Deficit) of Revenues over (under) Expenditures	808,078	(4,842,959)	(3,661,326)	(4,833,220)	(4,272,880)	(6,156,745)	(3,212,764)	2,529,066	(72,401)	(239,307)
Other Financing Sources (Uses):										
Operating Transfers In	1,228,612	1,316,588	900,381	4,965,711	3,405,217	7,444,742	1,024,512	1,274,041	686,716	649,096
Operating Transfers Out	(1,239,548)	(1,347,381)	(1,035,310)	(6,077,005)	(3,612,602)	(7,672,922)	(1,167,096)	(1,314,671)	(712,593)	(674,206)
Proceeds from Debt	-	4,605,000	-	4,460,000	-	8,760,000	-	-	2,735,000	6,810,000
Premium on Debt Issued	-	-	-	-	-	30,188	-	-	18,244	36,465
Payment to Bond Escrow	-	-	-	-	-	-	-	-	-	(5,017,200)
Net Other Sources (Uses)	(10,936)	4,574,207	(134,929)	3,348,706	(207,385)	8,562,008	(142,584)	(40,630)	2,727,367	1,804,155
Extraordinary Gain	-	-	-	326,046	-	-	-	-	-	-
Change in Fund Balances	\$ 797,142	\$ (268,752)	\$ (3,796,255)	\$ (1,158,468)	\$ (4,480,265)	\$ 2,405,263	\$ (3,355,348)	\$ 2,488,436	\$ 2,654,966	\$ 1,564,848
Debt Services as a Percentage of Noncapital Expenditures	8%	38%	7%	7%	12%	9%	9%	9%	29%	22%

The City has adopted a FY 2016-17 budget of approximately \$16,000,000 as summarized:

2016/2017 GENERAL FUND REVENUES



2016/2017 GENERAL FUND EXPENDITURES



**CITY OF SCOTTS VALLEY
2016 / 2017 CONSOLIDATED EXPENDITURES**

	<u>TOTAL</u>	<u>SALARIES & BENEFITS</u>	<u>SERVICES & SUPPLIES</u>	<u>FIXED ASSETS</u>	<u>OTHER</u>
<u>GENERAL GOVERNMENT</u>					
41 LEGISLATIVE	254,789	222,589	32,200	0	0
42 LEGAL	171,500	0	171,500	0	0
43 GENERAL GOVERNMENT	1,136,346	474,825	280,966	0	380,555
44 ADMINISTRATION	354,398	352,343	2,055	0	0
45 FINANCE	535,075	507,250	27,825	0	0
61 PLANNING	462,006	438,681	23,325	0	0
62 BUILDING	248,778	190,828	57,950	0	0
TOTAL	3,162,892	2,186,516	595,821	0	380,555
<u>PUBLIC SAFETY</u>					
51 POLICE	4,646,001	4,325,921	285,080	5,000	30,000
52 ANIMAL CONTROL	117,842	0	117,842	0	0
53 EMERGENCY SERVICES	81,884	0	1,200	0	80,684
TOTAL	4,845,727	4,325,921	404,122	5,000	110,684
<u>PUBLIC WORKS</u>					
71 ENGINEERING	486,104	448,854	37,250	0	0
72 STREET MAINTENANCE	376,811	262,311	114,500	0	0
73 VEHICLE/EQMT MAINTENANCE	126,139	118,139	8,000	0	0
74 WASTEWATER OPERATIONS	1,873,125	900,450	700,175	42,500	230,000
75 PARK MAINTENANCE	221,974	111,874	110,100	0	0
76 BUILDING MAINTENANCE	224,931	141,341	83,590	0	0
77 RECREATION	1,063,684	809,634	254,050	0	0
TOTAL	4,372,768	2,792,603	1,307,665	42,500	230,000
<u>NON-DEPARTMENTAL</u>					
2 RECYCLING OPERATIONS	58,500	0	58,500	0	0
3 GAS TAX	91,100	0	0	91,100	0
5 SMIP FEES	4,050	0	4,050	0	0
8 TRAFFIC IMPACT MITIGATION	150,000	0	0	150,000	0
9 PARKS AND RECREATION FACILITIES	70,000	0	0	70,000	0
11 TERTIARY TREATMENT PLANT	196,150	50,303	130,847	15,000	0
12 WASTEWATER CAPITAL RESERVE	257,000	0	0	257,000	0
14 WASTEWATER EQMT REPLACEMENT RESERVE	0	0	0	0	0
21 GENERAL FACILITY	0	0	0	0	0
26 PENSION OBLIGATION BONDS	444,905	0	0	0	444,905
27 POLICE FACILITY	60,000	0	0	60,000	0
28 SENIOR CENTER OPERATIONS	85,020	49,294	35,726	0	0
33 TREE REPLACEMENT FUND	10,000	0	0	10,000	0
35 GREEN BUILDING FUNDING	5,000	0	5,000	0	0
36 DISABILITY COMPLIANCE FUND	400	0	400	0	0
50 PINWOOD EST LNDSOCP MAINT DIST	10,600	0	10,600	0	0
77 SKYPARK OPEN SPACE MAINT ASSESSMENT DIST	41,000	0	41,000	0	0
90 SV DRIVE A REDEMPTION	411,950	0	14,000	0	397,950
112 DENTAL INSURANCE	70,000	70,000	0	0	0
123 COMMUNITY FACILITIES CENTER	143,775	31,677	37,098	75,000	0
150 GENERAL CAPITAL PROJECTS	1,415,475	0	0	1,415,475	0
306 SUPPLEMENTAL LAW ENFORCEMENT SERVICES	95,000	0	0	95,000	0
TOTAL	3,619,925	201,274	337,221	2,238,575	842,855
GRAND TOTAL	16,001,312	9,506,314	2,644,829	2,286,075	1,564,094

POLICE DEPARTMENT PROFILE

Using data from a previous service review prepared for Santa Cruz LAFCO for comparison, the Scotts Valley Police Department has nearly the same staffing per 1,000 city residents as it did in 2003.

2015 and 2003 Law Enforcement Staff per 1000 Residents

City	2015 Population	2015 Total	2015 Total per 1000	2003 Total per 1000	2015 Officers	2015 Officers per 1000	2003 Officers per 1000
Capitola	10,201	29	2.8	2.9	21	2.1	1.9
Santa Cruz	64,076	111	1.7	2.3	91	1.4	1.7
Scotts Valley	11,926	28	2.3	2.4	20	1.7	1.7
Watsonville	53,581	88	1.6	1.8	66	1.2	1.3

Source: FBI Unified Crime Reporting for 2003 and 2015, Table 78, at <https://ucr.fbi.gov/>

The number of reported crimes has gone down since 2004:

2015 and 2004 CRIMES REPORTED IN SCOTTS VALLEY

Type	2015	2004	Change 2004 to 2015
Homicide	0	0	0
Rape	3	2	+1
Robbery	5	3	+2
Aggravated Assault	14	92	-78
Burglary	90	35	+55
Larceny	206	220	-14
Auto Theft	10	10	0
Arson	3	4	-1
Total	331	366	-35

Source: 2004 and 2015 Uniform Crime Reports, FBI.

PUBLIC WORKS DEPARTMENT PROFILE

Road Maintenance

The condition of road and street infrastructure is primarily a factor of available funding and acceptable levels of service. Two management tools that are used by cities in California are a Pavement Management Program and a Pavement Condition Index. A Pavement Management Program serves as a master plan and identifies maintenance needs, pavement condition, and projected costs. It generally includes an implementation plan as well as funding priorities. A Pavement Condition Index (PCI) is generated by an inventory of street and road segments and an evaluation of their present condition. The PCI data provides the existing conditions information for the Pavement Management Program. PCI ratings are based on a scale of 0 to 100. A rating of 25 or below indicates significant deterioration, while 75 and above indicates that the segment is acceptable and generally meets standards. An agency's average PCI can easily fluctuate over a given time period due to funding availability, weather, and the amount of deferred maintenance. In the 2005 Countywide Service Review, the City of Scotts Valley reported a Pavement Condition Index of 70 in 2005. The City has not calculated their PCI in recent years. The City Public Works Director guesses that it may be 58. The City is participating with the County of Santa Cruz and the City of Capitola in getting bids to calculate the agencies' PCIs in the current fiscal year.

Wastewater Treatment

2016 City of Scotts Valley Service and Sphere Review		Sanitary Sewer Collection	Sanitary Sewer Treatment	Recycled Water	Septic System Monitoring/Maint.
Cities					
	City of Scotts Valley	●	●	●	

The City operates a wastewater treatment plant on Lundy Lane. The City treats a portion of the wastewater to an advanced tertiary level. The Scotts Valley Water District distributes that water in its "purple pipes" and sells it for irrigation purposes to selected large irrigators in Scotts Valley. The plant's capacity at the secondary treatment level is 1.5 million gallons per day. The tertiary treatment line has a capacity of 1.0 million gallons per day. Demand to recycled water is based upon irrigation demand in the dry months. The secondarily-treated water that does go into the tertiary process is transported in a main along Graham Hill Road and through the City of Santa Cruz. It bypasses the City of Santa Cruz Regional Treatment Plant and is discharged in the Santa Cruz Outfall in the Pacific Ocean. The City of Scotts Valley is cooperating with the Scotts Valley Water District, the City of Santa Cruz, and the Pasatiempo

Golf to sell secondary water to the gold course for futher treatment and use in irrigating the golf course. This will reduce the use of City of Santa Cruz potable water on the golf course and will allow the golf course to continue to irrigate in periods of drought restrictions.

The City of Scotts Valley Public Works Department produces an annual report summaring the perofrmance of the Wastewater Treatment Plant.² It treated an average dry weater flow of 0.683 million gallons per day. The peak monthly flow, in January was less than 1 million gallons per day, well within the plants capacity.

2015
SCOTTS VALLEY WASTEWATER TREATMENT AND RAINFALL

	Total Plant Flow Eff.+Rec.MGD Mo. Total	Effluent Daily Flow MGD Mo. Total	Effluent Inst. Max. MGD (peak)	Recycled Total Flow Million Gallons Mo. Total	Rainfall Inches (Total)
January	23.151	22.410	1.62	0.741	0.00
February	22.923	21.148	1.74	1.775	3.82
March	21.978	16.925	1.50	5.053	0.36
April	20.696	16.008	1.96	4.688	2.08
May	21.657	14.623	1.58	7.034	0.21
June	21.160	13.643	1.68	7.517	0.01
July	20.973	10.719	1.39	10.254	0.00
August	21.184	10.190	1.49	10.994	0.01
September	19.453	10.058	1.19	9.395	0.03
October	19.778	12.856	1.11	6.922	0.11
November	19.802	17.103	1.36	2.699	2.96
December	22.669	21.394	1.44	1.275	5.83
Total	255.42	187.08		68.35	15.42
Average	21.29	15.59	1.51	5.70	1.29
Maximum	23.15	22.41	1.96	10.99	5.83
Minimum	19.45	10.06	1.11	0.74	0.00

ADDWF, MGD	0.683
Eff + Recycle	

² http://www.scottsvally.org/downloads/public_works/2015WWTPAnnualReport.pdf

PARKS AND RECREATION DEPARTMENT PROFILE

2016 City of Scotts Valley Service and Sphere Review	Parks	Recreational Facilities	Public Open Space
City of Scotts Valley	●	●	●

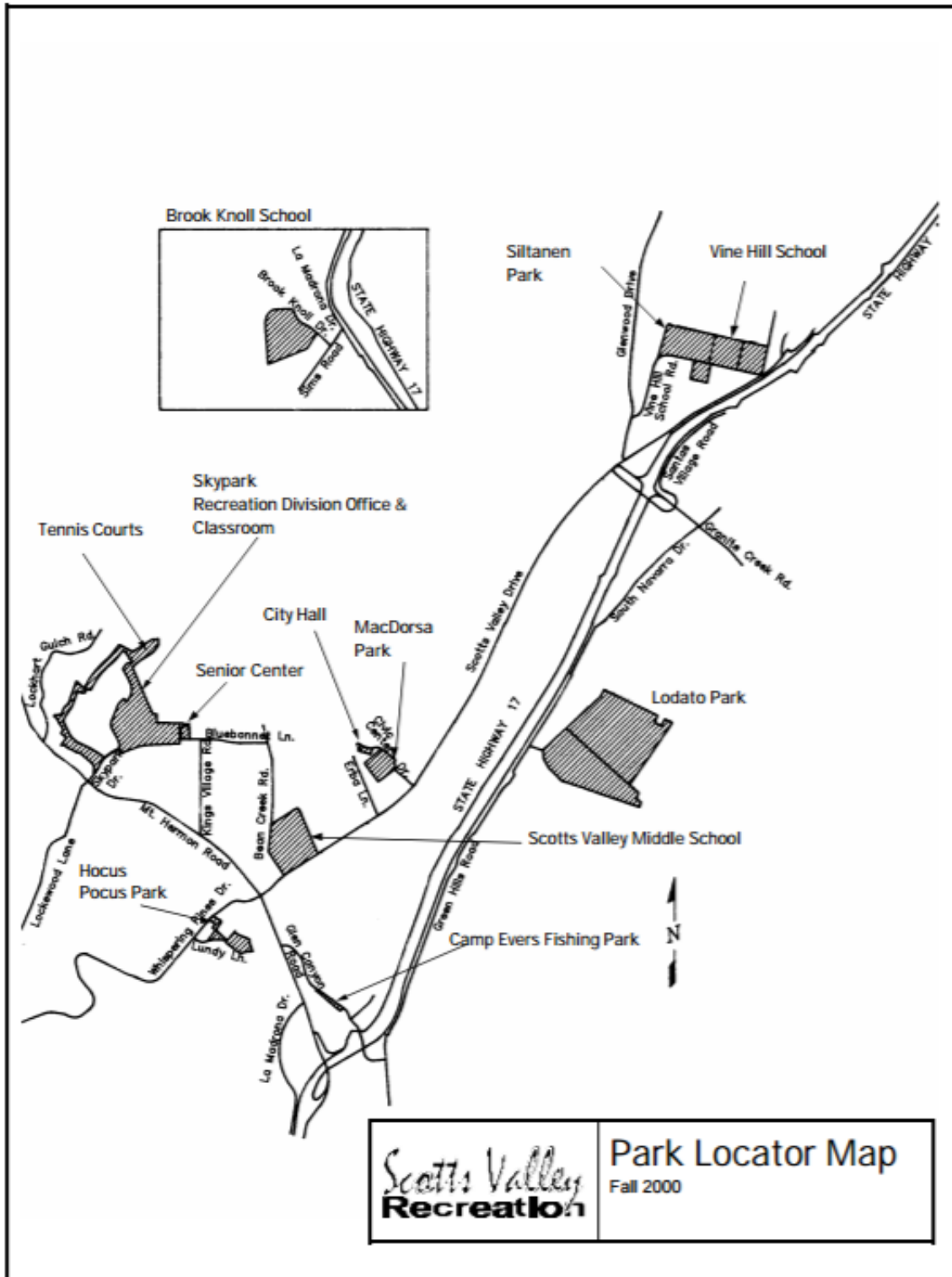
The City of Scotts Valley has approximately 89 acres of parkland, including six ball fields and a 20,000 square foot skate park. The City does have a Parks Master Plan to guide future infrastructure additions and improvements.

The City has four special revenue funds related to recreation and parks: Senior Center Designated Donations, Senior Center Operations, Skypark Open Space Maintenance Assessment District, and Community Center Operations.

An appointed 5-person Parks and Recreation Commission meets monthly in open meetings to advise the staff and the City Council on parks and recreation matters.

In the City's FY 2016-17, the City has budgeted \$221,974 for parks maintenance and \$1,063,684 for parks and recreation services. Adding those numbers and dividing by the State Department of Finance January 1, 2016 estimated city population of 12,143 yields a per capita expense of \$106 for this fiscal year.

MAP OF PARK AND RECREATION FACILITIES IN THE CITY OF SCOTTS VALLEY



SERVICE REVIEW CHECKLIST

**SUMMARY OF POTENTIALLY SIGNIFICANT
SERVICE REVIEW DETERMINATIONS**

SUMMARY

- | | |
|--|--|
| <input type="checkbox"/> 1. Growth and Population | <input checked="" type="checkbox"/> 5. Shared Services |
| <input type="checkbox"/> 2. Disadvantaged Unincorporated Communities | <input checked="" type="checkbox"/> 6. Accountability |
| <input checked="" type="checkbox"/> 3. Capacity, Adequacy & Infrastructure to Provide Services | <input type="checkbox"/> 7. Other |
| <input type="checkbox"/> 4. Financial Ability | |

1. GROWTH AND POPULATION

Growth and population projections for the affected area. **YES** **MAYBE** **NO**

- | | | | |
|--|--------------------------|--------------------------|-------------------------------------|
| a) Is the agency's territory or surrounding area expected to experience any significant population change or development over the next 5-10 years? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b) Will population changes have an impact on the agency's service needs and demands? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c) Will projected growth require a change in the agency's sphere of influence boundary? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Discussion:

The City's General Plan calls for modest, mostly infill growth. The current AMBAG Regional Population projections for the City of Scotts Valley are as follows:

Public Agency	2010	2020	2025	2030	2035	Compound Annual Growth Rate
City of Capitola	9,918	9,119	9,427	9,758	10,088	0.07%
City of Santa Cruz	59,946	66,860	70,058	73,337	76,692	0.99%
City of Scotts Valley	11,580	11,638	11,696	11,754	11,813	0.08%
City of Watsonville	51,199	59,446	61,452	63,607	65,762	1.01%
Santa Cruz County (unincorporated)	129,739	132,318	134,879	139,601	144,227	0.42%
Santa Cruz County Total	262,382	279,381	287,512	298,096	308,582	0.65%
AMBAG Region Total	732,708	800,000	827,000	856,000	885,000	0.76%

Source: AMBAG, Regional Population Forecasts

Concerning potential land use changes in the Glen Canyon/El Rancho area, the general plans of the County of Santa Cruz and the City of Scotts Valley have similar designation of rural residential uses along the frontage of Glen Canyon Drive and changing to mountain residential as the hillside get steeper to the east of Glen Canyon Drive. The initial environmental study³ prepared by LAFCO staff estimates that the maximum potential change in land uses is 2 homes and 4 acre-feet of water use if the area is annexed following a sphere amendment. West of Highway 17 in the Monte Fiore/La Madrona area, there is no change in potential land use or water use as a result of the sphere amendments.

Discussion: There are no disadvantaged communities within or adjacent to the City of Scotts Valley Sphere of Influence, according to the California Disadvantaged Communities Mapping Tool:

2. DISADVANTAGED UNINCORPORATED COMMUNITIES

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to your agency's sphere of influence.

	YES	MAYBE	NO
a) Does your agency provide water or sanitary sewer service? If no, skip questions b) and c).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Is your agency aware of any area(s) within or adjacent to your agency's sphere of influence that is considered "disadvantaged" (80% or less of the statewide median household income) that does not already have access to public water or sanitary sewer service?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Is it is feasible for your agency to extend service to the disadvantaged unincorporated community?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

http://www.water.ca.gov/irwm/grants/resources_dac.cfm as accessed on October 3, 2016.

³ Initial Environmental Study/Negative Declaration; 2016 Service and Sphere of Influence Reviews for City of Scotts Valley and Scotts Valley Water District; Santa Cruz LAFCO; October 3, 2016.

3. CAPACITY AND ADEQUACY OF PUBLIC FACILITIES AND SERVICES

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.

	YES	MAYBE	NO
a) Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any issues regarding your agency's capacity to meet the service demand of reasonably foreseeable future growth?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there any concerns regarding public services provided by the agency being considered adequate?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Are there any significant infrastructure needs or deficiencies to be addressed?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Are there changes in state regulations on the horizon that will require significant facility and/or infrastructure upgrades?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- b) As discussed above in the Agency Profile, the City of Scotts Valley has adequate sewage treatment capacity to accommodate General Plan buildout, and can accept additional sewage from the Glen Canyon area without approaching their capacity. The City's other services are adequate.

4. FINANCIAL ABILITY

Financial ability of agencies to provide services.

	YES	MAYBE	NO
a) In the last five years, has your agency failed to obtain an independent audit, or adopted its budget late?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Is your agency lacking adequate reserves to protect against unexpected events or upcoming significant costs?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Is your agency's rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Is your agency unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Is improvement needed in the organization's financial policies to ensure its continued financial accountability and stability?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

f) Is the organization's debt at an unmanageable level?

Discussion: A summary of the City's budget is presented above in the Agency Profile. The City has regularly obtained independent audits. The last audit, by Marcello and Company CPA, for the fiscal year ending June 30, 2015, did not identify any material defects in the City's financial processes.

Source: Scotts Valley Water District Audit:
www.scottsvally.org/downloads/finance/CAFR2015FinancialSection.pdf

5. SHARED SERVICES AND FACILITIES

Status of, and opportunities for, shared facilities.

	YES	MAYBE	NO
a) Are there any opportunities for your agency to share services or facilities with neighboring or overlapping organizations that are not currently being utilized?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Are there any governance options that may produce economies of scale and/or improve buying power in order to reduce costs?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there governance options to allow appropriate facilities and/or resources to be shared, or making excess capacity available to others, and avoid construction of extra or unnecessary infrastructure or eliminate duplicative resources?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- a) The City is cooperating with the Scotts Valley Water District, the City of Santa Cruz, and the Pasatiempo Golf Club to facilitate using wastewater to be treated and then irrigate the gold course, which is currently being irrigated with potable Santa Cruz Water Department Water. The City is participating in the Santa Margarita Groundwater Basin Advisory Committee.

6. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES

Accountability for community service needs, including governmental structure and operational efficiencies.

	YES	MAYBE	NO
a) Are there any issues with your agency's meetings being accessible and well publicized? Are there any issues with your agency failing to comply with financial disclosure laws and the Brown Act?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any issues with filling board vacancies and maintaining board members?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there any issues with staff turnover or operational efficiencies?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Is your agency's budget unavailable to the public via the internet?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Are there any recommended changes to your agency's structure that will increase accountability and efficiency?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Are there any governance restructure options to enhance services and/or eliminate deficiencies or redundancies?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
g) Are there any opportunities to eliminate overlapping boundaries that confuse the public, cause service inefficiencies, increase the cost of infrastructure, exacerbate rate issues and/or undermine good planning practices?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Discussion:

- f) The current Sphere of Influence for the Scotts Valley Water District assumes that the District's governance will eventually be taken over by the City of Scotts Valley. The City of Scotts Valley should be open to studying two long-term governance options: (1) the SVWD becoming a dependent district of the City of Scotts Valley and sharing board guidance and administrative services, and (2) the SVWD becoming part of a regional north Santa Cruz County water agency that would facilitate optimum utilization of water resources.

7. OTHER ISSUES

Any other matter related to effective or efficient service delivery, as required by commission policy.



	YES	MAYBE	NO
a) Are there any other service delivery issues that the agency wants addressed in the service and sphere review process?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

END OF SERVICE REVIEW

SPHERE OF INFLUENCE STUDY FOR SCOTTS VALLEY WATER DISTRICT

- The City of Scotts Valley is proposing changes in the adopted sphere of influence map; please attach a map and justification.

The letter of request from the City of Scotts Valley and the Scotts Valley Water District is printed below.

SCOTTS VALLEY
WATER DISTRICT

June 3, 2016

Santa Cruz LAFCO
Attn: Pat McCormick
701 Ocean Street, Room 318-D
Santa Cruz, CA 95060


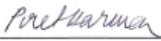
Re: Sphere of Influence Review

Dear Mr. McCormick,

On behalf of the City of Scotts Valley and the Scotts Valley Water District, we are requesting that LAFCO prioritize the sphere of influence reviews of the two agencies. The City and the District have identified areas adjacent to their current spheres where an adjustment to the spheres, and future annexations, would increase the uniformity of the service areas and improve the responsiveness to the constituents.

Attached is the map of the proposed sphere amendment areas.

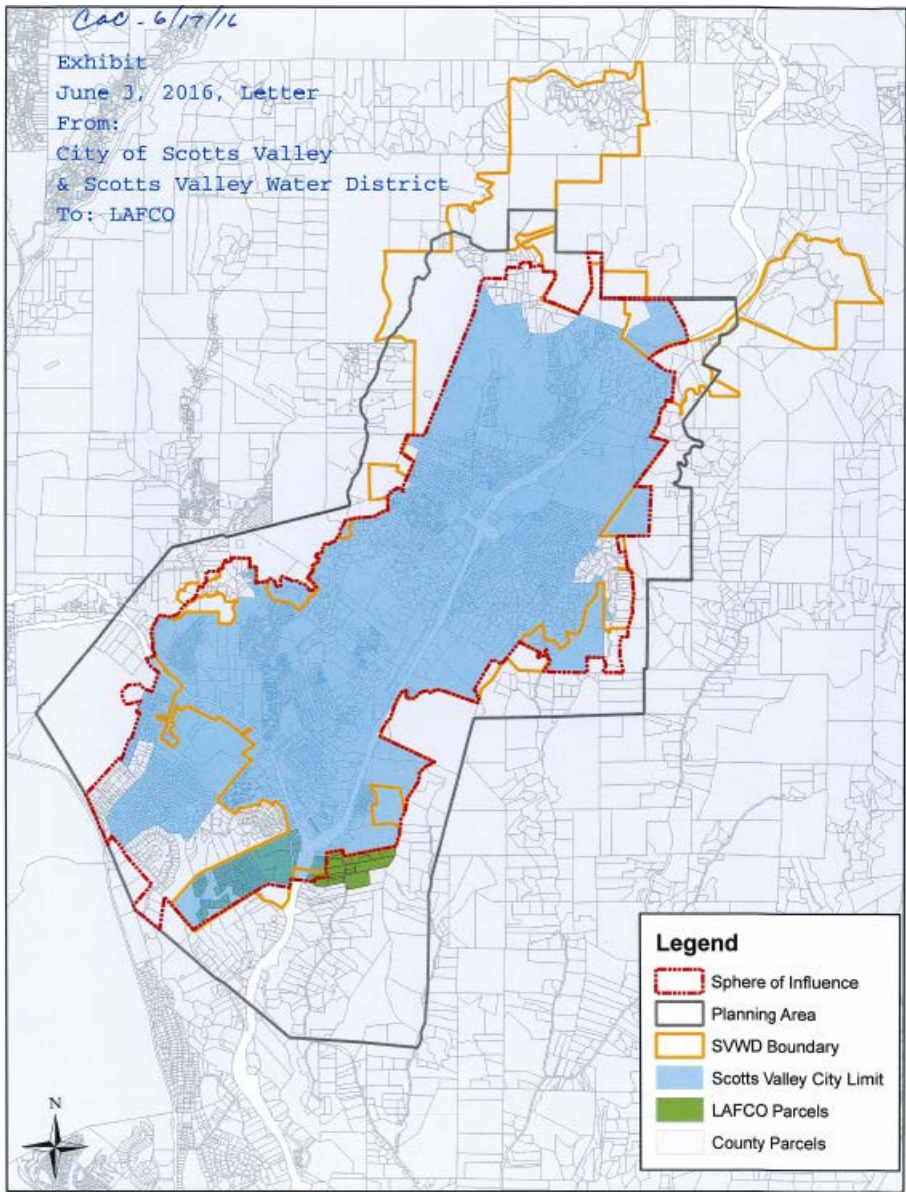
Sincerely,

City of Scotts Valley	Scotts Valley Water District
	
Charles Comstock Interim City Manager	Piret Harmon General Manager

2 Civic Center Drive • Scotts Valley, CA 95066 • 831.438.2363
contact@svwd.org • www.svwd.org

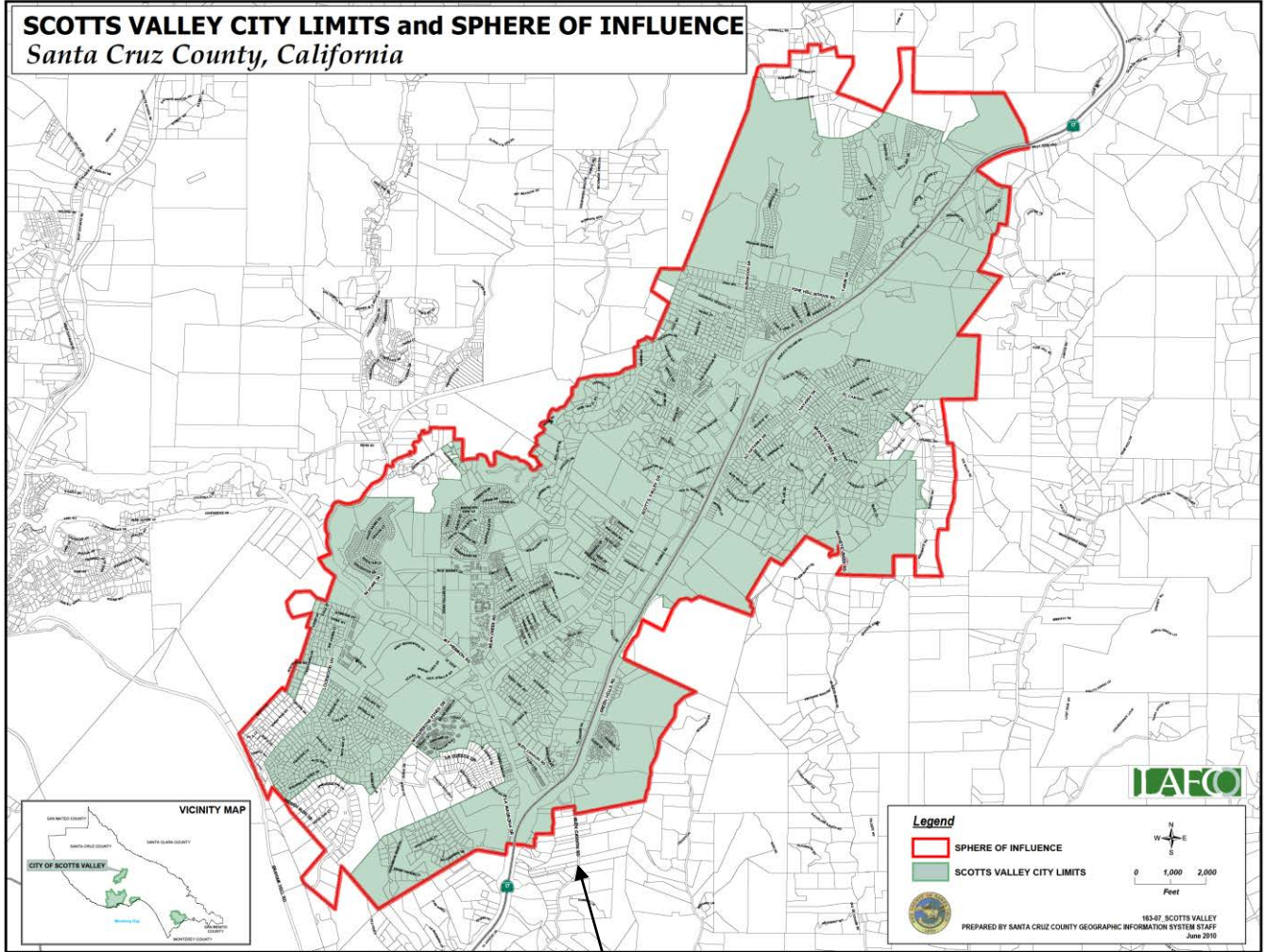
CAO - 6/17/16

Exhibit
June 3, 2016, Letter
From:
City of Scotts Valley
& Scotts Valley Water District
To: LAFCO



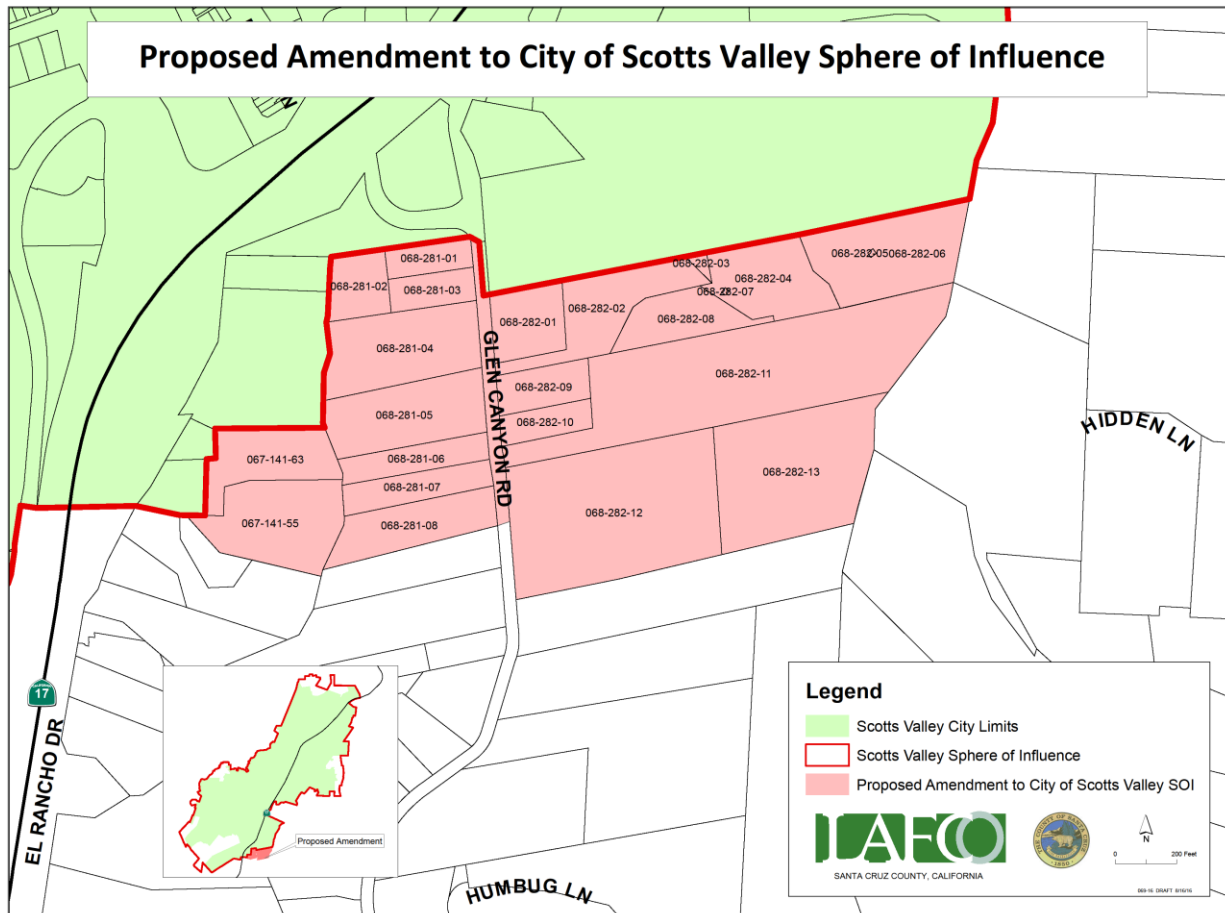
- Legend**
- Sphere of Influence
 - Planning Area
 - SVWD Boundary
 - Scotts Valley City Limit
 - LAFCO Parcels
 - County Parcels

SCOTTS VALLEY CITY LIMITS and SPHERE OF INFLUENCE
Santa Cruz County, California



EAST OF HIGHWAY Proposed addition in Glen Canyon/El Rancho area

PROPOSED CITY SPHERE OF INFLUENCE MAP



SUMMARY OF POTENTIALLY SIGNIFICANT SPHERE DETERMINATIONS

The sphere determinations below are potentially significant, as indicated by “yes” or “maybe” answers to the key policy questions in the checklist and corresponding discussion on the following pages.

- 1. Present and Planned Land Uses
- 2. Need for Public Facilities and Services
- 3. Capacity and Adequacy of Provide Services
- 4. Social or Economic Communities of Interest
- 5. Disadvantaged Unincorporated Communities

1. PRESENT AND PLANNED LAND USES

The present and planned land uses in the area, including agricultural and open-space lands.

	YES	MAYBE	NO
a) Are there any present or planned land uses in the area that would create the need for an expanded service area?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Would the amended sphere conflict with planned, orderly and efficient patterns of urban development?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Would the amended sphere result in the loss of prime agricultural land or open space?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Would the amended sphere impact the identity of any existing communities; e.g. would it conflict with existing postal zones, school, library, sewer, water, census, fire, parks and recreation boundaries?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Are there any natural or made-made obstructions that would impact where services can reasonably be extended or should otherwise be used as a logical sphere boundary?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

Concerning potential land use changes in the Glen Canyon/El Rancho area, the general plans of the County of Santa Cruz and the City of Scotts Valley have similar designations rural residential uses along the frontage of Glen Canyon Drive and changing to mountain residential as the hillside get steeper to the east of Glen Canyon Drive. The initial environmental study⁴ prepared by LAFCO staff estimates that the maximum potential change in land uses is 2 homes and 4 acre-feet of water use if the area is annexed following a sphere amendment. West of Highway 17 in the Monte Fiore/La Madrona area, there is no change in potential land use or water use as a result of the sphere amendments.

⁴ Initial Environmental Study/Negative Declaration; 2016 Service and Sphere of Influence Reviews for City of Scotts Valley and Scotts Valley Water District; Santa Cruz LAFCO; October 3, 2016.

2. NEED FOR PUBLIC FACILITIES AND SERVICES

The present and probable need for public facilities and services in the area.

	YES	MAYBE	NO
a) Would the amended conflict with the Commission's goal to increase efficiency and conservation of resources by providing essential services within a framework of controlled growth?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Would the amended sphere expand services that could be better provided by a city or another agency?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Would the amended sphere represent premature inducement of growth or facilitate conversion of agriculture or open space lands?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Would the amended sphere conflict with the Regional Housing Needs Allocation Plan adopted by the Association of Monterey Bay Governments (RHNA)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Are there any areas that should be removed from the sphere because existing circumstances make development unlikely, there is not sufficient demand to support it or important open space/prime agricultural land should be removed from urbanization?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Have any agency commitments been predicated on expanding the agency's sphere such as roadway projects, shopping centers, educational facilities, economic development or acquisition of parks and open space?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- e) County Environmental Health has not identified the Glen Canyon/El Rancho area as an area with concentrated septic or well failures.

3. CAPACITY AND ADEQUACY OF PROVIDED SERVICES

The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

	YES	MAYBE	NO
a) Are there any issues regarding the agency's capacity to provide services in the proposed sphere territory?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any issues regarding the agency's willingness and ability to extend services?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- b) The City of Scotts Valley has the capacity to provide sanitary sewers and other municipal services to the Glen Canyon/El Rancho area. The City would serve the Glen Canyon area via a sewer main extension down Glen Canyon Drive from the end of the current main in the 3100 block of Glen Canyon Drive. Based upon its letter of request, the City is willing to extend services. Under the City’s procedures, any main extension would be paid for by the benefitting property owners.

4. SOCIAL OR ECONOMIC COMMUNITIES OF INTEREST

The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

	YES	MAYBE	NO
a) Are there particular neighborhoods or areas that should be added or excluded from your agency’s sphere because those areas function as part of your community or another community socially or economically?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- a) The Glen Canyon/El Rancho area is planned by both the County and the City of Scotts Valley to remain a rural residential and mountain residential area. This area is next to more urban and suburban uses in the City.

5. DISADVANTAGED UNINCORPORATED COMMUNITIES

For an update of an sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence. Additional smaller areas may be identified by LAFCO, the County, or a City in the future.

	YES	MAYBE	NO
a) Does the subject agency provide public services related to water, sanitary sewers, or structural fire protection?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) If yes, does the proposed sphere exclude any nearby disadvantaged unincorporated community (80% or less of the statewide median household income) that does not already have access to public water or sanitary sewer service?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

There are no disadvantaged communities within or adjacent to the City of Scotts Valley Sphere of Influence, according to the California Disadvantaged Communities Mapping Tool: http://www.water.ca.gov/irwm/grants/resources_dac.cfm as accessed on October 3, 2016.

END OF SPHERE REVIEW