

# City of Scotts Valley

## Service and Sphere of Influence Review



Adopted Version (May 6, 2026)

**Local Agency Formation Commission of Santa Cruz County**

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# EXECUTIVE SUMMARY

## Introduction

This Service and Sphere of Influence Review is meant to provide information about the services and boundaries of the City of Scotts Valley (“City”). This report will be used by the Local Agency Formation Commission to conduct a statutorily required review and update process. The Cortese-Knox-Hertzberg Act requires that the Commission conduct periodic reviews and updates of Spheres of Influence for all cities and special districts in Santa Cruz County (Government Code section 56425). It also requires LAFCO to conduct a review of municipal services before adopting sphere updates (Government Code Section 56430). The City’s last service review was adopted on March 3, 2021.

The municipal service review process does not require LAFCO to initiate changes of organization based on service review conclusions or findings; it only requires that LAFCO make determinations regarding the delivery of public services in accordance with the provisions of Government Code Section 56430. However, LAFCO, local agencies, and the public may subsequently use these determinations and related analysis to consider whether to pursue changes in service delivery, government organization, or spheres of influence.

Service and sphere reviews are informational documents that are generally exempt from environmental review. The Executive Officer has conducted an environmental review of the City’s existing sphere of influence pursuant to the California Environmental Quality Act (CEQA) and determined that this report is exempt from CEQA. Such exemption is due to the fact that it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment (Section 15061[b][3]).

## City Overview

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. Scotts Valley’s city limits encompass approximately five square miles and contain a population estimated at approximately 12,200 residents. An overview map, depicting the current jurisdictional and sphere boundaries, is shown as **Figure 1** on page 5. The City provides an array of services, including but not limited to, law enforcement, animal control, wastewater treatment, and stormwater management. A full review of all municipal services is found within this report.

## Sphere of Influence

Santa Cruz LAFCO adopted the City’s first sphere of influence on October 16, 1985. The current sphere includes 11 areas outside the City’s jurisdictional boundary. The last sphere update occurred in March 2021. LAFCO staff is recommending that the sphere boundary be reaffirmed, as shown in **Figure 11** on page 35.

## Key Findings

The following are key findings of the 2026 Service and Sphere of Influence Review for the City of Scotts Valley:

**1. The City provides multiple services to an estimated 12,200 constituents.**

Scotts Valley provides various types of municipal services, which can be categorized in two activities (Government and Business). Government activities include general government, public safety, planning and building, public works, and recreation. Business activities include wastewater services. In 2025, the City's population was estimated to be 11,700. LAFCO staff projects that the City's population will reach 12,000 by 2045.

**2. The City is financially healthy, but business activity continues to experience fiscal shortfall.**

The City is funded by business and government activities. Business activities are derived from wastewater services. The City has ended in a slight deficit in three of the last five fiscal years. While the City's governmental activity has ended in a surplus in nine of the last 11 fiscal years, it has been the business activity that has negatively affected the City's overall financial performance. Based on LAFCO's analysis, business activity has experienced annual deficits each year since FY 2014-15. The City should consider raising rates for wastewater services or find methods to minimize annual expenses to address the ongoing fiscal shortage within the business activity.

**3. Business Activity Expenditures continue to outpace Business Activity Revenues.**

Combining data from the previous service review completed in 2021, the City has experienced 11 consecutive years of business activity deficits. Expenditures have outpaced revenues, with deficits ranging from \$218,000 to \$2.6 million. The City last completed a wastewater rate study in 2021 and will conduct a new one in 2026 to address the operating deficit.

**4. The City is currently receiving water services from two special districts.**

Residents from the Scotts Valley community currently receive water service from either the Scotts Valley Water District (SVWD) or the San Lorenzo Valley Water District (SLVWD). The majority of Scotts Valley residents receive water from SVWD, but the division means residents of Scotts Valley are subject to two different boards, policies, and water rates. It may be beneficial if the City, the two water districts, and LAFCO collaborate to determine the most efficient method of providing water service to the entire Scotts Valley community.

**5. The City provides services outside its jurisdictional boundary.**

Scotts Valley currently has 13 extraterritorial service agreements to provide wastewater services to non-constituent residents. An ESA is a formal agreement between an agency and a landowner to allow for the provision of services outside their jurisdictional boundaries – this practice is commonly used to address health and safety concerns. The City should analyze and consider if any ESA can be feasibly annexed into the City limits before the next scheduled service review in 2031.

**6. The City's sphere of influence is larger than its jurisdictional boundary.**

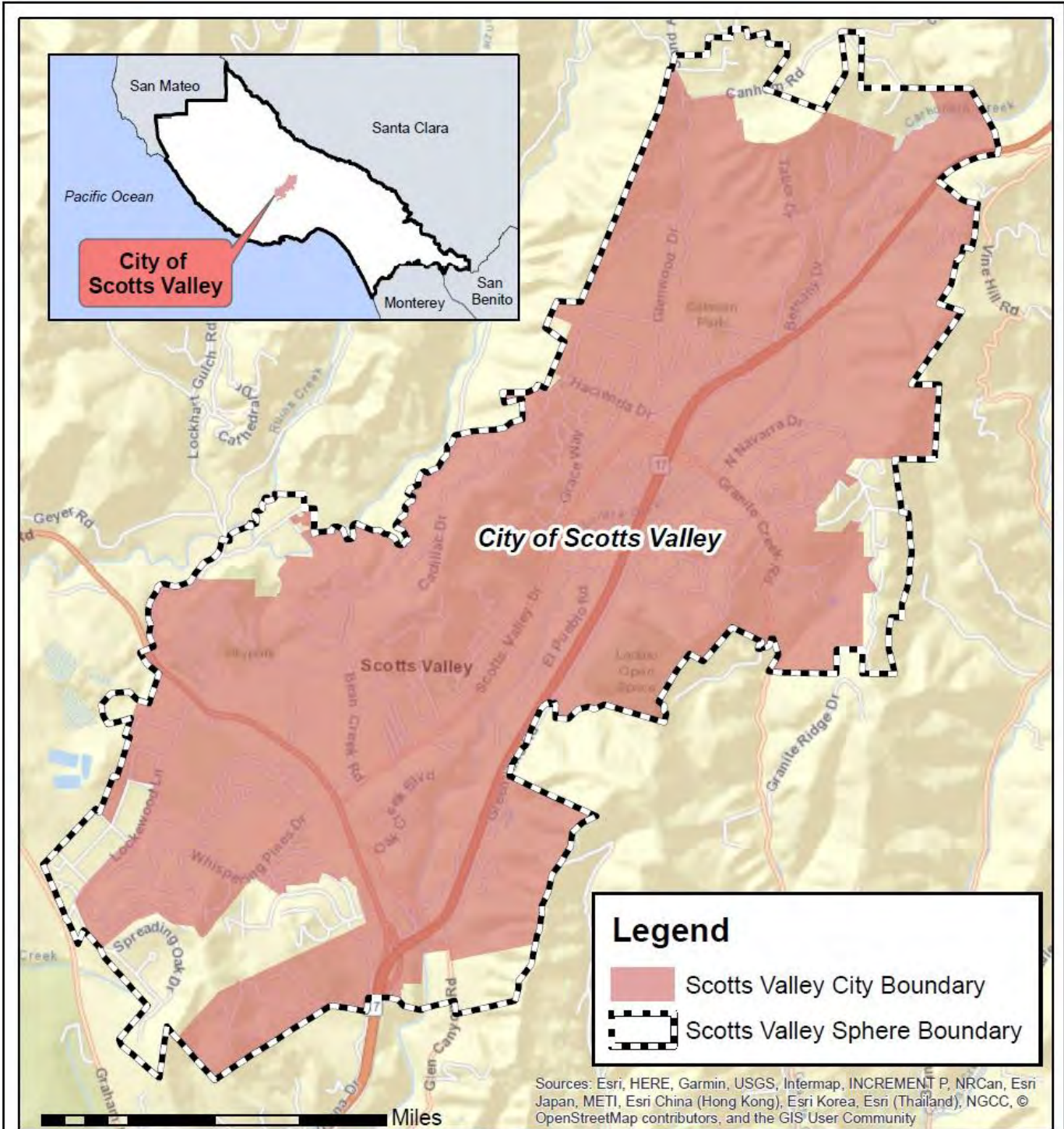
Scotts Valley's original sphere boundary was established on October 16, 1985. At present, the current sphere goes beyond City limits and includes 13 unincorporated areas totaling 12 acres. The last sphere update occurred in March 2021. LAFCO staff is recommending that the existing sphere boundary be reaffirmed.

## **Recommended Actions**

Based on the analysis and findings in the 2026 Service and Sphere of Influence Review for the City of Scotts Valley, the Executive Officer recommends that the Commission:

1. Find, pursuant to Section 15061(b)(3) of the State CEQA Guidelines, that LAFCO determined that the sphere of influence review is not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and the activity is not subject to CEQA;
2. Determine, pursuant to Government Code Section 56425, that LAFCO is required to develop and determine a sphere of influence for the City of Scotts Valley, and review and update, as necessary;
3. Determine, pursuant to Government Code Section 56430, that LAFCO is required to conduct a service review before, or in conjunction with an action to establish or update a sphere of influence; and
4. Adopt LAFCO Resolution (No. 2026-08) approving the 2026 Service and Sphere of Influence Review for the City of Scotts Valley with the following conditions:
  - a. Reaffirm the City's current sphere of influence;
  - b. Coordinate with the City, Scotts Valley Water District, and San Lorenzo Valley Water District to determine whether there is a more efficient way to provide water service to the Scotts Valley community beyond the status quo;
  - c. Coordinate with the City to analyze and consider annexation of any of the 13 extraterritorial service agreements and receive an update before the next scheduled service and sphere review (April 2031); and
  - d. Direct the Executive Officer to distribute a copy of this adopted service and sphere review to the City of Scotts Valley, Scotts Valley Water District, San Lorenzo Valley Water District, the Board of Supervisors and any other interested or affected parties identified in the service review.

Figure 1: Vicinity Map



# City of Scotts Valley Jurisdictional and Sphere Boundaries

Original Sphere of Influence adopted on October 16, 1985

Sphere update on November 2, 2016

Sphere reaffirmed on March 3, 2021

Sphere reaffirmed on May 6, 2026 (Proposed)

# CITY OVERVIEW

## History

Scotts Valley was incorporated as a city on August 2, 1966, and is currently a small community that encompasses an area of approximately five (5) square miles with a population of approximately 12,200. **Appendix A** provides a timeline of all the boundary changes approved by LAFCO since its inception. Scotts Valley is located in the center of Santa Cruz County and is six miles north of the City of Santa Cruz, as shown on page 5. The City operates under the council-manager form of municipal government and provides an array of municipal services.

## Services & Operations

The City of Scotts Valley provides various types of municipal services which can be categorized into two activities (Government and Business). Government activities include general government, public safety, planning and building, public works, and recreation. Business activities include wastewater services. At present, the City does not offer fire protection or water services. These two municipal services are provided by the Scotts Valley Fire Protection District and Scotts Valley Water District or San Lorenzo Valley Water District, respectively. The following sections provide a summary of Scotts Valley's government and business operations. The *Governance Chapter* of this report provides a breakdown of the number of full-time employees within each service and operation.

### Animal Control

The City is a member of the Santa Cruz County Animal Shelter, a Joint Powers Authority (JPA) formed in June 2002 that includes the County and all four cities (Capitola, Santa Cruz, Scotts Valley, and Watsonville). The JPA provides a full range of services to the community and operates two shelters: one located on 7th Avenue in Santa Cruz County and one located on Airport Boulevard in Watsonville. The JPA is responsible for enforcing laws and codes involving animals within incorporated and unincorporated areas.

### Public Safety (Police Protection)

The Police Department provides public safety for Scotts Valley through community partnerships, proactive law enforcement and professional service. Under the Office of the Police Chief, the department is organized into two divisions: Operations and Services. Operations encompass uniformed patrol services, whereas the Services division is comprised of the Investigation Unit and Communications/Records. The department employs crime prevention strategies that include community awareness and education, proactive targeted enforcement of problem areas, and community-oriented policing. Although services were reduced due to the COVID-19 pandemic, the department is now facilitating community outreach efforts through daily community interactions, a School Resource Officer assignment and teaching DARE in schools, police department tours, neighborhood watch programs, foot patrols, social media, and many other community outreach programs. The Police Department's workload remains consistent from year to year. These typical recurring activities are assumed in the baseline activities of the department. Factors impacting the department's workplan include changes in laws and policies, new technology, work force levels, and personnel development. **Table 1** on page 7 highlights the Police Department's role in the community.

**Table 1: Police - Activities (FY 2024-25)**

Activity	Description
1. <b>Communications</b>	The department maintains an independent PSAP (Public Safety Answering Point), or dispatch center. Often the first point of contact for individuals in crisis, dispatchers triage priority and non-priority calls and dispatch officers accordingly.
2. <b>Community Outreach Programs</b>	The department conducts outreach into the community by partnering with other local organizations, offering crime prevention education and social media content. The department continues to use platforms such as Facebook, Nixle and NextDoor to keep the public informed. The aim of the department is to collectively build trust, enhance public safety, and promote a sense of partnership between law enforcement and the community. The department's personnel also organize and participate in several community events.
3. <b>Emergency Operations Planning</b>	The department updates the Emergency Operations Plan to address any changes to personnel or contact information. The plan addresses the City's responsibilities in emergencies associated with natural disaster, human-caused emergencies and technological incidents.
4. <b>Patrol Operations</b>	This is the department's largest commitment of resources and personnel. Officers respond to calls for service and conduct self-initiated activities to bring safety and a high quality of life to residents of the City, including Scotts Valley schools. The Patrol Unit is comprised of officers who operate marked police vehicles and handle the bulk of the day-to-day calls for service.
5. <b>Personnel Development</b>	The department prepares existing personnel to take on more responsibilities and for career advancement. The department focuses on outside training opportunities to allow existing personnel to develop their skills and prepare them to take on more duties. Efforts to modernize and address officer wellness have allowed the department to also support the mental and physical health needs of officers.
6. <b>Policy</b>	The department updates its department policy manual to reflect current case law and best practices.
7. <b>Recruitment</b>	The department is responsible for performing thorough background checks, conducting extensive interviews and assessments to ensure each potential candidate meets the highest standards that a career in law enforcement requires. Staff organize or participate in recruitment fairs, visits, and Dispatch Academies.

**Table 2** is a list of staffing levels in the Division in the last five years. With the passage of Measure Z in 2020, the City has been able to hire key staff across departments, including the Police Department that is 100% staffed for FY 2025-26.

**Table 2: Police – Staffing Levels (FY 2019-20 to 2024-25)**

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Officers	19	20	20	20	20	20
Dispatch & Support	8.0	8.0	8.0	8.0	8.0	8.0
<b>Total</b>	<b>27.0</b>	<b>28.0</b>	<b>28.0</b>	<b>28.0</b>	<b>28.0</b>	<b>28.0</b>

**Recent Weather Phenomenon**

On December 14, 2024, Scotts Valley experienced the first recorded tornado incident in city history. The tornado touched down on Mount Hermon Road and traveled eastbound for multiple blocks, damaging vehicles in nearby parking lots and on the roadway. Although the tornado knocked down powerlines and poles, there were no significant injuries or casualties reported as a result of the unprecedented weather incident.

For their part, SVPD officers were immediately called into action. Other off duty officers self-deployed to assist those in need. Officers also responded and converged to affected areas and helped evacuate residents to safety. When the situation stabilized, officers conducted hours of traffic control due to road closures caused by the tornado’s disruption. Finally, the City was assisted by regional partners that included the Scotts Valley Fire Protection District, Cal FIRE, and AMR.

**Planning & Building**

The Planning Department is responsible for current and long-term planning as it relates to the orderly growth and development of the City. Staff reviews development proposals and processes residential and commercial applications. The Planning Department periodically updates an active project list which identifies key development projects that are under construction, approved, or under review, as shown in **Appendix B**. The list is not considered all-inclusive but reflects highly visible projects in the community. As of February 2026, there are three projects under construction, seven approved projects, and 6 projects under review.

**Public Works**

The Public Works Department provides residents with a variety of services, including but not limited to engineering design, stormwater management, and street maintenance. The following sections provide an overview of such services.

**Engineering**

The Engineering Division includes three primary categories: design and construction, traffic engineering, and land development. The design and construction category includes design and implementation of capital improvement projects. Traffic engineering consists of the review of traffic impact studies, traffic movement counts, capacity analyses, and management of traffic signals throughout the City. Land development includes reviewing projects proposed by perspective land developers and coordinating the review process with departments such as Planning, Police, and other agencies.

## Stormwater Management

The City's storm drainage system collects storm water runoff from City streets along gutters and through underground pipes to discharge into waterways. The system is designed to help in the control of flooding and does not provide any treatment to storm water runoff. In June 2009, the City adopted a Storm Water Management Plan. Urban runoff and other "non-point source" discharges are regulated by the 1972 Federal Clean Water Act (CWA) through the National Pollutant Discharge Elimination System (NPDES) permit program. In October 2018, the City adopted a master plan update. The purpose of the plan update was to determine, prioritize, and provide estimates on the capital improvement needs of the City's storm drain collection system. In June 2025, an RFP was launched for the development a new Wastewater Master Plan to assess the existing wastewater treatment and collection facilities and identify required improvements to optimize the operations of the existing Water Reclamation Facility and collection system.

## Street Maintenance

Road and street conditions are largely driven by available funding and the ability to maintain an acceptable level of service. Cities commonly rely on two tools to guide this work: a Pavement Management Program (PMP) and a Pavement Condition Index (PCI). The PMP functions as a master plan identifying pavement needs, conditions, costs, and funding priorities. The PCI, based on an inventory and assessment of roadway segments, provides the condition data that informs the PMP. PCI scores range from 0 to 100, with 25 or below indicating significant deterioration and 75 or above reflecting generally acceptable conditions. A jurisdiction's average PCI can fluctuate over time due to funding levels, weather, and deferred maintenance.

The Road Repair and Accountability Act of 2017 (SB1) provides over \$368,000 in revenues to the City to fund road maintenance and rehabilitation. In FY 2022-23 a pavement management study (PMS) was completed to inform the prioritization and funding of streets throughout the City. Based on the study, there is a need for approximately \$1.45 million in funding required to maintain the City's roadways at its current PCI level of 60, which is below state average. Additional resources and funding will be required to maintain the PCI levels desired by the City. Transportation-related projects currently expect to be funded based upon additional revenue sources provided by Santa Cruz County Measure D, gas tax revenues, and SB-1 funding. SB-1 funds have helped the City increase its annual street maintenance/resurfacing program from \$75,000 to \$368,000.

## Parks & Recreation

The Parks & Recreation Department provides a variety of public parks, recreation facilities and programming for the community. These facilities include open space with hiking trails, BBQ areas and athletic fields, a community center, a dog park, large parks with playgrounds, a senior center, skate parks, smaller neighborhood parks, and tennis courts. The onset of the COVID-19 pandemic in 2020 caused nearly all of the City's recreation programs and activities to be halted as a result of restrictions, leading to staff layoffs. With restrictions lifted, the City hired Management Partners to create a Restoration Plan for the division, which included a recommendation to update the Parks Master Plan. In 2023, the City contracted Odell Engineering to develop a new Parks Master Plan, which sought

to support the Recreation Division’s vision and provide recommendations to allow residents opportunities for access, exploration, and engagement with the City’s unique parks and recreation system. The plan was adopted in August 2024 and prioritizes improvements to existing parks and pursuing partnerships, joint-use agreements and identifying other funding opportunities. In conjunction with the master plan, the 2021 Scotts Valley Recreation Services Assessment and Restoration Report emphasized building core recreation programming with high attendance and engagement rates such as aquatics, school age recreation (childcare) and summer camps, sport programs, facility rentals, senior center programs, and special events. **Table 3** is a list of the resources and services provided by the Division.

**Table 3: City of Scotts Valley Existing Parks and Facilities System**

Resource	Description
<b>Existing Parks and Facilities System</b>	The City’s park system consists of two community parks, two neighborhood parks, four mini parks, a community center, a community garden, and a performing arts center.
<b>Open Space, Trails, and Undeveloped Parks</b>	Make up over 80% of the City’s 209 acres of park land acreage and provides for hiking, horseback riding, and biking opportunities.
<b>Pool Facilities</b>	The City recently renovated and reopened the community pool called Siltanen Pool in 2023.
<b>Bikeways and Bicycle Paths</b>	The City’s park system features assets for bicycle, pedestrian, and equestrian trails and paths linking parks and neighborhoods together.
<b>Senior Center</b>	This facility can be rented for special events and has a large, multi-purpose room for up to 100 people.
<b>Recreation Division</b>	Continues to rebuild from the impacts of the pandemic, and the master plan presents an opportunity to understand and prioritize the recreational needs of the community.

**Wastewater**

The Scotts Valley Water Reclamation Facility (WRF) is owned and operated by the City to provide residents with efficient, reliable wastewater treatment services and high-quality recycled water for landscape irrigation and other potential beneficial uses. The plant was originally constructed in 1964 as a 30,000 gallon per day package wastewater treatment plant in order to provide secondary level wastewater treatment. In 1972, an activated sludge treatment system was added, and plant capacity was expanded to 1.5 million

gallons/day. Over the years plant capacity has been expanded several times to serve growth in the community, and it now has the capacity to treat 950,000 gallons each day, enough to see the City through planned build-out. The City produces annual reports evaluating the status of the wastewater system and its infrastructure. Each report since 2008 is available on the City's website. **Appendix C** provides a copy of the 2023 report.

### Reclamation Facility Upgrades

Recent plant upgrades include a Tertiary Treatment Facility that treats up to 1 million gallons per day (MGD) of recycled water. In 2001, the City received a permit from the Regional Water Quality Control Board to produce recycled water for unrestricted irrigation use. The recycled water is used mainly for irrigation at businesses, landscape medians, local parks, residences, and schools. State-of-the-art ultraviolet disinfection kills any pathogens (disease causing bacteria). Following disinfection, the tertiary treated water meets State Title 22 standards for water reuse in California and is safe for all permitted uses.

### Lift Stations

Scotts Valley owns and operates eight lift stations at various locations throughout the City. All stations are inspected three times each week. During these routine inspections, hourly readings are taken to verify normal running times and flow throughout. Stations equipped with permanent emergency generators are tested on emergency power on a weekly basis to ensure proper operation. Six stations are equipped with permanent emergency standby power. All of the City's eight stations have backup pumps, redundant controls, and alarm SCADA systems that automatically call 24-hour emergency personnel in case of a power outage or high-level conditions.

### Service Rates

The City bills for their commercial wastewater service every two months and residential customers pay through their annual property tax bill. In 2021, the City contracted with Bartle Wells Associates (BWA) to prepare a wastewater rate model to develop long-term financial projections for the wastewater enterprise and calculate wastewater rates that equitably recover the cost of providing service over the next five years. The last comprehensive wastewater study was completed during FY 2019-20. The most recent wastewater rate adjustment (9%) went into effect on July 1, 2021. The Five-Year Financial Plan was included in the adopted FY 2021-22 Annual Budget and indicated that wastewater utility would experience an operating deficit of \$28 million in planned capital improvement projects over the next decade.

In April 2021, the City reviewed a draft wastewater rate model prepared by BWA. Upon review of the draft rate model, the Council directed staff to issue a public hearing rate notice for a five-year rate model that includes a 9% increase each year. In June 2021, the Council approved rate increases for FY 2021-2022 to FY 2025-26. **Table 4** on the following page shows wastewater rates from 2021 to 2026. **Appendix D** also provides a complete copy of the wastewater rate study.

**Table 4: Wastewater Service Rates**

<b>Rates</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>
<b>Residential</b>					
<u>Single-Family</u>					
Flat Monthly Fee	\$50.67	\$55.23	\$60.21	\$65.62	\$71.53
Low-Income Homes	\$44.59	\$48.61	\$52.98	\$57.75	\$62.95
<u>Multi-Family</u>					
Flat Monthly Fee	\$35.49	\$38.68	\$42.17	\$45.96	\$50.10
Low-Income Homes	\$31.23	\$34.04	\$37.10	\$40.44	\$44.08
<u>Mobile Home</u>					
Flat Monthly Fee	\$33.81	\$36.85	\$40.17	\$43.79	\$47.73
Low-Income Homes	\$29.75	\$32.42	\$35.34	\$38.52	\$41.99
<b>Commercial &amp; Industrial</b>					
<u>Commercial and Industrial</u>					
Monthly Minimum Fee	\$50.67	\$55.23	\$60.21	\$65.62	\$71.53
<u>Charge per 100gal (w/ strength factor)</u>					
Low Strength	\$0.90	\$0.99	\$1.07	\$1.17	\$1.28
Medium Strength	\$1.21	\$1.32	\$1.44	\$1.57	\$1.71
High Strength	\$1.55	\$1.69	\$1.84	\$2.00	\$2.18

## Population and Growth

The Association of Bay Area Governments (ABAG) and the Association of Monterey Bay Area Governments (AMBAG) provide population projections for cities and counties in the Coastal Region. In general, the Coastal Region is anticipated to have slow growth over the next twenty years. Based on staff’s analysis, the population for the City of Scotts Valley in 2025 was estimated to be 11,700. **Table 5** shows the City’s anticipated population over the next twenty years. The average rate of change is 0.59%. Under this rate, projections indicate that the entire population of Scotts Valley will be approximately 12,000 by 2045.

**Table 5: Projected Population**

	2025	2030	2035	2040	2045	Average Rate of Change
Santa Cruz County (unincorporated area)	134,675	135,027	135,304	135,625	135,953	0.45%
<b>City of Scotts Valley</b>	<b>11,718</b>	<b>11,837</b>	<b>11,867</b>	<b>11,868</b>	<b>12,010</b>	<b>0.59%</b>

*Source: AMBAG 2022 Regional Growth Forecast*

## Disadvantaged Unincorporated Communities

State law requires LAFCO to identify and describe all “disadvantaged unincorporated communities” (DUCs) located within or contiguous to existing spheres of influence for cities and special districts that provide fire protection, sewer, and/or water services. DUCs are defined as inhabited unincorporated areas within an annual median household income that is 80% or less than the statewide annual median household income.

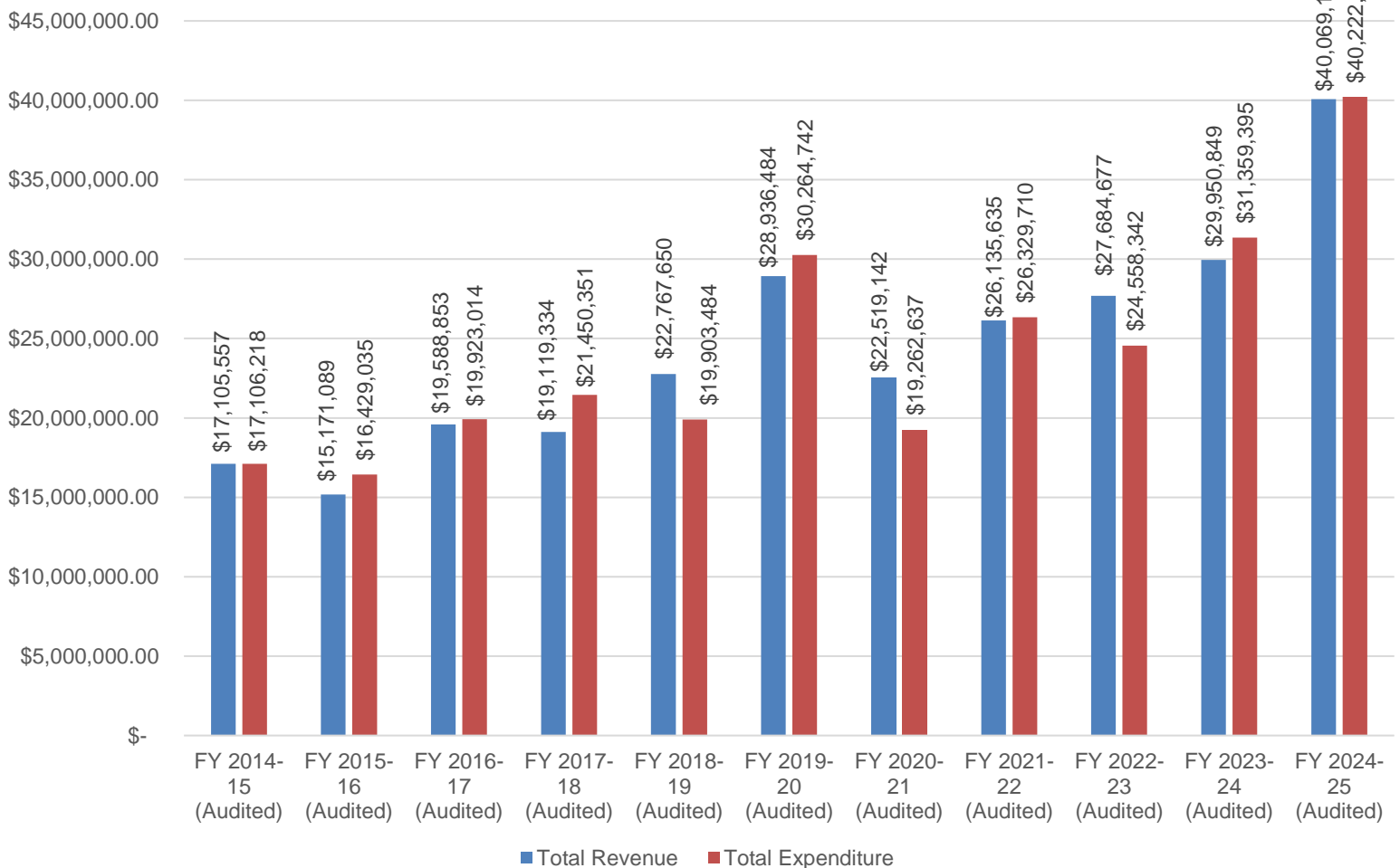
In 2020, the California statewide median household income was \$78,672 and 80% of that was \$62,938. LAFCO staff utilized the ArcGIS mapping program to locate any potential DUCs in the County. Based on the criteria set forth by SB 244, staff’s analysis indicates that there are no disadvantaged unincorporated communities within or surrounding the City of Scotts Valley.

## FINANCES

This section will highlight the City’s financial performance during the most recent fiscal years. Fiscal Year 2024-25 is the latest audited financial statement available. LAFCO evaluated the City’s financial health from 2014 to 2025. A comprehensive analysis of the City’s financial performance during the past 11 years is shown in **Tables 8 and 9** on pages 21 and 22. The sources used by LAFCO are available on the City’s website: <https://www.scottsvally.gov/427/Annual-Comprehensive-Financial-Reports>.

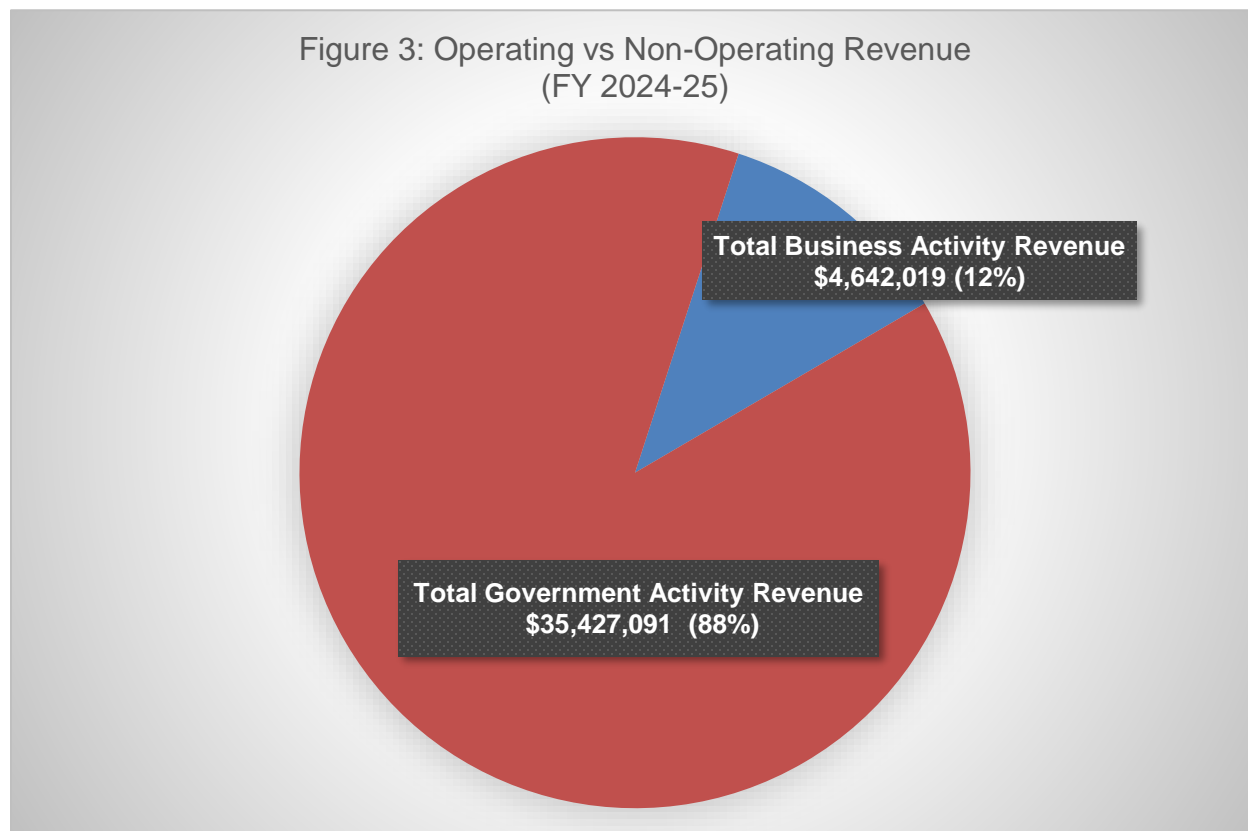
At the end of Fiscal Year 2024-25, total revenue collected was approximately \$40.1 million, representing a 34% increase from the previous year (\$29.9 million in FY 2023-24). Total expenses for FY 2024-25 were approximately \$40.2 million, which increased from the previous year by 28% (\$31.4 million in FY 23-24). The City has ended in a slight deficit in three of the last five fiscal years, as shown in **Figure 2**. While the City’s governmental activity has ended in a surplus in nine of the last 11 fiscal years, it has been the business activity that has negatively affected the City’s overall financial performance. Based on LAFCO’s analysis, the City’s business activity continues to have annual deficits each year since FY 2014-15. The City should consider raising rates for wastewater services or find methods to minimize annual expenses to address the ongoing fiscal shortage within the business activity.

Figure 2: Total Revenue vs Total Expenses (FY 2014-15 to FY 2020-21)



## Revenues

The City provides various municipal services to the Scotts Valley community. For financial purposes, the City categorizes its operations under two divisions: Government and Business-type activities. The primary source of revenue comes from government activities (88%), as shown in **Figure 3**. The following section summarizes the revenue stream from both categories.



### **Measure Z (2020)**

Measure Z was a sales tax increase measure approved by voters of Scotts Valley in March 2020 as a response to a growing fiscal emergency. The ballot measure authorized the city to remove the 0.50% general sales tax and impose a new rate of 1.25%, increasing the total tax rate in the City to 9.75%. The measure is expected to generate \$3.3 million in revenue for the general fund for the next twelve years. Proceeds from the tax are deposited into the General Fund and are used to fund general city services such as local 911 dispatch, police, emergency preparedness, park maintenance, and street and storm drain repair. In 2025, property taxes made up 8% of total revenues per year for the City while Measure Z accounted for 18%<sup>1</sup>.

For FY 2024-25, the City recorded revenues of approximately \$4,300,000 from Measure Z, a decrease of 3% from the previous year (or approximately \$152,000), reflecting changes in local economic activity. Revenue from Measure Z is expected to remain flat for FY 2024-25. As already stated, the measure includes a sunset of 12 years and is set to expire in 2031.

<sup>1</sup> <https://www.scottsvally.gov/DocumentCenter/View/5733/City-Manager-Budget-Message-FY2526-Final>

Business Activity Revenue

The City provides wastewater services to residents funded through user fees. In FY 2024-25, revenues from this category increased by \$400,000 or 9% from the previous year. Charges for services increased in Wastewater by \$311,000 due primarily to planned annual fee increases of 9% to wastewater rate payers. Combining data from the previous service review completed in 2021, the City has experienced 11 consecutive years of business activity deficits with expenditures outpacing revenues.

Based on LAFCO staff’s analysis, total revenue from business activities continues to be lower than total expenditures, resulting in the ongoing deficit. **Table 6** shows the City’s business activity revenue trend from 2019 to 2025. The 2021 service review also noted five consecutive years of deficits. During the last five years, the average total revenue has increased by approximately \$90,000. However, the average total expenditure has also risen approximately \$73,000 as shown on **Table 7** on page 18.

**Table 6: Business Activity – Total Revenue**

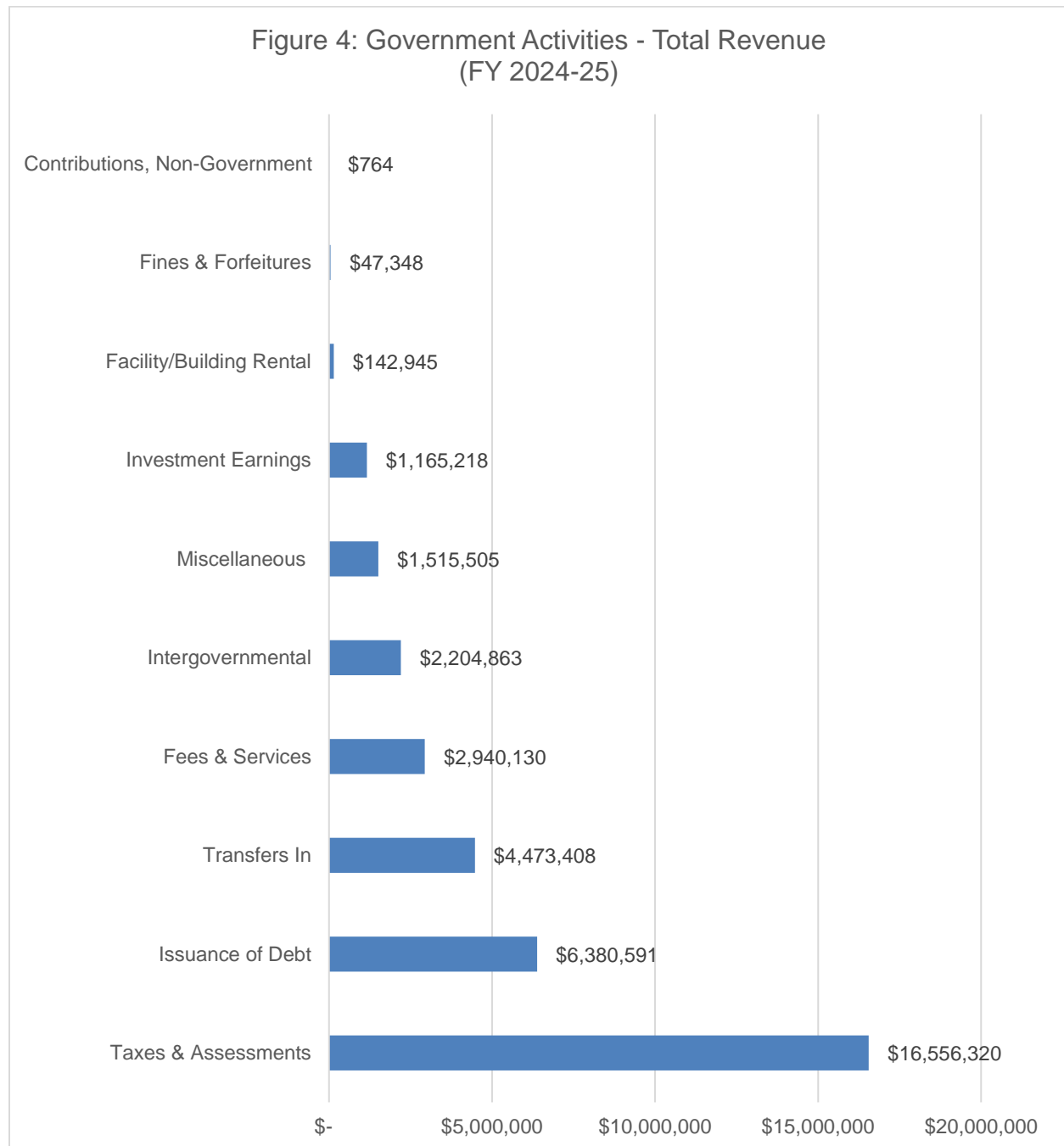
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
<b>Total Revenue</b>	<b>\$4,188,986</b>	<b>\$3,432,413</b>	<b>\$4,044,044</b>	<b>\$3,818,066</b>	<b>\$4,241,941</b>	<b>\$4,642,019</b>
Difference (\$)		\$(756,573)	\$611,631	\$(225,978)	\$423,875	\$400,078
Difference (%)		-18%	18%	-6%	11%	9%



*Photo Courtesy of Soaring Eagle Eyes  
(Paul Regan)*

### Government Activity Revenue

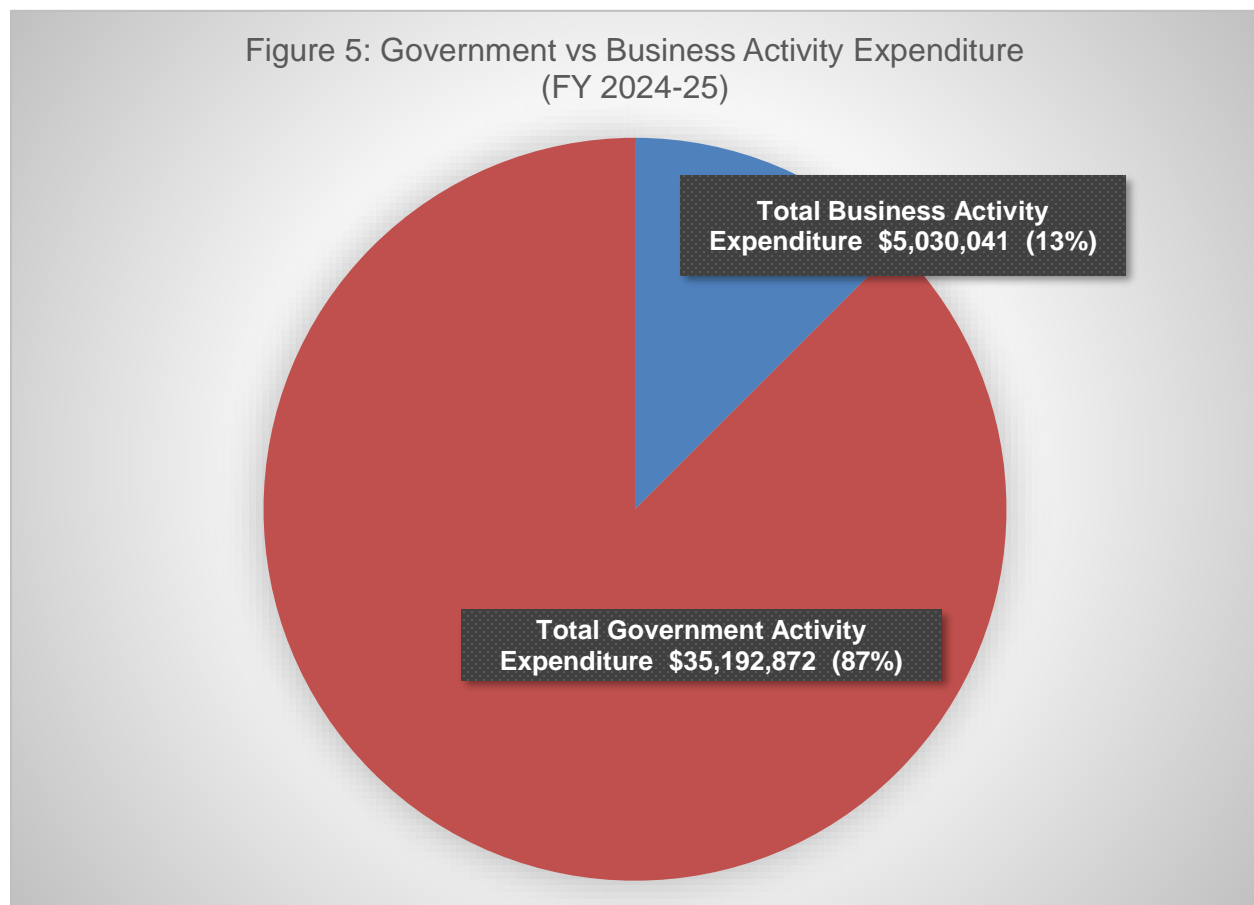
All other services are provided by the City through government activities. In FY 2024-25, revenues from governmental activities increased from the previous year by approximately \$10 million or 38% - FY 24-25 total revenue was approximately \$35 million compared to FY 23-24 (approximately \$26 million). Based on LAFCO staff's analysis, the City's primary source of government activity revenue is from taxes and assessments (47%), as shown in the figure below.



## Expenditures

### Business Activity Expenses

The City’s business expenses represented approximately 13% of total expenditure during FY 2024-25, as shown in **Figure 5**. As previously mentioned, the average total revenue from business activities from FY 2019-20 to FY 2024-25 was approximately \$4 million. However, based on LAFCO staff’s analysis, total expenses from business have been increasing since FY 2022-23, with an average total expenditure of approximately \$4.7 million. **Table 7** shows the trends in total expenses for business activities. As previously stated, combining data from the previous service review completed in 2021, the City has experienced 11 consecutive years of business activity deficits with expenditures outpacing revenues as seen on **Table 9** on page 21.



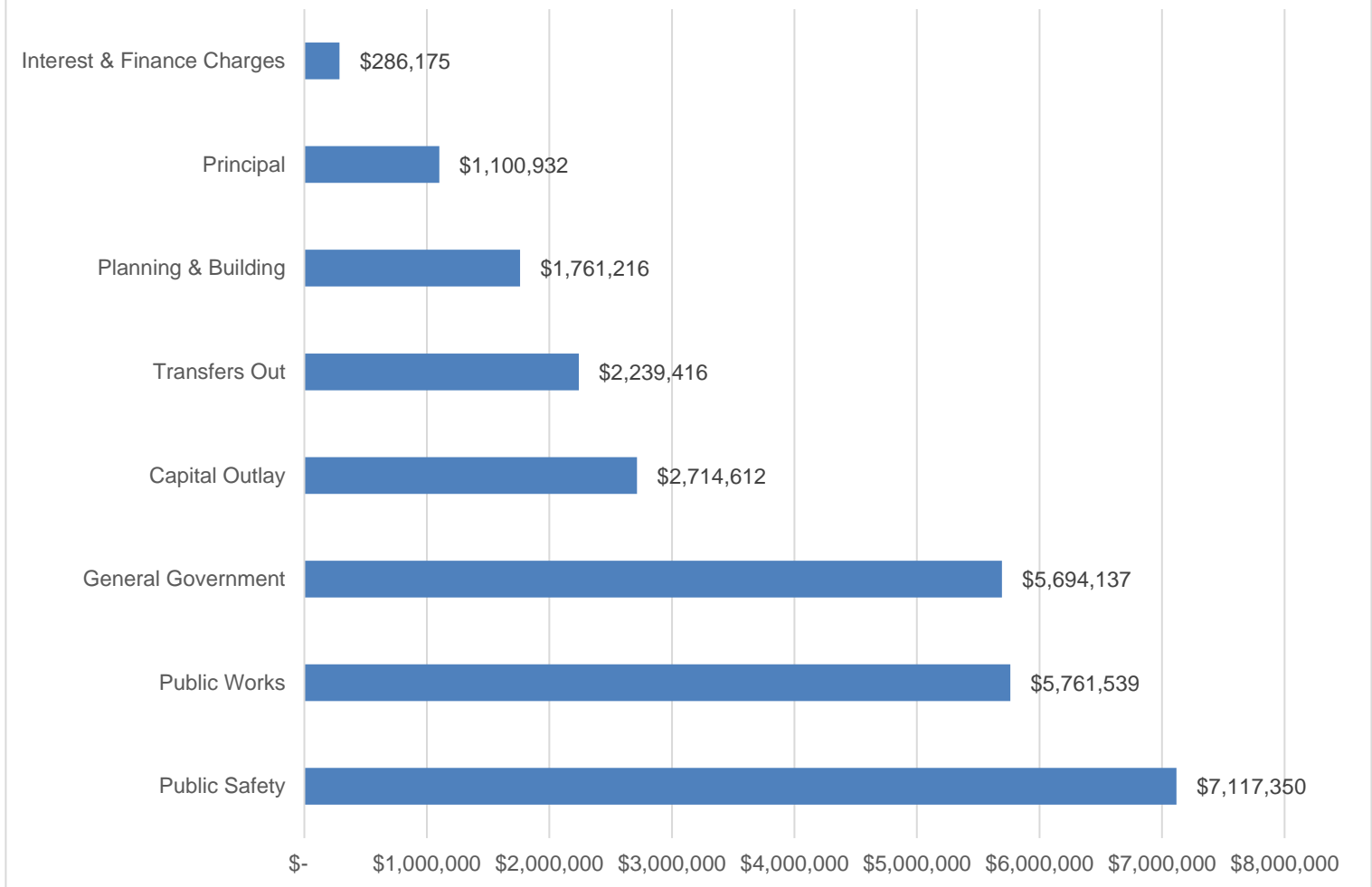
**Table 7: Business Activity – Total Expenses**

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-2023	FY 2023-24	FY 2024-2025
<b>Total Expenses</b>	<b>\$4,560,241</b>	<b>\$3,737,000</b>	<b>\$5,888,966</b>	<b>\$4,036,722</b>	<b>\$4,684,018</b>	<b>\$5,030,041</b>
Difference (\$)		\$(823,241)	\$2,151,966	\$(1,852,244)	\$647,296	\$346,023
Difference (%)		-18%	58%	-31%	16%	7%

### Government Activity Expenses

In FY 2024-25, government activity expenses increased by approximately \$8.5 million from the previous year. The change was due primarily to an increase in capital outlay expenses and staff salary and benefits adjustments, respectively. Based on LAFCO staff's analysis, the City's primary government activity expenses are derived from Public Safety (27%) and Public Works (22%). **Figure 6** provides a breakdown of all expenses associated with the City's government activity expenses.

Figure 6: Government Activity - Total Expenditure (FY 2024-25)



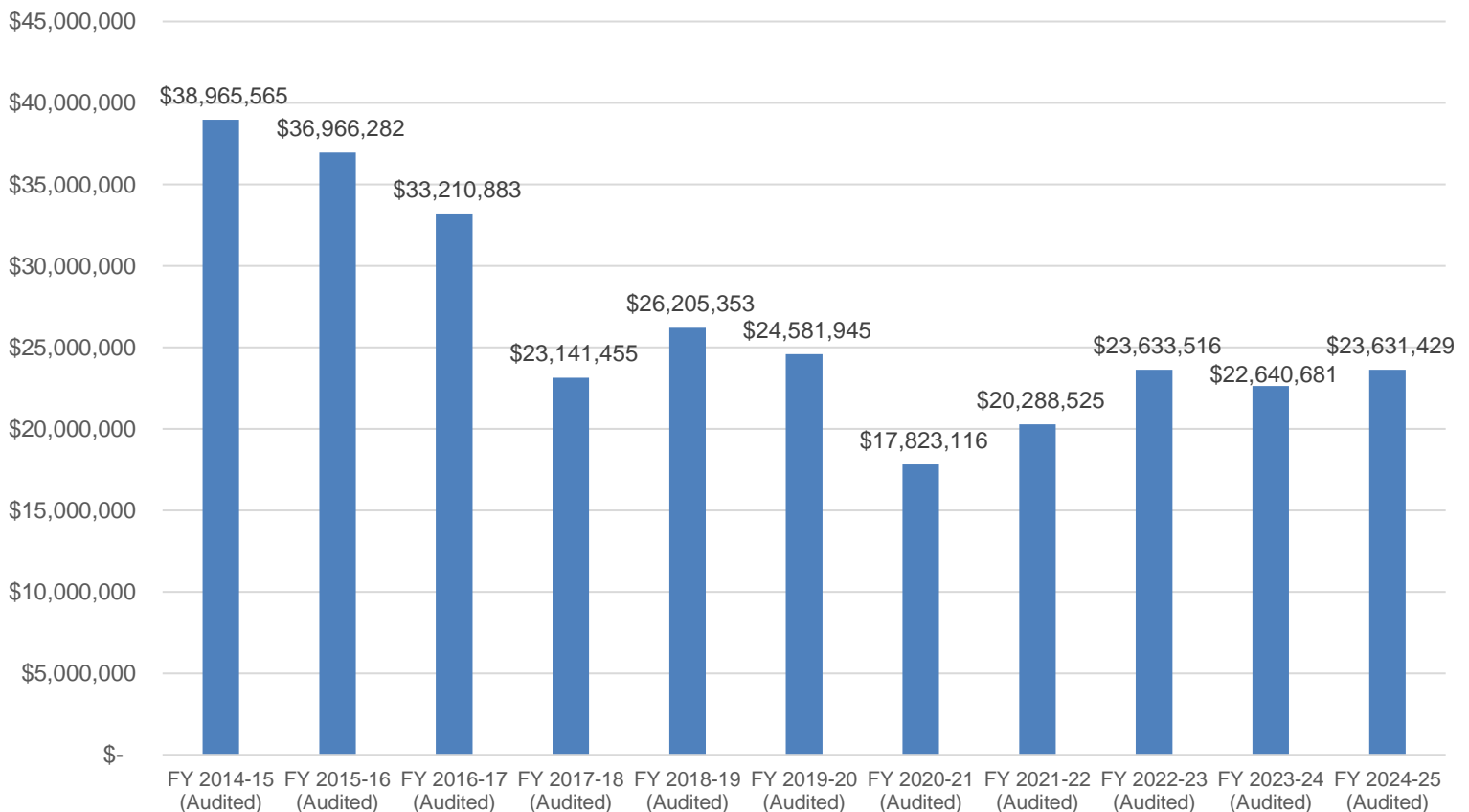
## Fund Balance / Net Position

As of June 30, 2025, the total net position balance ended with approximately \$24 million. The following table highlights the net position balance from 2019 to 2025. As shown in **Table 8**, the City’s fund balance experienced an increase in each year except for FY 2020-21 and FY 2024-25. However, the City has seen a gradual decrease in total reserves since FY 2014-15, as shown in **Figure 7**. That being said, the healthy balance of \$24 million in the City’s Fund Balance will be critical in the event that Scotts Valley faces further unintended expenses, major capital improvement projects, or emergency repairs.

**Table 8: Net Position (2019 to 2026)**

	FY 19-20 (Audited)	FY 20-21 (Audited)	FY 21-22 (Audited)	FY 22-23 (Audited)	FY 23-24 (Audited)	FY 24-25 (Audited)
Beginning Balance	\$26,698,000	\$14,262,024	\$18,637,678	\$20,288,525	\$23,607,150	\$23,397,209
<b>Ending Balance</b>	<b><u>\$24,581,945</u></b>	<b><u>\$17,823,116</u></b>	<b><u>\$20,288,525</u></b>	<b><u>\$23,633,516</u></b>	<b><u>\$22,640,681</u></b>	<b><u>\$23,631,429</u></b>
Difference (\$)		\$(6,758,829)	\$2,465,409	\$3,344,991	\$(992,835)	\$990,748
Difference (%)		-27%	14%	16%	-4%	4%

**Figure 7: Net Position from 2014 to 2025 (Ending Balance)**



**Table 9: Total Revenue & Expenditure (Business & Government Activities)**

	FY 2014-15 (Audited)	FY 2015-16 (Audited)	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)	FY 2022-23 (Audited)	FY 2023-24 (Audited)	FY 2024-25 (Audited)
<b>BUSINESS ACTIVITY (RECREATION &amp; WASTEWATER)</b>											
<b>REVENUE</b>											
Fees & Services	\$ 2,831,207	\$ 3,037,054	\$ 2,998,479	\$ 3,443,087	\$ 3,709,621	\$ 3,733,345	\$ 2,957,820	\$ 3,236,038	\$ 3,375,470	\$ 4,115,632	\$ 4,427,136
Capital Contributions	\$ -	\$ -	\$ 58,280	\$ 318,981	\$ 225,624	\$ 31,204	\$ 116,195	\$ 259,368	\$ 126,707	\$ 20,891	\$ 108,559
Transfers In	\$ 438,214	\$ 8,604	\$ 331,634	\$ 221,227	\$ 97,084	\$ 380,535	\$ 354,905	\$ 540,728	\$ 213,198	\$ -	\$ -
Connection Fees	\$ 78,371	\$ 28,989	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Income	\$ 5,842	\$ 8,604	\$ 13,145	\$ 18,117	\$ 36,476	\$ 43,902	\$ 3,493	\$ 7,910	\$ 102,691	\$ 105,418	\$ 106,324
<b>Total Revenue</b>	<b>\$ 3,353,634</b>	<b>\$ 3,083,251</b>	<b>\$ 3,401,538</b>	<b>\$ 4,001,412</b>	<b>\$ 4,068,805</b>	<b>\$ 4,188,986</b>	<b>\$ 3,432,413</b>	<b>\$ 4,044,044</b>	<b>\$ 3,818,066</b>	<b>\$ 4,241,941</b>	<b>\$ 4,642,019</b>
<b>EXPENDITURE</b>											
Salaries	\$ 1,017,465	\$ 1,125,503	\$ 1,165,982	\$ 1,111,908	\$ 1,212,772	\$ 1,031,992	\$ 582,077	\$ 587,675	\$ 783,456	\$ 643,413	\$ 807,909
Taxes & Benefits	\$ 502,362	\$ 756,914	\$ 1,978,311	\$ 2,857,405	\$ 959,372	\$ 789,170	\$ 750,304	\$ 1,599,665	\$ 51,242	\$ 979,277	\$ 669,913
Maintenance & Operations	\$ 770,240	\$ 813,452	\$ 883,338	\$ 752,588	\$ 827,977	\$ 1,059,296	\$ 828,209	\$ 1,849,921	\$ 918,738	\$ 998,115	\$ 1,176,228
Advertising	\$ 8,731	\$ 7,778	\$ 8,838	\$ 8,459	\$ 7,642	\$ 494	\$ -	\$ -	\$ 6,969	\$ -	\$ -
Professional & Contractual Services	\$ 221,436	\$ 216,984	\$ 256,746	\$ 208,878	\$ 213,530	\$ 237,602	\$ 154,286	\$ 324,757	\$ 449,782	\$ 236,613	\$ 292,474
Utilities & Communications	\$ 375,972	\$ 347,716	\$ 390,761	\$ 420,045	\$ 446,410	\$ 436,004	\$ 393,102	\$ 437,316	\$ 541,471	\$ 558,620	\$ 747,375
Insurance & Bonds	\$ 64,467	\$ 66,862	\$ 62,108	\$ 157,181	\$ 205,967	\$ 146,822	\$ 188,400	\$ 242,546	\$ 342,105	\$ 324,650	\$ 343,941
Depreciation	\$ 763,486	\$ 777,802	\$ 784,270	\$ 788,390	\$ 795,353	\$ 777,828	\$ 760,301	\$ 775,977	\$ 876,123	\$ 890,271	\$ 939,967
Transfers Out	\$ 427,278	\$ 297,037	\$ 232,236	\$ 302,515	\$ 150,495	\$ 81,033	\$ 80,321	\$ 71,109	\$ 66,836	\$ 53,059	\$ 52,234
<b>Total Expenditure</b>	<b>\$ 4,151,437</b>	<b>\$ 4,409,872</b>	<b>\$ 5,762,590</b>	<b>\$ 6,607,369</b>	<b>\$ 4,819,518</b>	<b>\$ 4,560,241</b>	<b>\$ 3,737,000</b>	<b>\$ 5,888,966</b>	<b>\$ 4,036,722</b>	<b>\$ 4,684,018</b>	<b>\$ 5,030,041</b>
<b>Surplus/(Deficit)</b>	<b>\$ (797,803)</b>	<b>\$ (1,326,621)</b>	<b>\$ (2,361,052)</b>	<b>\$ (2,605,957)</b>	<b>\$ (750,713)</b>	<b>\$ (371,255)</b>	<b>\$ (304,587)</b>	<b>\$ (1,844,922)</b>	<b>\$ (218,656)</b>	<b>\$ (442,077)</b>	<b>\$ (388,022)</b>
<b>GOVERNMENT ACTIVITY</b>											
<b>REVENUE</b>											
Taxes & Assessments	\$ 9,444,126	\$ 9,362,093	\$ 9,675,857	\$ 10,314,528	\$ 12,167,669	\$ 11,117,073	\$ 14,120,985	\$ 17,055,380	\$ 15,839,330	\$ 16,172,387	\$ 16,556,320
Intergovernmental	\$ 1,062,025	\$ 152,753	\$ 288,725	\$ 803,971	\$ 1,744,402	\$ 1,048,976	\$ 1,657,378	\$ 684,297	\$ 3,690,925	\$ 2,602,945	\$ 2,204,863
Fees & Services	\$ 1,285,952	\$ 1,192,986	\$ 2,344,647	\$ 1,578,574	\$ 2,658,009	\$ 1,360,195	\$ 1,768,492	\$ 3,278,328	\$ 2,098,721	\$ 2,510,001	\$ 2,940,130
Fines & Forfeitures	\$ 70,470	\$ 35,411	\$ 37,680	\$ 35,013	\$ 44,265	\$ 31,442	\$ 17,510	\$ 17,438	\$ 24,860	\$ 47,138	\$ 47,348
Contributions, Non-Government	\$ 19,911	\$ 2,306	\$ 2,865	\$ 167,840	\$ 18,468	\$ 8,505	\$ 1,653	\$ 1,150	\$ 95,210	\$ 156,677	\$ 764
Facility/Building Rental	\$ 22,500	\$ 44,910	\$ 32,760	\$ 32,760	\$ 288,912	\$ 112,354	\$ 155,255	\$ 260,050	\$ 86,961	\$ 249,162	\$ 142,945
Investment Earnings	\$ 92,967	\$ 54,860	\$ 63,020	\$ 93,966	\$ 169,847	\$ 242,988	\$ 34,156	\$ (155,705)	\$ 277,514	\$ 1,186,631	\$ 1,165,218
Miscellaneous	\$ 525,360	\$ 517,064	\$ 1,378,011	\$ 649,132	\$ 336,900	\$ 315,312	\$ 599,111	\$ 196,600	\$ 352,449	\$ 510,374	\$ 1,515,505
Transfers In	\$ 1,228,612	\$ 725,455	\$ 1,616,826	\$ 1,442,138	\$ 1,270,373	\$ 694,017	\$ 732,189	\$ 754,053	\$ 692,520	\$ 2,273,593	\$ 4,473,408
Issuance of Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,460,000	\$ -	\$ -	\$ 708,121	\$ -	\$ 6,380,591
Premium from Issuance of Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 356,636	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of Real Property	\$ -	\$ -	\$ 746,924	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Revenue</b>	<b>\$13,751,923</b>	<b>\$12,087,838</b>	<b>\$16,187,315</b>	<b>\$ 15,117,922</b>	<b>\$18,698,845</b>	<b>\$24,747,498</b>	<b>\$19,086,729</b>	<b>\$22,091,591</b>	<b>\$23,866,611</b>	<b>\$25,708,908</b>	<b>\$35,427,092</b>
<b>EXPENDITURE</b>											
<b>Current Liability</b>											
General Government	\$ 1,814,779	\$ 1,942,389	\$ 2,216,039	\$ 2,134,089	\$ 2,434,443	\$ 3,204,004	\$ 2,983,275	\$ 3,747,809	\$ 4,864,024	\$ 5,694,137	\$ 5,979,787
Public Safety	\$ 4,511,889	\$ 4,927,713	\$ 4,960,402	\$ 5,217,774	\$ 5,238,107	\$ 5,621,165	\$ 5,030,108	\$ 5,959,606	\$ 6,755,702	\$ 7,117,350	\$ 7,816,665
Planning & Building	\$ 929,264	\$ 1,182,716	\$ 1,336,664	\$ 1,089,776	\$ 1,277,550	\$ 1,365,244	\$ 1,336,531	\$ 2,195,408	\$ 1,522,430	\$ 1,761,216	\$ 1,849,040
Public Works	\$ 1,753,952	\$ 1,979,404	\$ 1,925,211	\$ 2,307,435	\$ 2,026,962	\$ 1,965,277	\$ 1,946,247	\$ 2,464,692	\$ 3,667,628	\$ 5,761,539	\$ 4,209,877
Recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 783,731
Capital Outlay	\$ 1,902,961	\$ 446,373	\$ 1,193,706	\$ 1,757,388	\$ 1,901,832	\$ 1,772,238	\$ 2,060,807	\$ 3,672,055	\$ 1,666,441	\$ 2,714,612	\$ 8,653,973
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Principal	\$ 445,000	\$ 465,000	\$ 470,000	\$ 600,000	\$ 630,000	\$ 870,000	\$ 815,000	\$ 860,000	\$ 915,000	\$ 1,100,932	\$ 1,220,386
Interest & Finance Charges	\$ 357,388	\$ 350,058	\$ 342,178	\$ 375,670	\$ 358,110	\$ 273,769	\$ 346,896	\$ 317,502	\$ 291,513	\$ 286,175	\$ 258,942
Payment to Escrow	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,639,285	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers Out	\$ 1,239,548	\$ 725,510	\$ 1,716,224	\$ 1,360,850	\$ 1,216,962	\$ 993,519	\$ 1,006,773	\$ 1,223,672	\$ 838,882	\$ 2,239,416	\$ 4,420,471
<b>Total Expenditure</b>	<b>\$12,954,781</b>	<b>\$12,019,163</b>	<b>\$14,160,424</b>	<b>\$ 14,842,982</b>	<b>\$15,083,966</b>	<b>\$25,704,501</b>	<b>\$15,525,637</b>	<b>\$20,440,744</b>	<b>\$20,521,620</b>	<b>\$26,675,377</b>	<b>\$35,192,872</b>
<b>Surplus/(Deficit)</b>	<b>\$ 797,142</b>	<b>\$ 68,675</b>	<b>\$ 2,026,891</b>	<b>\$ 274,940</b>	<b>\$ 3,614,879</b>	<b>\$ (957,003)</b>	<b>\$ 3,561,092</b>	<b>\$ 1,650,847</b>	<b>\$ 3,344,991</b>	<b>\$ (966,469)</b>	<b>\$ 234,220</b>
CITY OF SCOTTS VALLEY - TOTAL REVENUE	\$17,105,557	\$15,171,089	\$19,588,853	\$ 19,119,334	\$22,767,650	\$28,936,484	\$22,519,142	\$26,135,635	\$27,684,677	\$29,950,849	\$40,069,111
CITY OF SCOTTS VALLEY - TOTAL EXPENDITURE	\$17,106,218	\$16,429,035	\$19,923,014	\$ 21,450,351	\$19,903,484	\$30,264,742	\$19,262,637	\$26,329,710	\$24,558,342	\$31,359,395	\$40,222,913
<b>CITY OF SCOTTS VALLEY - SURPLUS/(DEFICIT)</b>	<b>\$ (661)</b>	<b>\$ (1,257,946)</b>	<b>\$ (334,161)</b>	<b>\$ (2,331,017)</b>	<b>\$ 2,864,166</b>	<b>\$ (1,328,258)</b>	<b>\$ 3,256,505</b>	<b>\$ (194,075)</b>	<b>\$ 3,126,335</b>	<b>\$ (1,408,546)</b>	<b>\$ (153,802)</b>
<b>NET POSITION</b>											
	FY 2014-15 (Audited)	FY 2015-16 (Audited)	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)	FY 2022-23 (Audited)	FY 2023-24 (Audited)	FY 2024-25 (Audited)
Beginning of Year (as restated)	\$38,175,933	\$38,965,565	\$36,966,282	\$ 33,210,883	\$23,116,856	\$26,698,000	\$14,262,024	\$18,637,678	\$20,288,525	\$23,607,150	\$23,397,209
<b>End of Year</b>	<b>\$38,965,565</b>	<b>\$36,966,282</b>	<b>\$33,210,883</b>	<b>\$ 23,141,455</b>	<b>\$26,205,353</b>	<b>\$24,581,945</b>	<b>\$17,823,116</b>	<b>\$20,288,525</b>	<b>\$23,633,516</b>	<b>\$22,640,681</b>	<b>\$23,631,429</b>

**Table 10: Total Assets & Liabilities**

	FY 2014-15 (Audited)	FY 2015-16 (Audited)	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)	FY 2022-23 (Audited)	FY 2023-24 (Audited)	FY 2024-25 (Audited)
<b>ASSETS</b>											
<b>Current Assets:</b>											
Cash and Cash Equivalents	\$ 9,386,812	\$ 9,315,977	\$ 10,649,653	\$ 11,626,777	\$ 15,541,820	\$ 14,453,832	\$ 19,109,946	\$ 21,862,387	\$ 25,400,456	\$ 21,470,560	\$ 19,723,849
Receivables	\$ 2,571,376	\$ 1,861,165	\$ 1,651,568	\$ 1,967,127	\$ 1,660,244	\$ 2,636,091	\$ 2,275,048	\$ 4,294,421	\$ 2,548,044	\$ 4,540,748	\$ 3,186,283
Lease Receivable - Current Portion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 159,985	\$ 155,608	\$ 82,084	\$ 69,310
Prepays	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,020	\$ 69,265	\$ 76,895
<b>Total Current Assets</b>	<b>\$11,958,188</b>	<b>\$ 11,177,142</b>	<b>\$ 12,301,221</b>	<b>\$ 13,593,904</b>	<b>\$ 17,202,064</b>	<b>\$ 17,089,923</b>	<b>\$ 21,384,994</b>	<b>\$ 26,316,793</b>	<b>\$ 28,149,128</b>	<b>\$ 26,162,657</b>	<b>\$ 23,056,337</b>
<b>Non-current Assets:</b>											
Inventory	\$ 2,688	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid Expenses	\$ 2,813	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Advances to Redevelopment Successor Agency	\$ 6,697,376	\$ 6,686,056	\$ 6,603,131	\$ 6,641,886	\$ 6,641,886	\$ 6,641,886	\$ 5,746,928	\$ 4,932,365	\$ 4,932,365	\$ 4,932,365	\$ 2,366,126
Loans Receivable	\$ 2,371,816	\$ 2,921,816	\$ 3,571,816	\$ 3,374,636	\$ 3,294,636	\$ 3,376,109	\$ 3,310,211	\$ 2,909,909	\$ 2,909,909	\$ 4,554,089	\$ 4,439,276
Lease Receivable - Noncurrent Portion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 505,379	\$ 350,559	\$ 358,189	\$ 817,006
Restricted Cash with Fiscal Agent	\$ 98,920	\$ 99,003	\$ 99,356	\$ 100,487	\$ 101,461	\$ 3,397	\$ 33,184	\$ 25,021	\$ 19,946	\$ 16,802	\$ 2,280,474
<b>Capital Assets:</b>											
Nondepreciable	\$ 7,448,784	\$ 7,507,213	\$ 7,962,399	\$ 8,068,949	\$ 8,137,171	\$ 9,338,297	\$ 8,923,679	\$ 11,751,852	\$ 9,069,729	\$ 11,006,429	\$ 16,667,751
Depreciable, Net	\$37,839,351	\$ 36,056,956	\$ 34,616,531	\$ 34,528,828	\$ 34,358,227	\$ 32,912,876	\$ 33,501,373	\$ 32,918,675	\$ 35,838,770	\$ 35,940,116	\$ 37,643,625
Net Capital Assets	\$45,288,135	\$ 43,564,169	\$ 42,578,930	\$ 42,597,777	\$ 42,495,398	\$ 42,251,173	\$ 42,425,052	\$ 44,670,527	\$ 44,908,499	\$ 46,946,545	\$ 54,311,376
<b>Total Noncurrent Assets</b>	<b>\$54,461,748</b>	<b>\$ 53,271,044</b>	<b>\$ 52,853,233</b>	<b>\$ 52,714,786</b>	<b>\$ 52,533,381</b>	<b>\$ 52,272,565</b>	<b>\$ 51,515,375</b>	<b>\$ 53,043,201</b>	<b>\$ 53,121,278</b>	<b>\$ 56,807,990</b>	<b>\$ 64,214,258</b>
<b>Total Assets</b>	<b>\$66,419,936</b>	<b>\$ 64,448,186</b>	<b>\$ 65,154,454</b>	<b>\$ 66,308,690</b>	<b>\$ 69,735,445</b>	<b>\$ 69,362,488</b>	<b>\$ 72,900,369</b>	<b>\$ 79,359,994</b>	<b>\$ 81,270,406</b>	<b>\$ 82,970,647</b>	<b>\$ 87,270,595</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>											
Deferred Outflows from Pension	\$ -	\$ 1,619,831	\$ 3,690,903	\$ 4,773,546	\$ 4,033,631	\$ 3,993,748	\$ 3,978,587	\$ 4,076,489	\$ 9,434,312	\$ 9,273,817	\$ 7,163,471
Deferred Outflows from OPEB	\$ -	\$ -	\$ -	\$ 426,690	\$ 480,332	\$ 1,192,078	\$ 1,364,066	\$ 1,320,689	\$ 1,214,274	\$ 1,009,532	\$ 3,674,414
Deferred Loss on Refunding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 794,889	\$ 761,768	\$ 728,648	\$ 695,528	\$ 662,408	\$ 640,288
<b>Total Deferred Outflows of Resources</b>	<b>\$ -</b>	<b>\$ 1,619,831</b>	<b>\$ 3,690,903</b>	<b>\$ 5,200,236</b>	<b>\$ 4,513,963</b>	<b>\$ 5,980,715</b>	<b>\$ 6,104,421</b>	<b>\$ 6,125,826</b>	<b>\$ 11,344,114</b>	<b>\$ 10,945,757</b>	<b>\$ 11,478,173</b>
<b>LIABILITIES</b>											
<b>Current Liabilities:</b>											
Accounts Payable	\$ 401,804	\$ 362,999	\$ 457,031	\$ 734,314	\$ 458,929	\$ 896,903	\$ 727,413	\$ 1,360,515	\$ 1,621,725	\$ 855,450	\$ 1,436,853
Accrued Liabilities	\$ 159,792	\$ 209,274	\$ 249,424	\$ 249,435	\$ 258,766	\$ 305,336	\$ 61,106	\$ 106,429	\$ 375,307	\$ 248,940	\$ 293,097
Deposits Payable	\$ -	\$ -	\$ -	\$ 725,745	\$ 724,674	\$ 716,785	\$ 719,359	\$ 720,779	\$ 623,994	\$ 626,499	\$ 621,150
Unearned Revenue	\$ 296,674	\$ 173,537	\$ 131,662	\$ 176,566	\$ 141,736	\$ 37,768	\$ 7,336	\$ 1,373,993	\$ 1,000	\$ 7,493	\$ 117,320
Accrued Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,541	\$ 64,921	\$ 175,046	\$ 52,149
OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 701,911
Long-term Debt (Current Portion)	\$ 911,428	\$ 925,980	\$ 959,225	\$ 1,247,290	\$ 1,140,681	\$ 1,363,992	\$ 1,144,879	\$ 1,396,317	\$ 1,643,716	\$ 1,864,412	\$ 1,512,083
<b>Total Current Liabilities</b>	<b>\$ 1,769,698</b>	<b>\$ 1,671,790</b>	<b>\$ 1,797,342</b>	<b>\$ 3,133,350</b>	<b>\$ 2,724,786</b>	<b>\$ 3,320,784</b>	<b>\$ 2,660,093</b>	<b>\$ 5,028,574</b>	<b>\$ 4,330,663</b>	<b>\$ 3,777,840</b>	<b>\$ 4,734,563</b>
<b>Non-current Liabilities:</b>											
Accrued Interest	\$ 2,800,950	\$ 2,956,294	\$ 3,111,638	\$ 3,277,394	\$ 3,423,420	\$ 118,594	\$ 89,135	\$ -	\$ -	\$ -	\$ -
Long-term Debt (Non-current Portion)	\$ 9,337,561	\$ 23,239,459	\$ 28,845,734	\$ 39,562,189	\$ 7,927,505	\$ 10,735,733	\$ 10,102,438	\$ 8,971,615	\$ 8,281,392	\$ 7,093,600	\$ 13,128,329
Net Pension Liability	\$ 9,088,772	\$ -	\$ -	\$ -	\$ 17,021,799	\$ 18,424,996	\$ 19,903,650	\$ 12,883,534	\$ 23,030,789	\$ 24,516,069	\$ 24,226,956
Net OPEB Liability	\$ 2,559,438	\$ -	\$ -	\$ -	\$ 14,102,811	\$ 15,524,839	\$ 15,675,983	\$ 16,143,282	\$ 13,203,423	\$ 13,133,373	\$ 13,314,410
<b>Total Non-current Liabilities</b>	<b>\$23,786,721</b>	<b>\$ 26,195,753</b>	<b>\$ 31,957,372</b>	<b>\$ 42,839,583</b>	<b>\$ 42,475,535</b>	<b>\$ 44,804,162</b>	<b>\$ 45,771,206</b>	<b>\$ 37,998,431</b>	<b>\$ 44,515,604</b>	<b>\$ 44,743,042</b>	<b>\$ 50,669,695</b>
<b>Total Liabilities</b>	<b>\$25,556,419</b>	<b>\$ 27,867,543</b>	<b>\$ 33,754,714</b>	<b>\$ 45,972,933</b>	<b>\$ 45,200,321</b>	<b>\$ 48,124,946</b>	<b>\$ 48,431,299</b>	<b>\$ 43,027,005</b>	<b>\$ 48,846,267</b>	<b>\$ 48,520,882</b>	<b>\$ 55,404,258</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>											
Deferred Inflows from Pension	\$ 2,919,953	\$ 1,234,192	\$ 1,879,760	\$ 1,195,604	\$ 1,169,454	\$ 1,313,124	\$ 930,348	\$ 10,743,449	\$ 2,036,888	\$ 1,161,212	\$ 684,823
Deferred Inflows from OPEB	\$ -	\$ -	\$ -	\$ 1,198,936	\$ 1,674,280	\$ 1,323,188	\$ 1,627,422	\$ 1,159,310	\$ 3,498,557	\$ 2,857,308	\$ 4,448,323
Deferred Inflows from Lease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 665,363	\$ 506,166	\$ 440,273	\$ 886,316
<b>Total Deferred Inflows of Resources</b>	<b>\$ 2,919,953</b>	<b>\$ 1,234,192</b>	<b>\$ 1,879,760</b>	<b>\$ 2,394,540</b>	<b>\$ 2,843,734</b>	<b>\$ 2,636,312</b>	<b>\$ 2,557,770</b>	<b>\$ 12,568,122</b>	<b>\$ 6,041,611</b>	<b>\$ 4,458,793</b>	<b>\$ 6,019,462</b>
<b>NET POSITION</b>											
Net Investment in Capital Assets	\$39,313,692	\$ 43,564,169	\$ 42,578,930	\$ 36,312,189	\$ 34,476,629	\$ 35,261,698	\$ 34,278,715	\$ 36,983,815	\$ 37,246,360	\$ 39,953,218	\$ 41,163,870
Restricted	\$ 6,862,674	\$ 7,774,737	\$ 8,576,975	\$ 8,758,440	\$ 8,775,618	\$ 9,056,603	\$ 10,529,435	\$ 12,109,666	\$ 11,962,117	\$ 12,224,746	\$ 15,165,457
Unrestricted	\$ (7,210,801)	\$ (14,372,624)	\$ (17,945,022)	\$ (21,929,174)	\$ (17,046,894)	\$ (19,736,356)	\$ (16,792,429)	\$ (19,202,788)	\$ (11,481,835)	\$ (11,241,235)	\$ (19,004,279)
<b>Total Net Position</b>	<b>\$38,965,565</b>	<b>\$ 36,966,282</b>	<b>\$ 33,210,883</b>	<b>\$ 23,141,455</b>	<b>\$ 26,205,353</b>	<b>\$ 24,581,945</b>	<b>\$ 28,015,721</b>	<b>\$ 29,890,693</b>	<b>\$ 37,726,642</b>	<b>\$ 40,936,729</b>	<b>\$ 37,325,048</b>

# GOVERNANCE

## Legal Authority

The City of Scotts Valley operates under Title 4: Government of Cities (Section 34000 et seq. of the California Government Code) for the purpose of establishing and enforcing local ordinances in the Scotts Valley community. The California Constitution gives cities the power to become charter cities. The distinction between general law and charter cities is that charter cities have superseding authority over certain “municipal affairs.” Examples of municipal affairs include election matters, land use designations, and budgetary practices. Cities that have not adopted a charter are general law cities, such as Scotts Valley. General law cities are bound by the State’s general law, even with respect to municipal affairs. Based on LAFCO staff’s analysis, there are 482 cities in California – 361 or 75% are general law cities and 121 or 25% are charter cities.

## Local Accountability & Structure

The City of Scotts Valley is governed by a five-member City Council elected every four years. The Council is responsible for the establishment of policy guided by Scotts Valley’s mission, goals, and operations. The Council has the authority to establish all laws and regulations with respect to municipal affairs, subject to limitations of the City Municipal Code and State legislation. The City Council’s current composition is as follows:

**Table 11: Scotts Valley City Council**

Board Member	Term of Office
<b>Donna Lind, Mayor</b>	First Elected: 2008 Current Term Ends: 2028
<b>Steve Clark, Vice Mayor</b>	First Elected: 2024 Current Term Ends: 2028
<b>Krista Jett, Council Member</b>	First Elected: 2024 Current Term Ends: 2028
<b>Derek Timm, Council Member</b>	First Elected: 2018 Current Term Ends: 2026
<b>Greg Wimp, Council Member</b>	Appointed: 2025 Current Term Ends: 2026

The City Council appoints a City Manager to serve as the City’s chief administrative officer. The City Manager administers the day-to-day operations of the City in accordance with policies and procedures established by the City Council. Scotts Valley currently employs a full-time staff of approximately 66 employees, as shown in **Table 12** on page 24. Efforts to hire and retain staff have resulted in the City’s vacancy rate being at its lowest level since before the COVID-19 pandemic. The City Council meets regularly, meetings are publicly noticed, and citizens are encouraged to attend. Council meetings are typically held on the first and third Wednesday of each month at 6:00 p.m. The City’s administrative offices and chambers are located at 1 Civic Center Drive in Scotts Valley. Despite the ongoing pandemic, the City has held virtual public meetings to continue operations and receive Council direction.

**Table 12: Full-Time Employees (FY 2020-21 to FY 2024-25)**

<b>Department</b>	<b>Fiscal Year 2020-21</b>	<b>Fiscal Year 2021-22</b>	<b>Fiscal Year 2022-23</b>	<b>Fiscal Year 2023-24</b>	<b>Fiscal Year 2024-25</b>
<b>General Government</b>					
Administrative	1.50	3.00	3.00	3.50	3.00
Legislative	.50	.50	.50	.50	0
Finance	<u>3.65</u>	<u>4.10</u>	<u>4.10</u>	<u>4.85</u>	<u>4.85</u>
<b>Sub-total</b>	<b>5.65</b>	<b>7.60</b>	<b>7.60</b>	<b>8.85</b>	<b>7.85</b>
<b>Police</b>					
Officers	20.00	20.00	20.00	20.00	20.00
Dispatch & Support	<u>8.00</u>	<u>8.00</u>	<u>8.00</u>	<u>8.00</u>	<u>8.00</u>
<b>Sub-total</b>	<b>28.00</b>	<b>28.00</b>	<b>28.00</b>	<b>28.00</b>	<b>28.00</b>
<b>Building &amp; Planning</b>					
Building	3.00	1.00	1.00	2.50	3.50
Planning	<u>3.00</u>	<u>3.25</u>	<u>3.25</u>	<u>2.50</u>	<u>2.50</u>
<b>Sub-total</b>	<b>6.00</b>	<b>4.25</b>	<b>4.25</b>	<b>5.00</b>	<b>6.00</b>
<b>Public Works</b>					
Engineering	4.00	5.00	5.00	6.00	4.30
Street Maintenance	2.55	2.00	2.00	2.00	2.30
Vehicle Maintenance	0	0	0	0	0.70
Park Maintenance	2.00	2.00	2.00	2.00	2.90
Building Maintenance	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.50</u>	<u>1.60</u>
<b>Sub-total</b>	<b>10.55</b>	<b>11.00</b>	<b>11.00</b>	<b>12.50</b>	<b>11.80</b>
<b>Park &amp; Recreation</b>					
<b>Sub-total</b>	<b>1.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.65</b>
<b>Wastewater</b>					
<b>Sub-total</b>	<b>7.15</b>	<b>7.15</b>	<b>7.15</b>	<b>7.15</b>	<b>8.45</b>
<b>Total</b>	<b>58.35</b>	<b>61.00</b>	<b>61.00</b>	<b>64.50</b>	<b>65.75</b>

Website Transparency

Recent laws have passed requiring more transparency for local governments, including Senate Bill 929 for independent special districts. Since 2020, LAFCO has been analyzing agencies’ websites as part of the service review process by evaluating various benchmarks. **Table 13** summarizes staff’s findings as to whether the website meets the transparency benchmarks. At present, the City meets all benchmarks, excluding one. The only item that is not found in the City’s website is LAFCO’s adopted service reviews. It is LAFCO’s understanding that the City will include the latest service review once adopted by the commission. Overall, the City has a transparent website filled with useful information and resources that are easily accessible.

**Table 13: Website Transparency**

Website Components	Status (Yes = X)
1. Names and Contract Information of Board Members	X
2. Board Member Term Limits	X
3. Names of Key Staff, including City Manager	X
4. Contract Information for Staff	X
5. Election / Appointment Procedure & Deadlines	X
6. Board Meeting Schedule	X
7. Mission Statement	X
8. Description of City’s Functions & Service Area	X
9. Authorizing Statute / Enabling Act	X
10. Adopted Annual Budgets	X
11. Audited Financial Statements / Financial Audits	X
12. Archive of Board Meeting Agendas & Minutes	X
13. Policies & Procedures / Bylaws	X
14. Home Page Link to Agendas / Meetings	X
15. SB 272 – Compliance-Enterprise Catalogs	X
16. Machine Readable / Searchable Agendas	X
17. Recipients of Grant Funding or Assistance	X
18. Link or Copies of LAFCO’s Service & Sphere Reviews	-
<b>Total Score</b>	<b>17 (94%)</b>

## **2023 General Plan Update**

In the State of California, a General Plan serves as a constitution that guides all future development for cities. It provides the fundamental basis for a city's physical, social, economic, and environmental policy, and represents the basic values, character, and aspirations to be pursued over the life of said plan. California Government Code Section 65300 requires that a General Plan be comprehensive, internally consistent, and serve the needs of its respective community for a period of 20+ years. Although State law requires General Plans to address specified issues, they must also be organized in a way that best benefits the residents of a given community, or in this particular case, the City of Scotts Valley. Finally, a General Plan should be clearly written, available to all those concerned with the community's development, and easy to access or administer. The first general plan for the City of Scotts Valley was adopted in 1972, and the most recent update was completed and adopted in 2023.

The updated General Plan, adopted in November 2023, emphasizes sustainable growth, environmental stewardship, and maintaining a high quality of life through coordinated regional and local efforts. The plan is divided into eight sections (ranging from Land Use to Safety/Noise), and includes an Environmental Impact Report (EIR) assessing potential environmental effects and mitigation measures associated with the updated General Plan. Additionally, the three-year update process incorporated the most current data, complied with relevant state laws, and incorporated extensive public input (led by the General Plan Advisory Committee) to guide Scotts Valley's future development in a manner consistent with community values and legal requirements.

The updated General Plan also includes an acknowledgement of LAFCO's last municipal service review and a statement declaring no intention to change the current City limits. The General Plan includes information on Specific Plans for the proposed Town Center, Gateway South Special Treatment Area, and the Glenwood planning area. Finally, the General Plan conducted various workshops and collected survey data during its three-year process and found that the community placed a high value on maintaining the "small-town character" of Scotts Valley and in retaining their quality of life into the future.

## **Capital Improvement Plan**

The City prepares a five-year capital improvement project (CIP) and capital outlay plan as part of its annual budget. The development of the CIP program is more complex than planning the purchase of a piece of equipment that would be the subject of a capital outlay expenditure. This document provides background information on the process of developing a budget within the CIP portion of the five-year plan.

### **Funding Source**

Once costs have been identified and projected, a financial analysis is prepared to determine whether the projects can be funded. Consideration is given to a variety of sources of funds, including grant funds, revenues dedicated for such purposes (ex. gas tax or Measure D funds), development impact fees, wastewater revenue rate projections, interest earnings, and existing undesignated funds. Funding sources are then compared to project cost estimates to develop the Five-Year CIP Plan. The timing of these projects is taken into consideration given the status of existing infrastructure, risk management

considerations, Council Policy initiatives, bidding environment, and available funding. The funding analysis identifies projects based on priority level and determine the extent to which funding is available.

### Priority Level

Throughout the fiscal year, City staff members continually monitor the functional status and performance of the City's physical plant. Maintenance activities supporting City infrastructure are documented and analyzed to determine if rehabilitation or replacement is necessary. In addition, throughout the year, policy direction from the City Council may be received to construct, enhance or rehabilitate City facilities. Staff make notes on these projects and begin to define the scope, nature and extent of these projects as required. Each project is assigned a priority category based on staff's professional judgment using the factors and priority levels identified below:

- Priority A – project is essential/critical to health and safety or legal/regulatory requirements;
- Priority B – project is important to maintaining health and safety or maintaining quality of life, but not critical; and
- Priority C – project is deferrable and would only be implemented to the extent that higher priority projects are first funded.

### Current Status

The Five-Year CIP Plan consists of projects that maintain and enhance the City's infrastructure such as its roads, parks, facilities and wastewater treatment plant for the benefit of the community. It also includes the capital outlay associated with equipment, vehicles and information technology, both hardware and software that support the City's operations. In FY 2023-24, 14 projects were completed and at present, the City has 23 active projects, as shown in **Table 14** on page 28.



**Table 14: FY 2024-25 through FY 2028-29 CIP Projects (By Priority)**

<b>Project</b>	<b>Estimated Cost</b>	<b>Status</b>
<b>Priority A</b>		
1) PLC/SCADA Upgrades	Appx. \$562,000	Completed
2) Aeration Basin System Upgrade	\$1,200,000	Completed
3) Effluent Pump Replacement	\$142,000	Postponed
4) Collection System Inspection & Monitoring	\$200,000	Active
5) New Technology – from Wastewater Option Study	Appx. \$145,000	Active – Design
6) Generator Transfer Switch and UPS Upgrades	\$150,000	Active – Purchased
7) Annual Street Maintenance/Resurfacing	\$1,125,000	Completed
8) Mt. Hermon Road Corridor Improvements – Signal	Appx. \$349,000	Completed
9) Mount Hermon Road Improvements	\$723,000	Active – Design
10) Annual Citywide Street Striping	\$50,000	Active – Construction
11) Granite Creek Overcrossing Paving	Appx. \$723,000	Active – Design
12) Bean Creek Road – Storm Repair	\$630,000	Active – Design
13) Scotts Valley Drive Corridor Improvements	\$500,000	Active - Design
14) Scotts Valley Drive – Culvert Repair	\$150,000	Active – Bidding
15) Granite Creek – Culvert Repair	\$100,000	Active – Design
16) Senior Center ADA Improvements – Phase 2	\$74,000	Active - Construction
17) Siltanen Park Irrigation System Replacement	NA	Postponed
18) Skypark Play Structure Replacement	\$200,000	Completed
19) Shugart Park Buildout	\$500,000	Active – Planning
20) Public Works Facility Improvements	Appx. \$1,568,000	Postponed
21) Computerized Maintenance Mgmt. Software	\$249,000	Active - RFP
<b>Priority B</b>		
22) Basketball Court Resurfacing	\$31,000	Completed
<b>Priority C</b>		
23) Skypark Tennis/Pickleball Resurfacing	Appx. \$129,900	Active

## Opportunities and Challenges

Scotts Valley has been a City for 60 years and it has endured significant events such as economic recessions and natural disasters. In 2025, the City is still recovering from the COVID pandemic and the CZU Lightning Complex Wildfire which occurred in 2020. Such unanticipated events place a pressure test on local agencies, including cities. While cities struggled to maintain the same level of service to its residents during the pandemic, there have also been opportunities during this recovery phase. The following sections presents opportunities that Scotts Valley can explore with neighboring municipalities to maximize resources, increase strategic partnerships, and identify possible cost-savings for the City's residents.

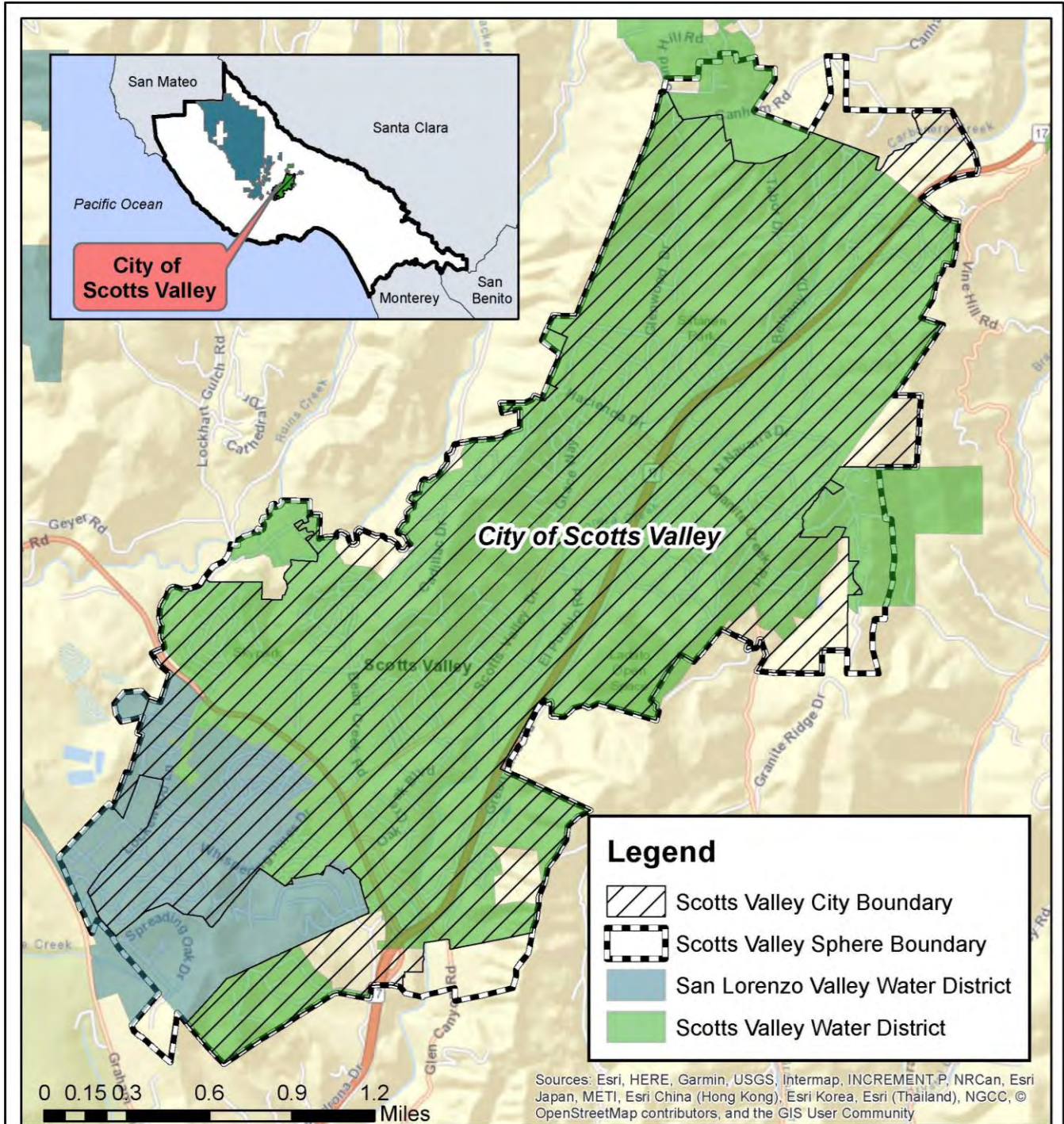
### Water Service Providers

The Scotts Valley community currently receives water service from either the Scotts Valley Water District (SVWD) or the San Lorenzo Valley Water District (SLVWD). **Figure 8** on page 30 shows that most Scotts Valley residents receive water from SVWD. Only a portion of the City receives water from SLVWD. By having two water providers, the residents of Scotts Valley are subject to two different board members, policies, and water rates. It may be a benefit to the City, the two water districts, and LAFCO to collaborate on determining the most efficient method to provide water service to the entire jurisdiction of the Scotts Valley community. This joint effort may lead to potential boundary changes, an improvement in water distribution, or a consistent water rate for constituents within the same city.

**LAFCO Staff Recommendation:** *Coordination between the City of Scotts Valley, San Lorenzo Valley Water District, Scotts Valley Water District and LAFCO to determine whether there is a more efficient way to provide water service to the Scotts Valley community beyond the status quo.*



Figure 8: Water Districts



## City of Scotts Valley Jurisdictional and Sphere Boundaries

Residents from the City of Scotts Valley receive water service from two water districts (Scotts Valley and San Lorenzo Valley Water Districts).

Vicinity Map dated March 3, 2021



## **Extraterritorial Service Agreements**

The Cortese-Knox-Hertzberg Act (“LAFCO Law”) authorizes LAFCO to consider the extension of municipal services beyond the jurisdictional boundary of a local agency, where the subject territory is outside an agency’s service or sphere boundaries (Government Code Section 56133). The Commission has also adopted a policy to set clear standards for applying state and local laws governing the extension of services beyond the jurisdictional boundaries of a city or special district, which are known in Santa Cruz County as extraterritorial service agreements (“ESAs”).

At present, the City of Scotts Valley has 13 ESAs involving 21 parcels for a total of approximately 12 acres, all for wastewater services. An application for a 14<sup>th</sup> ESA was submitted in March 2026. The first ESA was approved in 2001 to provide sewer services to nine parcels totaling two acres. The next 11 ESAs, one for each single parcel, were approved between 2005 to 2023, ranging from 0.2 to 1.4 acres. The last two were approved in November 2023 (APN: 067-103-17; 0.21 acres) and March 2024 (APN: 056-102-07; 1.06 acres). **Figure 9** on page 32 illustrates the location of the ESAs and **Table 15** below provides additional information about each agreement.

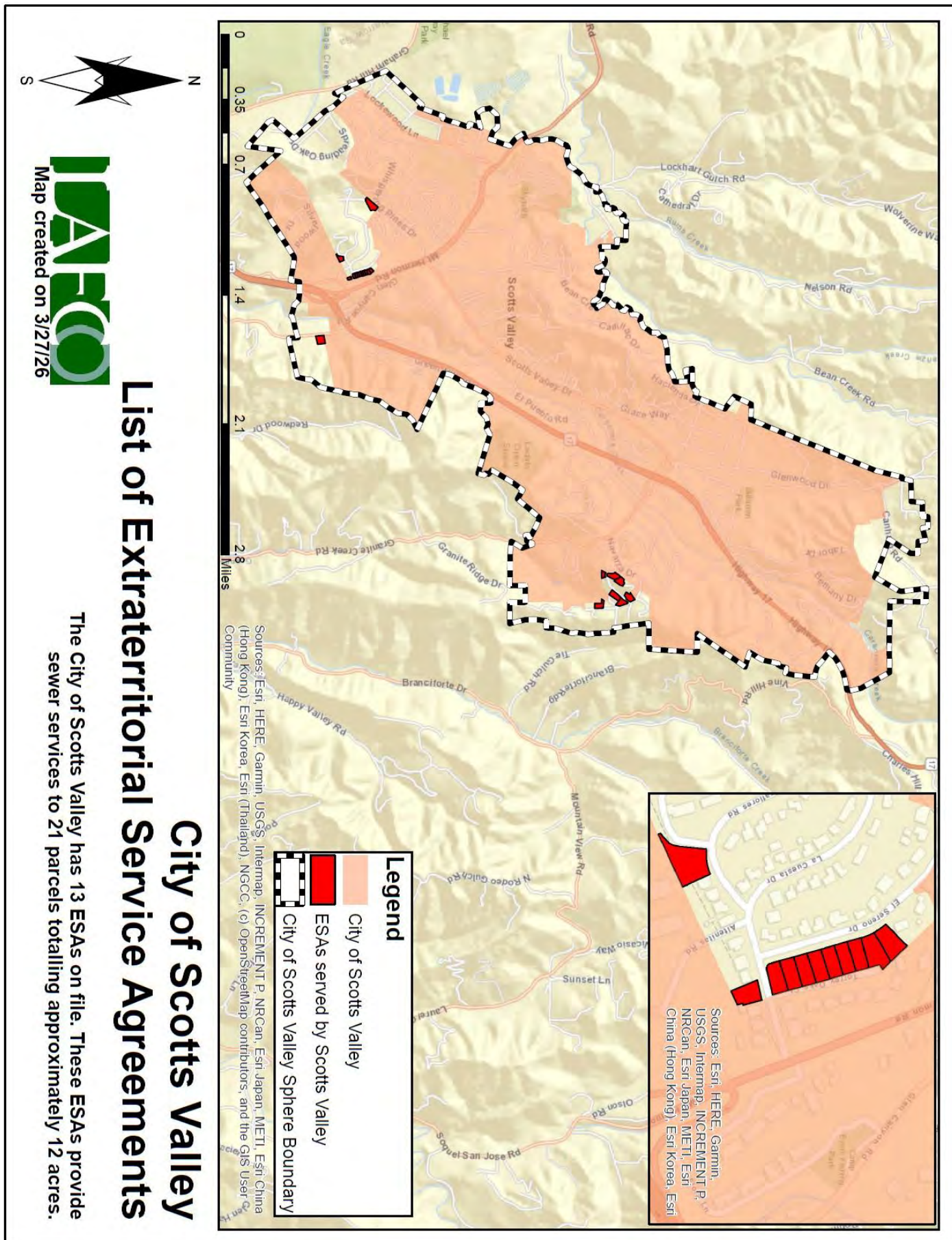
**Table 15: List of Active ESAs**

<b># of ESAs</b>	<b>LAFCO Project No.</b>	<b>Original Parcel No.</b>	<b>Approval Year</b>	<b>Size (Acres)</b>
1	878	067-101-11, 10, 09, 08, 07, 06, 05, & 04	2001	1.8
2	902	067-101-12	2005	0.2
3	916	068-282-01	2007	1.2
4	920	056-101-01	2007	1.0
5	935	067-561-04	2010	0.5
6	939	056-102-05	2011	1.1
7	942	067-281-08	2012	1.4
8	ESA 20-26	056-101-17	2020	1.0
9	ESA 21-06	056-101-11	2021	1.0
10	ESA 21-19	056-102-02	2022	0.41
11	ESA 22-02	056-131-09	2022	1.01
12	ESA 23-15	067-103-17	2023	0.21
13	ESA 24-03	056-102-07	2024	1.06
<b>Total Acreage</b>				<b>11.89</b>

As shown on the map, all 13 ESAs lie within the City’s sphere of influence, planning area, and immediately adjacent to its jurisdictional boundary. The current general plan update does not reference sewer service to these areas outside the city limits. LAFCO is therefore requesting that the City identify and incorporate the ESAs into the general plan to reflect existing service to parcels located outside the City but within its sphere and planning area. Doing so would also support long-term annexation planning, if and when appropriate. This update may additionally be an opportunity to review the City’s annexation policy, which has not been revised since 1995. At minimum, the City should evaluate the 13 ESAs and determine whether any are viable for annexation, allowing affected landowners to become full constituents rather than customers of a single service.

***LAFCO Staff Recommendation:*** *Scotts Valley should analyze and consider annexation of existing extraterritorial service agreements and provide an update to LAFCO before the next service review cycle (April 2031).*

Figure 9: ESA Map



# SPHERE OF INFLUENCE

## **Cortese-Knox-Hertzberg Act**

City and special district spheres of influence define the probable physical boundaries and service area of a local agency, as determined by the Commission (Government Code Section 56076). The law requires that spheres be updated at least once every five years either concurrently or subsequent to the preparation of Municipal Service Reviews. Spheres are determined and amended solely at the discretion of the Commission. In determining the sphere of influence for each local agency, the Commission is required by Government Code Section 56425(e) to consider certain factors, including:

- The present and planned uses in the area, including agricultural and open-space lands;
- The present and probable need for public facilities and services in the area;
- The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;
- The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency; and
- For an update of a 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, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere.

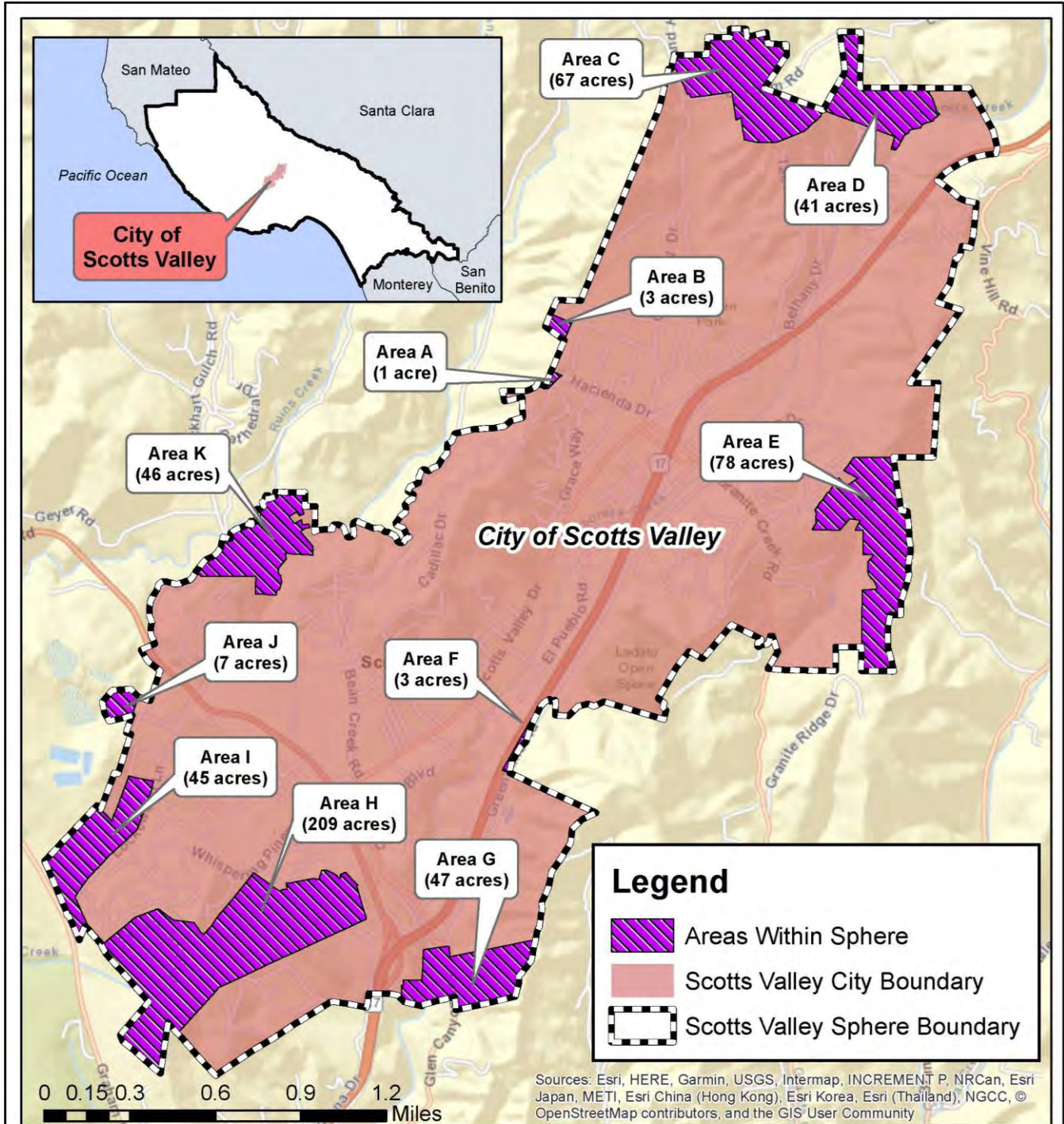
## **Current & Proposed Sphere Boundary**

Santa Cruz LAFCO adopted the City’s first sphere of influence on October 16, 1985. The current sphere excludes areas outside the City’s jurisdictional boundary. The last sphere update occurred in March 2021 as part of a previous service and sphere review cycle. **Figure 10** on page 34 shows the 11 areas (totaling 547 acres) within the City’s sphere. **Table 15** identifies the land use designations for these areas based on the County’s General Plan. The City should consider zoning these areas. In the interim, LAFCO staff is recommending that the sphere boundary be reaffirmed, as shown in **Figure 11**.

**Table 15: County Land Use Designations**

Areas	Acres	Land Use Designation
A	1	Mountain Residential (R-M)
B	3	Mountain Residential (R-M)
C	67	Mountain Residential (R-M)
D	41	Mountain Residential (R-M)
E	78	Mountain Residential (R-M), Rural Residential (R-R), and Urban Very Low Residential (R-UVL)
F	3	Mountain Residential (R-M)
G	47	Mountain Residential (R-M), and Rural Residential (R-R)
H	209	Existing Parks & Rec (O-R), Rural Residential (R-R), Urban Very Low Residential (R-UVL), and Urban Open Space
I	45	Urban Low Residential (R-UL), and Urban Very Low Residential (R-UVL)
J	7	No Designation
K	46	Mountain Residential (R-M), and Rural Residential (R-R)

Figure 10: Areas Outside City Limits (within Sphere of Influence)



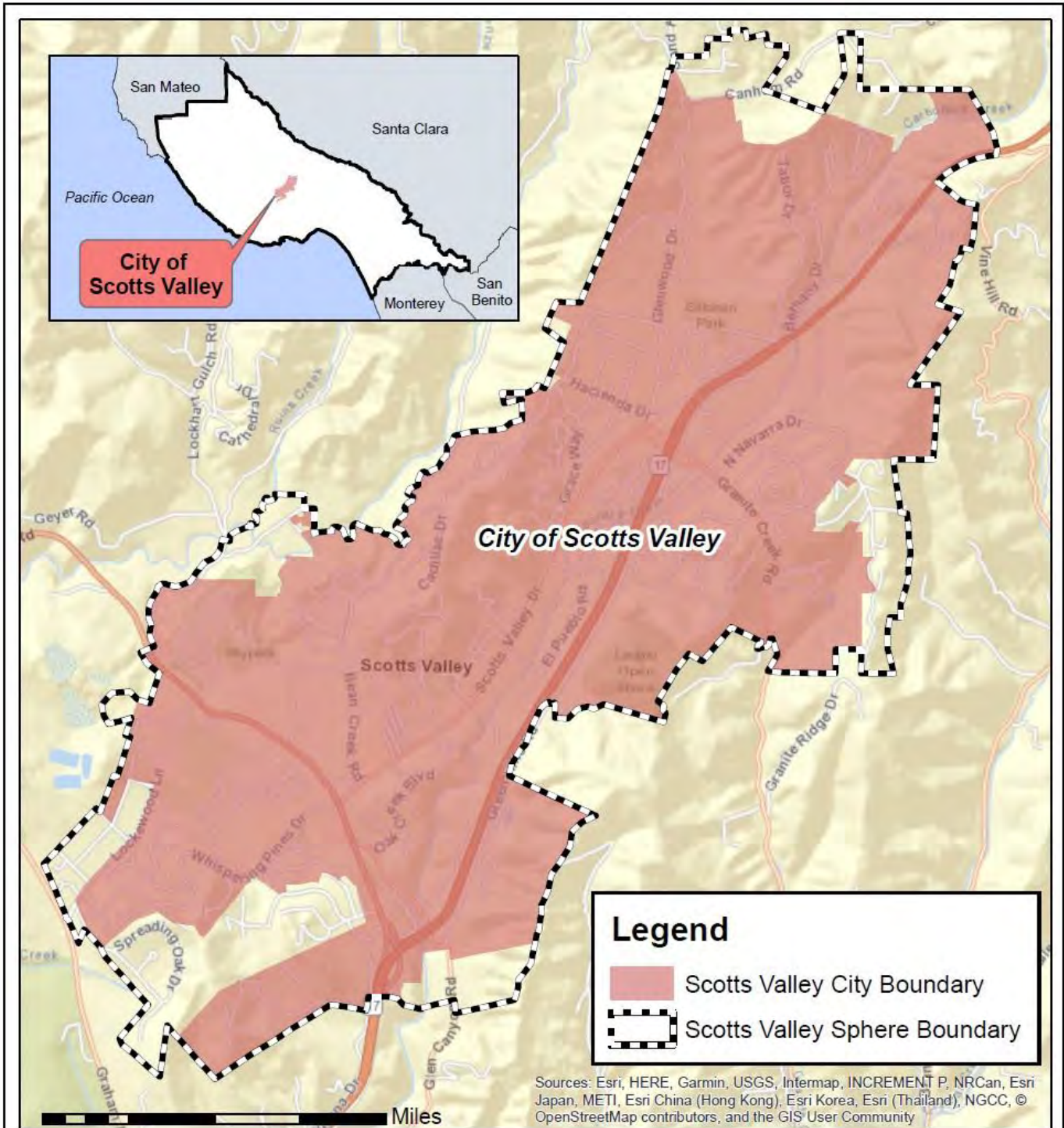
## City of Scotts Valley Jurisdictional and Sphere Boundaries

There are currently 11 areas that are outside the city limits but within Scotts Valley's sphere of influence. Areas within a sphere boundary should be considered for annexation.

Vicinity Map dated March 3, 2021



Figure 11: Proposed City Sphere Reaffirmation



# City of Scotts Valley Jurisdictional and Sphere Boundaries

Original Sphere of Influence adopted on October 16, 1985

Sphere update on November 2, 2016

Sphere reaffirmed on March 3, 2021

Sphere reaffirmed on May 6, 2026 (Proposed)

## CITY SUMMARY

<b>City of Scotts Valley</b>	
<b>Formation</b>	California Government Code, section 34000 et seq.
<b>Board of Directors</b>	Five members, elected at-large to four-year terms
<b>Contact Person</b>	Mali LaGoe, City Manager
<b>Employees</b>	Approximately 66 Full-Time Employees
<b>City Area</b>	5 square miles
<b>Sphere of Influence</b>	Larger than the City (i.e., sphere boundary goes beyond existing City limits)
<b>FY 2024-25 Audit</b>	<p>Total Revenue = \$40,069,111</p> <p>Total Expenditure = \$40,222,913</p> <p>Projected Net Position (Ending Balance) = \$23,631,429</p>
<b>Contact Information</b>	<p>Mailing Address: 1 Civic Center Drive, Scotts Valley, CA 95066</p> <p>Phone Number: (831) 440-5600</p> <p>Email Address: <a href="mailto:mlagoe@scottsvalley.org">mlagoe@scottsvalley.org</a></p> <p>Website: <a href="https://www.scottsvalley.org/">https://www.scottsvalley.org/</a></p>
<b>Public Meetings</b>	Meetings are typically held on the first and third Wednesday of each month at 6:00 p.m.
<b>City Overview</b>	As Scotts Valley is a General Law City, its Council must act within the framework of limitations and procedures established by State Law. Local laws are established by ordinance and are compiled in a book called the Municipal Code. These laws are enforceable by the City, and violations thereof constitute an infraction. Other directives and policies of the City Council are recorded in Council resolutions and Council minutes.

## SERVICE AND SPHERE REVIEW DETERMINATIONS

The following service and sphere review determinations fulfill the requirements outlined in the Cortese-Knox-Hertzberg Act.

### Service Provision Determinations

Government Code Section 56430 requires LAFCO to conduct a municipal service review before, or in conjunction with, an action to establish or update a sphere boundary. Written statements of determination must be prepared with respect to each of the following:

**1. Growth and population projections for the affected area.**

The City currently provides various municipal services to a population of 11,718. A slow growth is projected to occur for the next twenty years. LAFCO staff estimates that the entire population of Scotts Valley will reach 12,010 by 2045.

**2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.**

LAFCO did not identify any DUCs within or contiguous to the City's sphere boundary. That said, Scotts Valley has adopted strategic plans and capital improvement plans to ensure the adequate delivery of municipal services to its constituents.

**3. 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.**

The City General Plan within its jurisdictional limits designates areas for residential, commercial, and other city-related zoning. The County General Plan designates the unincorporated Scotts Valley community principally for mountain residential, rural residential, and parks and recreational uses.

**4. Financial ability of agencies to provide services.**

Scotts Valley is financially stable, but its business activity continues to struggle. Audited financial statements from Fiscal Years 2019 to 2025 indicate that the balance has slightly decreased from \$25 million to \$23 million. As of June 30, 2025, the City is operating with a net position of approximately \$23.6 million.

**5. Status of, and opportunities for, shared facilities.**

Scotts Valley continues to explore opportunities for collaborative efforts to improve efficiencies. The City is currently a member in various joint powers agreements with local agencies and the County for services such as animal control, library, and criminal justice.

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

As part of the last census redistricting process in 2021, 2,300 people were shifted from Supervisorial District No. 1 to District No. 5, reunifying the City.

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

No additional local LAFCO policies are specifically relevant to this service review.

## **Sphere of Influence Determinations**

Government Code Section 56425 requires LAFCO to periodically review and update spheres of influence in concert with conducting municipal service reviews. Spheres are used as regional planning tools to discourage urban sprawl and encourage orderly growth. Written statements of determination must be prepared with respect to each of the following:

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

The present and planned land uses are based on general plans from the City and the County which range from urban to rural uses. General plans anticipate growth centered on existing urban areas and the maintenance of agricultural production, rural residential uses, and environmental protection in rural areas. Planned land uses within the five applicable general plans are a mix of urban, rural and mountain residential, agricultural, timber, public recreation, and open-space lands.

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

Scotts Valley has identified and prioritized its infrastructure needs in the Five-Year CIP Plan. The CIP is evaluated each year as part of their annual budget's adoption. The principal needs are categorized by priority.

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

Scotts Valley provides various types of municipal services, which can be categorized in two activities (Government and Business). Government activities include animal control, public safety, and public works. Business activities include recreation and wastewater services. In 2025, the City's population was estimated to be 11,718. LAFCO staff projects that the City's population will reach 12,010 by 2045.

**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.**

The last census redistricting process took place in 2021. That process saw 2,300 people shift from Supervisorial District No. 1 to District No. 5, reunifying the City.

**5. For an update of a 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, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.**

LAFCO did not identify any DUCs within the City's sphere boundary. With that said, Scotts Valley has adopted strategic plans and capital improvement plans to ensure the adequate delivery of water service to its constituents.

## APPENDICES

**Appendix A: Past Boundary Changes (1966 to 2024)**

**Appendix B: Status of Projects (as of January 2025)**

**Appendix C: Wastewater Annual Report (2023)**

**Appendix D: Wastewater Rate Study (2021 - 2026)**



**APPENDIX A**  
**PAST BOUNDARY CHANGES**  
**(1966 TO 2024)**

#	TITLE	ACTION DATE
98	RC Johnson / Glenwood Dr. Annexation	12/19/1966
105	Bustichi / Bean Creek Rd. Annexation	4/19/1967
118	Seapy / El Rancho Annexation	11/15/1967
121	Hick / Bean Creek Rd. Annexation	1/17/1968
127	Cadillac Dr. Annexation	4/17/1968
135	Miller / Glen Canyon Annexation	10/16/1968
161	Santa's Village Annexation	4/16/1969
162	College of Personology / Highway 17 Billboard Annexation	5/21/1969
172	Santos / Glenwood Dr. Annexation	6/18/1969
171	Bean Creek Annexation	6/18/1969
183	Casa Way / Hacienda Dr. Annexation	10/15/1969
186	Granite Creek Annexation	11/19/1969
204	Hacienda Annexation	3/18/1970
206	Lockwood Lane Annexation	5/20/1970
211	Manzanita Knolls Annexation	10/21/1970
322	Hanser / Rother Annexation	5/17/1972
318	Wallace Annexation	5/17/1972
371	Kaiser Annexation	1/9/1974
410	Park Land Annexation	3/5/1975
461	Doughty Annexation	6/2/1976
462	Twin Pines Annexation	12/1/1976
573	Crescent Court (B) Reorganization	7/2/1980
599	Sequoia / Green Hills Rd. Reorganization	4/1/1981
664	Scotts Valley Annexation to CSA # 9 & Zone C	11/2/1983
652	Hacienda Dr. / Mills No. 652 Reorganization	12/19/1983
647-C	City of Scotts Valley SOI	10/16/1985
718	Lockwood / Boyd Reorganization	4/2/1986
706	Crescent Court Reorganization	12/2/1987
737	Southwood / Niland Reorganization	12/7/1988
744	Casa Way Reorganization	4/5/1989
791	Skypark Reorganization	3/10/1994
829	Kaiser Reorganization (Detachment)	8/7/1996
831	Latos / La Cuesta Reorganization	12/4/1996
831-A	Latos / La Cuesta Amendment to SVWD SOI	12/4/1996
878	Upper Manana Woods Extraterritorial Sewer	2/7/2001
897	Cities Annexation to CSA # 53 Mosquito Abatement	5/4/2005
902	La Cuesta Extraterritorial Sewer	8/3/2005
916	3128 Glen Canyon Road Extraterritorial Sewer	3/7/2007
920	Old Coach Road Extraterritorial Sewer	5/2/2007
933	Old Coach Road / Collishaw Annexation	5/5/2010
935	Extraterritorial Sewer Service to 151 Miraflores	8/4/2010
939	Extraterritorial Sewer Service to 340 Old Coach Road	6/1/2011
942	Extraterritorial Sewer Service to 125 Elena Drive	3/7/2012
965-A	Cumbre Lane Amendment to SOIs	3/6/2019
965-B	Cumbre Lane Reorganization	3/6/2019
ESA 20-26	Navarra Drive / Bellflower Way Extraterritorial Service Agreement	10/7/2020
ESA 21-06	Pippin Way / Bellflower Way Extraterritorial Service Agreement	4/7/2021
ESA 21-16	Ervine / Old Coach Road Extraterritorial Service Agreement	1/5/2022
ESA 22-02	Blossom Way / Stephen Bell Extraterritorial Service Agreement	8/3/2022
ESA 23-15	La Cuesta Drive / Ricahrd Latos Extraterritorial Service Agreement	10/4/2023
ESA 24-03	Old Coach Road / John Hall Extraterritorial Service Agreement	3/6/2024

**APPENDIX B**

**STATUS OF PROJECTS**

**(AS OF JANUARY 2025)**

**CITY OF SCOTTS VALLEY**  
**Status of Projects - January 2025**

ADDRESS - NAME	DESCRIPTION	STATUS
<b>Projects Under Construction</b>		
12 Blake Lane	3 -Townhomes	Under Construction
Sandraya Heights Road	9 - Lot Subdivision and Construction of 9 Single-Family Dwelling Units	Under Construction
<b>Projects Approved</b>		
4575 Scotts Valley Drive	100 Apts	Approved
440 Kings Village Road	Conversion of two bldgs to a mini-warehouse storage facility (222 units)	Approved
4860 Scotts Valley Drive	Canepa - Automobile Showroom (17,660 sf bldg)	Approved
3640 Glen Canyon - Oak Creek Park	52 Apts & 25,000 SF Commercial	Approved
200 Polo Ranch Road	120 Rooms / Marriott Residences Inn	Approved
<b>Projects Under Review</b>		
La Madrona - Gateway South	182 Units, 180 Room Hotel, & 3,500 SF Commercial	Under Review
Mt. Hermon - Valley Gardens	190 Units & 5000 SF Commercial	Under Review
4200 Scotts Valley Drive	Mixed Use Conversion - 6 Studio Apartments & 2,292 SF Commercial	Under Review
125 Bethany Drive	67,450 SF Storage Building w/offices	Under Review
75 Mt Hermon Road	40 Apts	Under Review
4444 Scotts Valley Drive	25 Apts	Under Review
4627 Scotts Valley Drive	12 -Townhome-Style Condominiums with 3-Commercial Condominiums (1500 sf)	Under Review
Erba Lane	19- Townhome-Style Condominiums	Under Review
10 Victor Square	Mini-Storage Facility	Under Review
5060 Scotts Valley Drive	Boys and Girls Club - Expansion Project	Under Review

**APPENDIX C**  
**WASTEWATER**  
**ANNUAL REPORT (2023)**



# City of Scotts Valley



## Wastewater Reclamation Facility Annual Report 2023



STATE WATER RESOURCES CONTROL BOARD  
REGIONAL WATER QUALITY CONTROL BOARD

CALIFORNIA STATE



ENVIRONMENTAL LABORATORY ACCREDITATION PROGRAM

**CERTIFICATE OF  
ENVIRONMENTAL LABORATORY ACCREDITATION**

Is hereby granted to

**City of Scotts Valley Wastewater Reclamation Facility Lab**

700 Lundy Lane

Scotts Valley, CA 95066

Scope of the certificate is limited to the  
"Fields of Accreditation"  
which accompany this Certificate.

Continued accredited status depends on compliance with applicable laws and regulations,  
proficiency testing studies, and payment of applicable fees.

This Certificate is granted in accordance with provisions of  
Section 100825, et seq. of the Health and Safety Code.

Certificate No.: **1062**

Effective Date: **1/1/2024**

Expiration Date: **12/31/2025**

A handwritten signature in blue ink, appearing to read "Christine Sotelo".

Sacramento, California  
subject to forfeiture or revocation

Christine Sotelo, Program Manager  
Environmental Laboratory Accreditation Program

# CITY OF SCOTTS VALLEY WASTEWATER TREATMENT FACILITY ANNUAL REPORT 2023

## Plant Summary and Compliance

In 2023 the total recycle water produced in the plant's recycle filter plant was: 48.47 million gallons. Pasatiempo golf course continues to use the plants secondary effluent to produce their own tertiary water for use on their golf course.

Secondary Effluent suspended solids averaged 8.0 mg/L (a 96.6% removal rate), effluent cBOD's averaged 7.0 mg/L (a 97.1% removal rate), and effluent BOD's averaged 7.0 mg/L (a 97.5% removal rate).

## Laboratory

The City of Scotts Valley Wastewater Reclamation Facility is classified as a discharger into Monterey Bay, thus NPDES permit is very stringent compared to Facilities that do not discharge into the Bay. The lab is kept very busy to satisfy required analyses to satisfy NPDES permit. The lab maintains it Accredited Fields of Testing as a California State Certified Lab. New changes with the adoption of State TNI are now in effect as of 2023 for all Certified labs to comply with. The City's Lab was audited in May 2023 and became a State Certified TNI/ELAP Lab, fully TNI compliant.

Laboratories used during 2019 were:

Bioassay Testing:

Inorganic Chemistry and Microbiology:

Aquatic Bioassay & Consulting Labs

City of Scotts Valley WWTP

29 N. Olive Street

700 Lundy Lane

Ventura, CA 93001

Scotts Valley, CA 95066

ELAP Certificate No. 1907

ELAP Certificate No. CA 1062

## Metals/Inorganic and Organic Chemistry

Control Laboratory

BC Laboratories, Inc. Monterey Bay Analytical Lab

42 Hangar Way

4100 Atlas Court

4 Justin Ct. Ste. D

Watsonville, CA 95076

Bakersfield, CA 93308

Monterey, CA 93940

ELAP Certificate No. CA 1494

ELAP Cert. No. 1186

ELAP Cert. N

## **Lift Stations**

The City of Scotts Valley owns and operates eight lift stations at various locations throughout the City. All stations are inspected three times each week. During these routine inspections, hour readings are taken to verify normal running times and flow throughput. Each pump is individually started and stopped to ensure proper operation, and wet-wells are visually inspected to confirm water levels with digital level reading on automatic pump controllers. Once each week, stations equipped with permanent emergency generators are tested on emergency power to ensure proper operation. Six stations are equipped with permanent emergency stand-by power. Currently, no other stations require permanent on-site emergency power, as limited flows allow ample time for City staff to respond to alarm conditions and provide portable generator power prior to overflows occurring.

All of the City's eight stations have back-up pumps, redundant controls, and alarm SCADA systems that automatically call 24-hour emergency personnel in case of a power outage or high-level conditions. It also provides a baseline for the history of pump operations, level and event history.

## **Collection System**

The City's sanitary sewer collection system is made up of approximately 55 miles of pipeline. City crews spend as much time as is available each week performing preventative maintenance using a combination vacuum/hydro-jet truck to clean the lines.

## **Maintenance and Repairs/ Plant Improvements**

- New Jet Truck acquired for Collections.
- Montevelle Lift Station and Bethany Lift received automatic transfer switches.
- The city accepted the new upgrade/repairs on the Aeration System ( Herwitt Engineering).
- New ACH pumps were purchased.
- Efficient Aeromod piping installed.
- Outside SCADA PLC system upgrade by SYCAL.
- New screw conveyor for Belt Press.
- Effluent Pump Station was enclosed so A/C can control high temperatures in the summer.

## **O & M Manual**

The plant's main operations and maintenance manual (O&M) was not changed during 2020; however, the plant's O&M manual library was updated to include new equipment that was placed into service over the past year. Updating the plant's O&M manual takes place on an ongoing basis. We have one O&M manual that is used for operational guidelines and minor service to plant equipment. We also catalog individual O&M's for every piece of equipment in place at the treatment plant, collection system, and lift stations. The City has recently purchased an online CCM Maintenance software that will track all equipment, cost, part number and give detailed history of plant equipment, when a piece of equipment should be replaced, and a clear schedule of when to maintenance each piece of equipment. This is an ongoing process right now to enter in data to complete the maintenance software before it becomes functional.

## **SSMP & Sewer Master Plan**

SSMP & Sewer Master Plan was completed by Carollo Engineers.

## **Training**

- All staff is working on New SOP's for new equipment at the plant.
- All staff participates in the plant's in-house safety/training meetings that are conducted every other week throughout the year.
- All Operations and Laboratory staff participated in several one-day and multi-day training classes and virtual seminars related to wastewater treatment, laboratory and maintenance.
- Lab Environmental Compliance Mgr. and Operators attended virtual, and life CWEA training meetings throughout 2023.

## **Source Control Program**

### **Industrial and Municipal Permittees**

Several groundwater wells operated by the Scotts Valley Water District are backwashed periodically to clean filtering devices and the water must be treated as necessary to remove pollutants to concentrations below the City of Scotts Valley Sanitary Sewer discharge limits. The industrial discharger permit under which the District operates requires that pretreatment filtration devices be installed and backwash from the Scotts Valley Water District wells is sampled at least once annually and self-reported. The results from samples collected in 2023 at the El Pueblo, Orchard Run, and Well 10 sites were below limits specified in the industrial permit for TSS, manganese, arsenic, and iron.

The San Lorenzo Valley Water District also operates under a permit that specifies discharge requirements for backwash water from the Mañana Woods groundwater well. The backwash water must be treated, as necessary, to remove pollutants to concentrations below the City of Scotts Valley

Sanitary Sewer discharge limits. There was no activity at Mañana Woods in 2023 and there are no plans to use the well in the future.

Steel Bonnet Brewery continues to operate under an industrial permit that requires brewery wastewater, which has high biological oxygen demand (BOD) to be hauled offsite for disposal rather than discharged to the sewer. A waste hauling manifest is submitted to the City to document each time brewery wastewater is side-streamed and hauled offsite, which is approximately twice per month.

There are two remaining, significant industrial users (SIU) in the City of Scotts Valley. One is ThermoFisher, a categorical metal finishing industry (40 CFR 433.15). ThermoFisher self-reports on a biannual basis in January and June. All analyte levels were below regulatory limits. The other is Ambient Photonics, new as of 2023, which manufactures photovoltaic cells capable of harvesting low-level ambient light. Ambient Photonics analyte levels are also well below regulatory limits.

## **Environmental Compliance and Source Control**

In-person inspections of businesses resumed since the latter half of 2021 following a period of remote inspections conducted during the Covid-19 restrictions first imposed in 2020. Inspectors review Best Management Practices (BMP) for reducing Fats, Oils, and Grease (FOG) and other solids in sewer lines, reducing pollutants entering storm drains, and helping businesses understand what can and should be recycled.

During FY 2022-2023, 138 businesses in Scotts Valley were inspected for wastewater solid waste/recycling, and storm water compliance. Forty percent of the inspected businesses are restaurants, other business sectors that are inspected include: vehicle service, manufacturers, gas stations, machine shops, landscapers, contractors, and dry cleaners.

A BMP pamphlet that details the appropriate ways to reduce FOG in sewer laterals and municipal sewer lines is distributed to food service establishments. It also details proper janitorial cleaning methods, the differences between interior and exterior grease interceptors and their maintenance requirements. Inspections are usually unannounced, but some remote inspections are scheduled because they require more time from facility personnel. Some facilities receive multiple inspections if corrective actions are required.

Several years of thorough and consistent annual inspections of local food service facilities have proven to be highly effective, as most facilities are operating in compliance with the local fats, oils, and greases (FOG) program and with local ordinances. In 2018/2019, a special effort was made to ensure that coffee shops, which were previously exempt from grease interceptor requirements, install an interceptor. Consequently, all coffee shops have installed a grease interceptor.

In 2020, a letter and survey were sent to all dentists in the service area of the Scotts Valley Wastewater Treatment Facility. The letter and survey were an effort to meet the Federal Dental Amalgam Rule requirements as contained in Title 40 of the Code of Federal Regulations (CFR), Part 403 & 441. The 'One-time Compliance Report' required by the dental regulations was completed and returned by all dentists operating in the service area. The intention of the report was to ascertain how each dental practice handles amalgam waste and to ensure that it is being disposed of according to the BMPs outlined in 40 CFR 441.30(b) or 40 CFR 441.40(b) All are in compliance.

## Public Education and Outreach

### Green Business

Scotts Valley continues to support the Monterey Bay Area Green Business Program. Goals of the Green Business Program include promoting pollution prevention, waste minimization, and implementing best management practices that go above and beyond the regulatory standards. Since its launch in July 2004, the program has developed nineteen different business certification sectors, including: restaurants, plumbers, office/retail facilities, hotels/hospitality services, custodial companies, beauty salons, laundromats, wineries, painters, and landscapers, property management/multi-family dwellings, schools, medical facilities, garment cleaners, vehicle service facilities, auto body shops, printers, contractors/remodelers, and pharmacies. A significant portion of the program for restaurants, hotels, and plumbers is dedicated to minimizing discharges of fats, oils, and greases (FOG) into the sanitary sewer. The program is supported by a database launched in 2010, which allows it to collect metrics on water and energy savings, pollution and waste reduction, and so assess the program's impacts.

Ten businesses are presently certified through the Green Business Program in Scotts Valley with nine more undergoing the process of certification. That's double the number certified the previous year.

### Fats Oils Grease Outreach

FOG outreach to residents of Scotts Valley is done twice annually through the Wasteline newsletter that GreenWaste Recovery sends to its customers. The following information was contained in the Fall newsletter:

#### **FATS, OILS & GREASE (FOG) Clog Sewers! Scrape It, Can It, Trash It**

Cooking fats, oils, and grease (FOG) are the leading causes of sewer pipe clogs. When poured down sinks, drains, or toilets, FOGs eventually cool, harden, and build up on the inner walls of sewer lines. As sewage flow is restricted, it can back up in your home, on your property, or even in the street. Protect your pipes and your home. Don't let items like these down your drains:

- Cooking oils (includes deep frying oils)
- Olive oil
- Butter or margarine
- Shortening
- Lard
- Salad dressings
- Sauces and gravies
- Meat fats
- Milk, cream, ice cream
- Marinades
- Sandwich spreads

## **What You Can Do: Scrape It, Can It, Trash It**

After cooking, let your fats, oils, and grease cool. For small amounts of FOG, scrape or wipe the pan. For larger amounts, scrape it into a covered disposable container. Either way, throw the bi-product into your trash.

### Sharp Solutions and Pharmaceutical Stewardship

The City of Scotts Valley staff members, in collaboration with the County of Santa Cruz and other city agencies, were successful in obtaining a grant in 2008 from the California Integrated Waste Management Board (CIWMB) to implement a pharmaceutical and sharps disposal program. Since that time, the Sharp Solutions for Home Medicines Program has provided a convenient and permanent system to dispose of home-generated used sharps and unwanted pharmaceuticals in the County of Santa Cruz. The County established 43 convenient and well-publicized drop-off locations, primarily at pharmacies, throughout the region. Since that program was founded, nearly all the sites have been privatized and are funded and maintained by the pharmacy or healthcare provider hosting the collection bins. In 2017, the City adopted ordinances consistent with the mission of the Pharmaceutical Product Stewardship Workgroup (ppswg.org) that requires producers and retailers of drugs and sharps to maintain take-back kiosks onsite and to keep records as per the requirements Chapter 8.38 - Scotts Valley Safe Drug and Sharps Disposal.

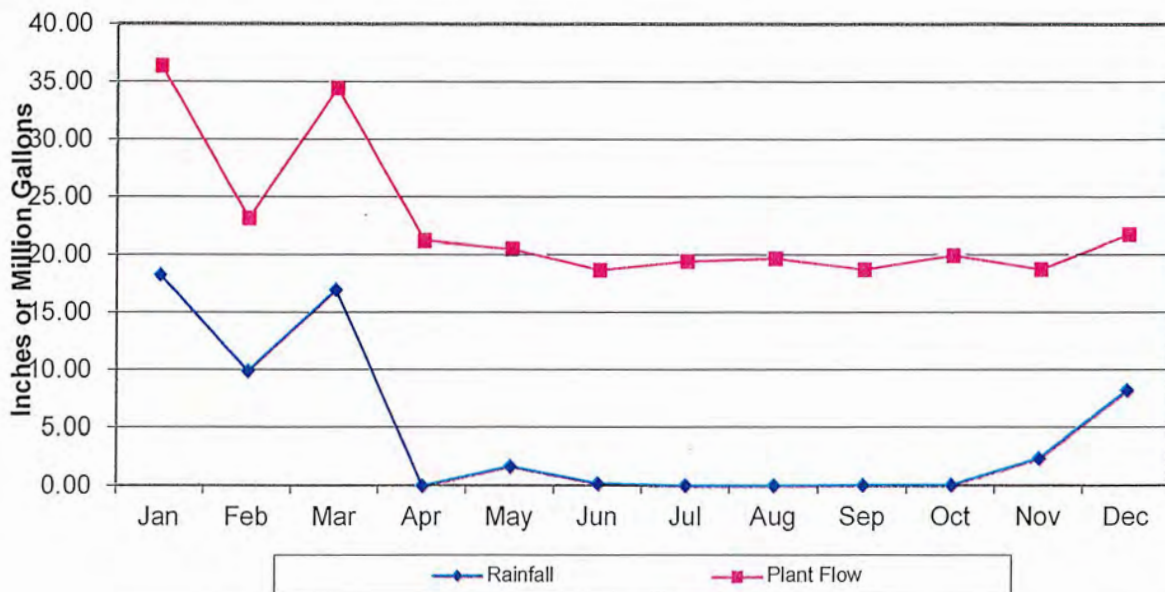
**TABLE 1**

**2023 PLANT FLOW AND RAINFALL**

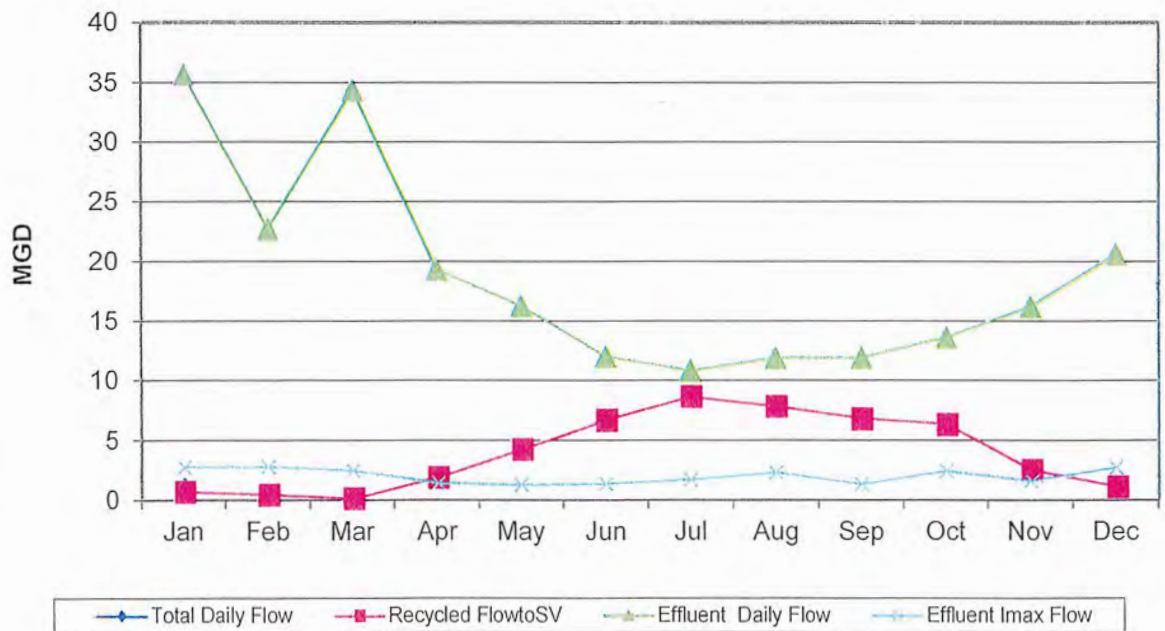
	<b>Total Plant Flow Eff.+Rec.MG Mo. Total</b>	<b>Effluent Daily Flow MG Mo. Total</b>	<b>Effluent Inst. Max. MG (peak)</b>	<b>Recycled Total Flow Million Gallons Mo. Total</b>	<b>Rainfall Inches (Total)</b>
January	36.504	35.728	2.80	0.776	18.28
February	23.273	22.733	2.82	0.540	9.92
March	34.585	34.377	2.50	0.208	16.96
April	21.363	19.368	1.51	1.995	0.00
May	20.635	16.304	1.30	4.331	1.68
June	18.829	12.043	1.40	6.786	0.18
July	19.604	10.868	1.74	8.736	0.00
August	19.851	11.935	2.32	7.916	0.00
September	18.861	11.966	1.36	6.895	0.05
October	20.109	13.678	2.46	6.431	0.06
November	18.888	16.250	1.66	2.638	2.36
December	21.882	20.664	2.75	1.218	8.25
<b>Total</b>	<b>274.38</b>	<b>225.91</b>		<b>48.47</b>	<b>57.74</b>
<b>Average</b>	<b>22.87</b>	<b>18.83</b>	<b>2.05</b>	<b>4.04</b>	<b>4.81</b>
<b>Maximum</b>	<b>36.50</b>	<b>35.73</b>	<b>2.82</b>	<b>8.74</b>	<b>18.28</b>
<b>Minimum</b>	<b>18.83</b>	<b>10.87</b>	<b>1.30</b>	<b>0.21</b>	<b>0.00</b>

ADDWF, MGD	<b>0.639</b>
Eff + Recycle	

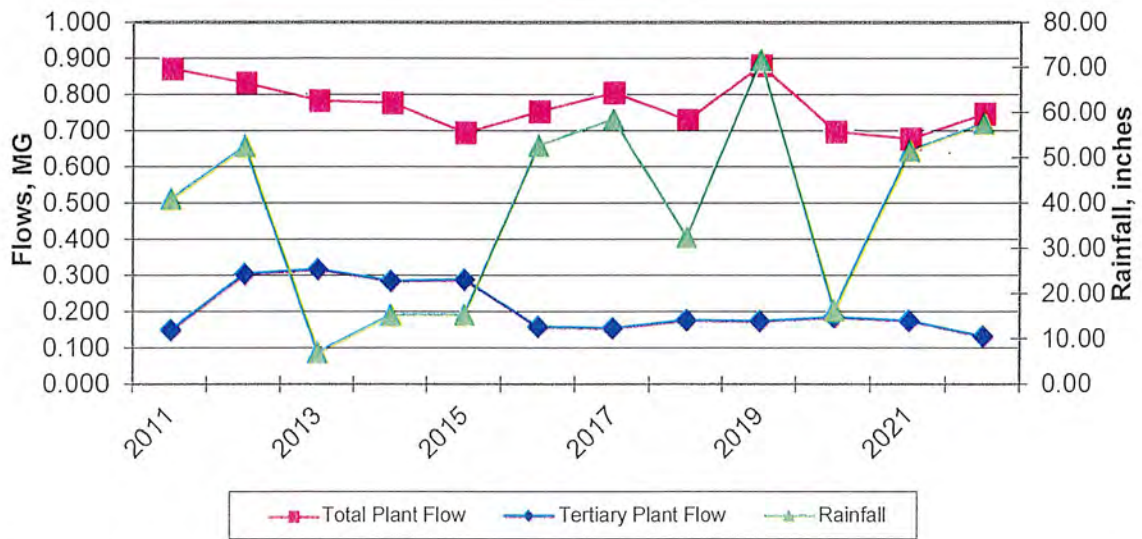
### 2023 Rainfall & Monthly Plant Flow



### 2023 Plant Flow



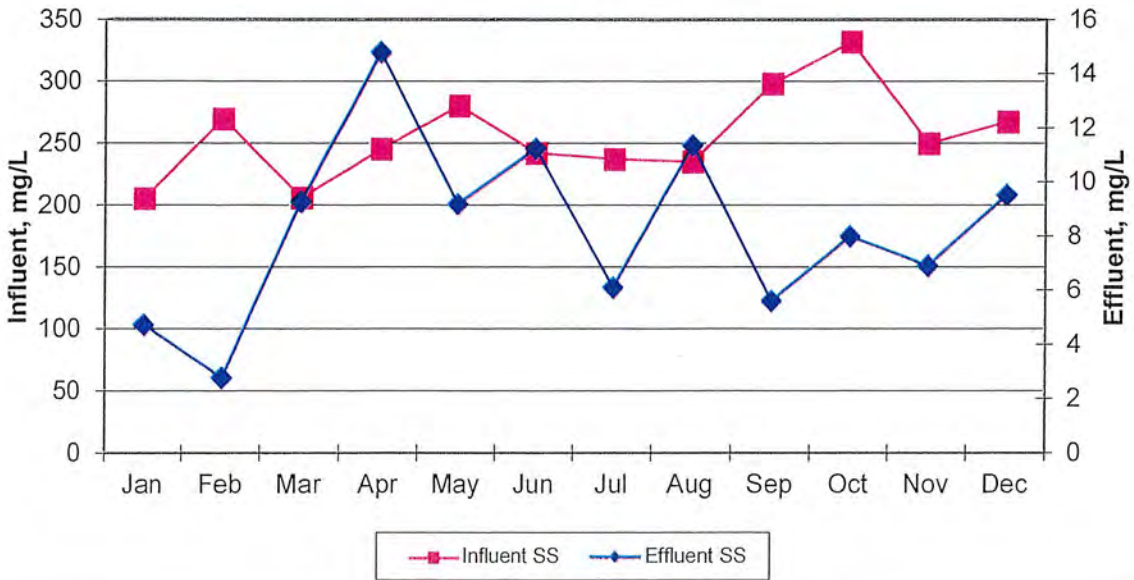
Plant Flows and Rainfall  
2011 to 2023



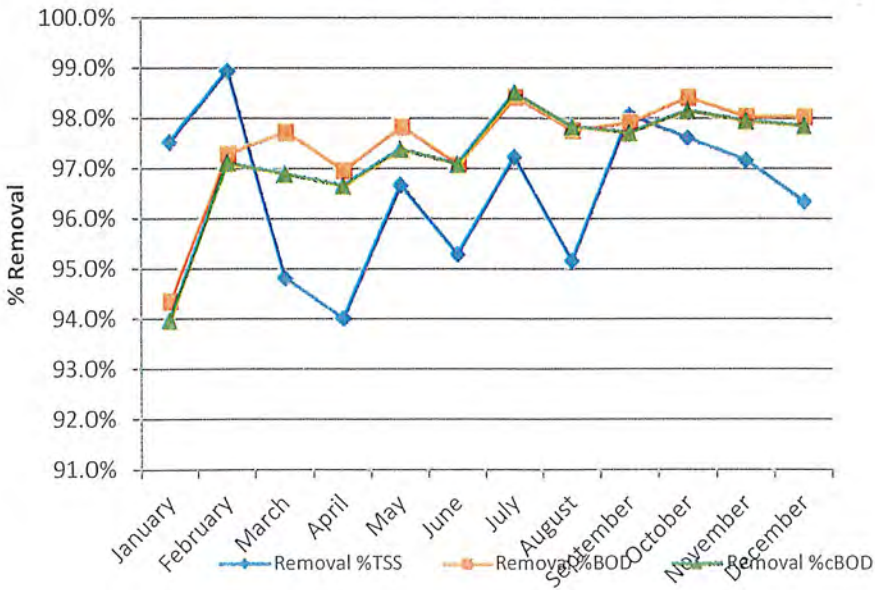
**TABLE 2****2023 Influent & Effluent Suspended Solids**

	Influent mg/L	Effluent mg/L	Effluent lb/day	Percent Removal
January	207	5	52	97.5%
February	272	3	20	99.0%
March	208	9	102	94.8%
April	247	15	77	94.0%
May	282	9	42	96.7%
June	244	11	36	95.3%
July	239	6	14	97.2%
August	237	11	35	95.2%
September	300	6	17	98.1%
October	334	8	28	97.6%
November	252	7	36	97.2%
December	269	10	59	96.4%
Average	257	8	43	96.6%
Maximum	334	15	102	99.0%
Minimum	207	3	14	94.0%

### 2023 Plant Suspended Solids



### 2023 Removal Rates TSS, BOD, cBOD

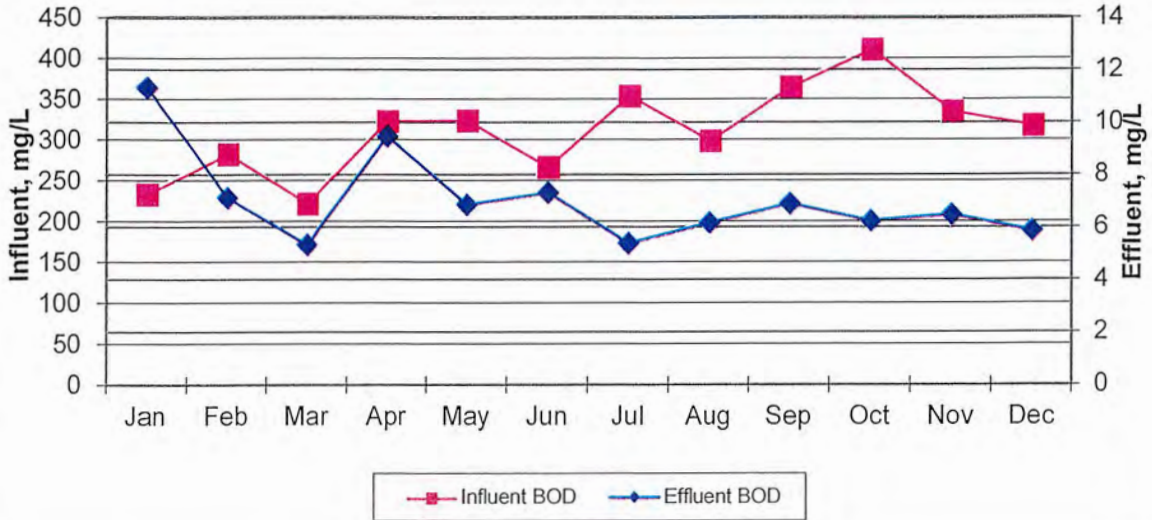


**TABLE 3**

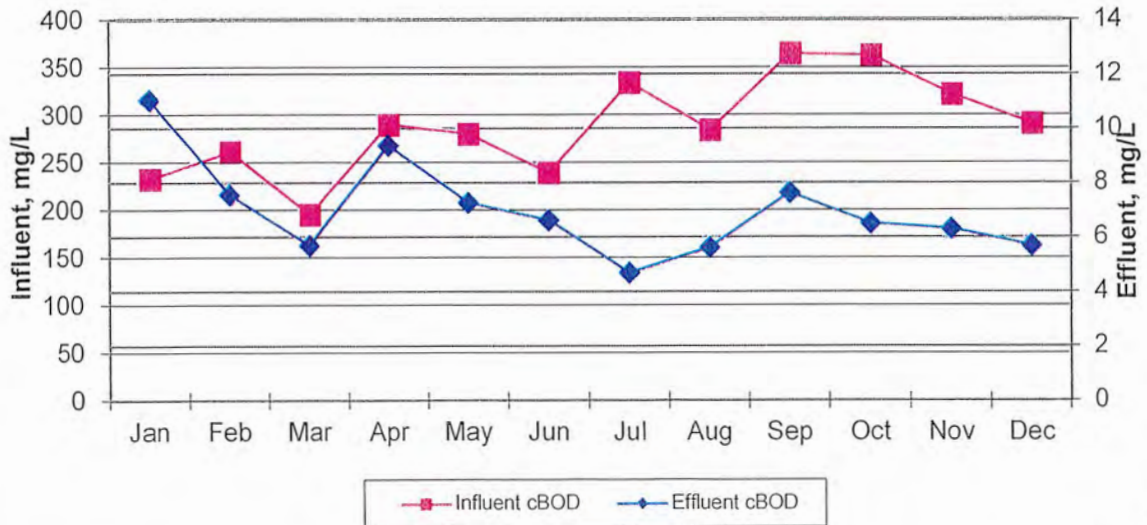
**2023 Influent & Effluent BOD & cBOD**

	Influent BOD mg/L	Effluent BOD mg/L	Effluent BOD lb/day	BOD Percent Removal	Influent cBOD mg/L	Effluent cBOD mg/L	Effluent cBOD lb/day	cBOD Percent Removal
January	235	11	126	94.4%	235	11	123	94.0%
February	284	7	79	97.3%	263	8	84	97.1%
March	224	5	59	97.8%	197	6	64	96.9%
April	325	9	105	97.0%	292	9	105	96.7%
May	326	7	76	97.9%	282	7	81	97.4%
June	268	7	81	97.1%	241	7	74	97.1%
July	356	5	60	98.5%	336	5	52	98.5%
August	300	6	69	97.8%	286	6	63	97.8%
September	367	7	77	97.9%	366	8	85	97.7%
October	413	6	70	98.4%	364	7	73	98.2%
November	337	6	72	98.1%	323	6	70	98.0%
December	320	6	65	98.1%	293	6	64	97.9%
								0.971354
Average	313	7	78	97.5%	290	7	78	97.3%
Maximum	413	11	126	98.5%	366	11	123	98.5%
Minimum	224	5	59	94.4%	197	5	52	94.0%

### 2023 Plant BOD



### 2023 Plant cBOD

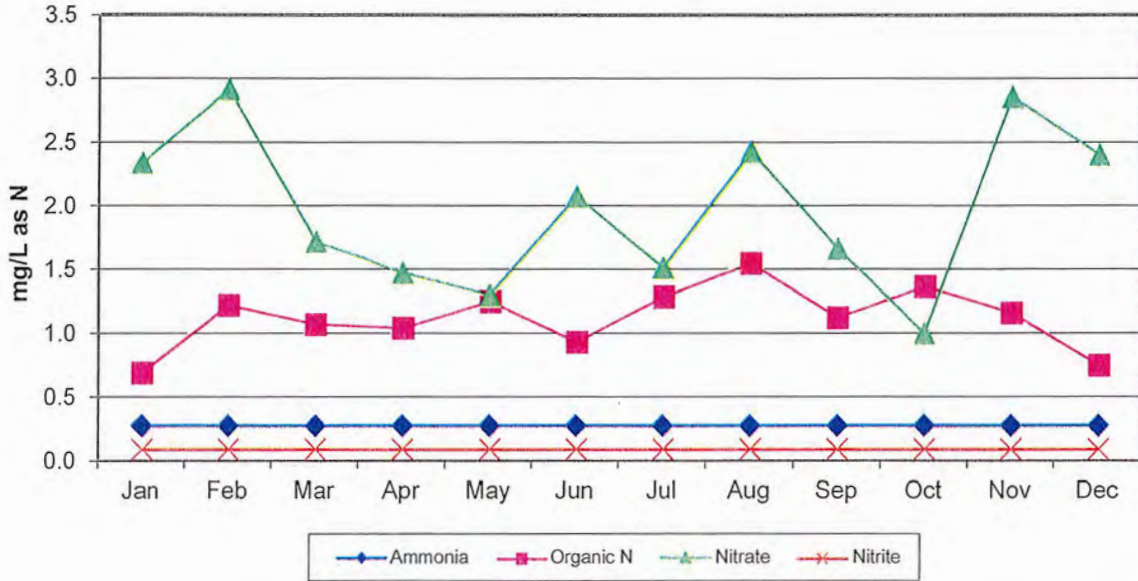


**TABLE 4**

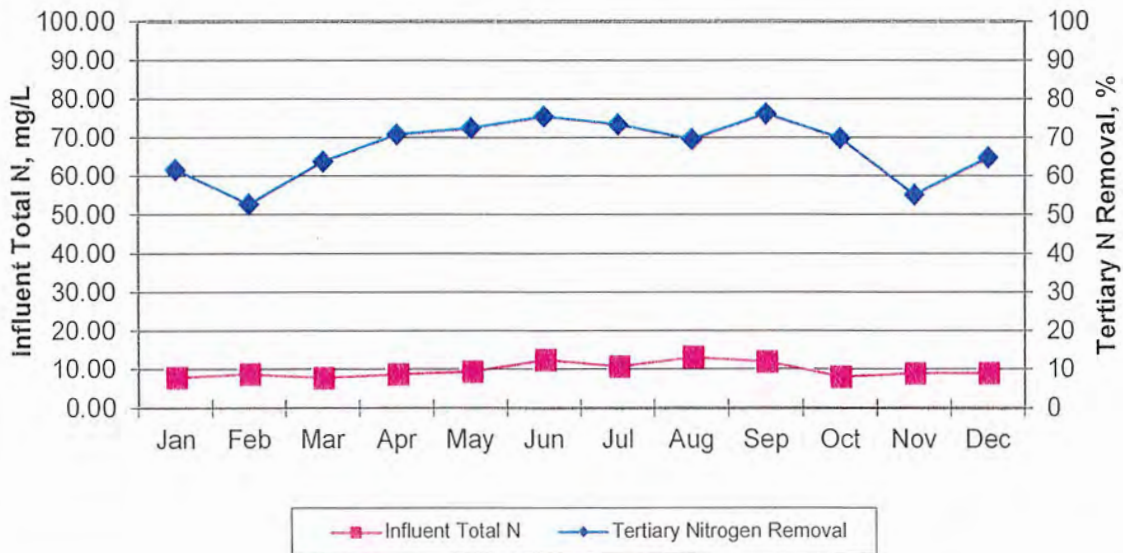
**2023 Tertiary Effluent Nitrogen**

	Tertiary Ammonia mg/L as N	Tertiary Organic N mg/L as N	Tertiary Nitrate mg/L as N	Tertiary Nitrite mg/L as N	Influent Total N mg/L as N	Tertiary Nitrogen Removal Percent
January	< 0.28	0.7	2.3	< 0.10	8.22	62
February	< 0.28	1.2	2.9	< 0.10	9.02	53
March	< 0.28	1.1	1.7	< 0.10	8.04	64
April	< 0.28	1.1	1.5	< 0.10	9.06	71
May	< 0.28	1.3	1.3	< 0.10	9.73	73
June	< 0.28	0.9	2.1	< 0.10	12.80	76
July	< 0.28	1.3	1.5	< 0.10	11.02	74
August	< 0.28	1.6	2.4	< 0.10	13.49	70
September	< 0.28	1.1	1.7	< 0.10	12.26	76
October	< 0.28	1.4	1.0	< 0.10	8.26	70
November	< 0.28	1.2	2.9	< 0.10	9.23	55
December	< 0.28	0.8	2.4	< 0.10	9.31	65
Average	< 0.28	1.1	2.0	< 0.10	10.0	67
Maximum	< 0.28	1.6	2.9	< 0.10	13.5	76
Minimum	< 0.28	0.7	1.0	< 0.01	8.0	53

2023 Tertiary Plant Effluent Nitrogen



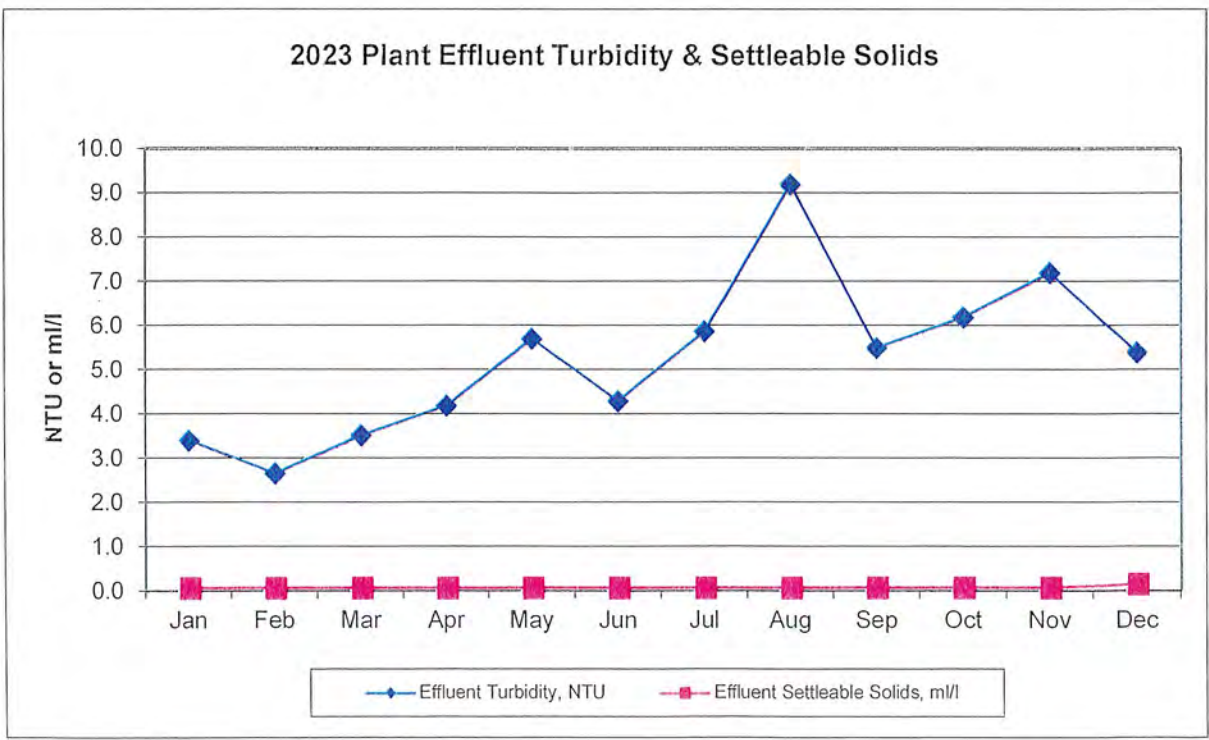
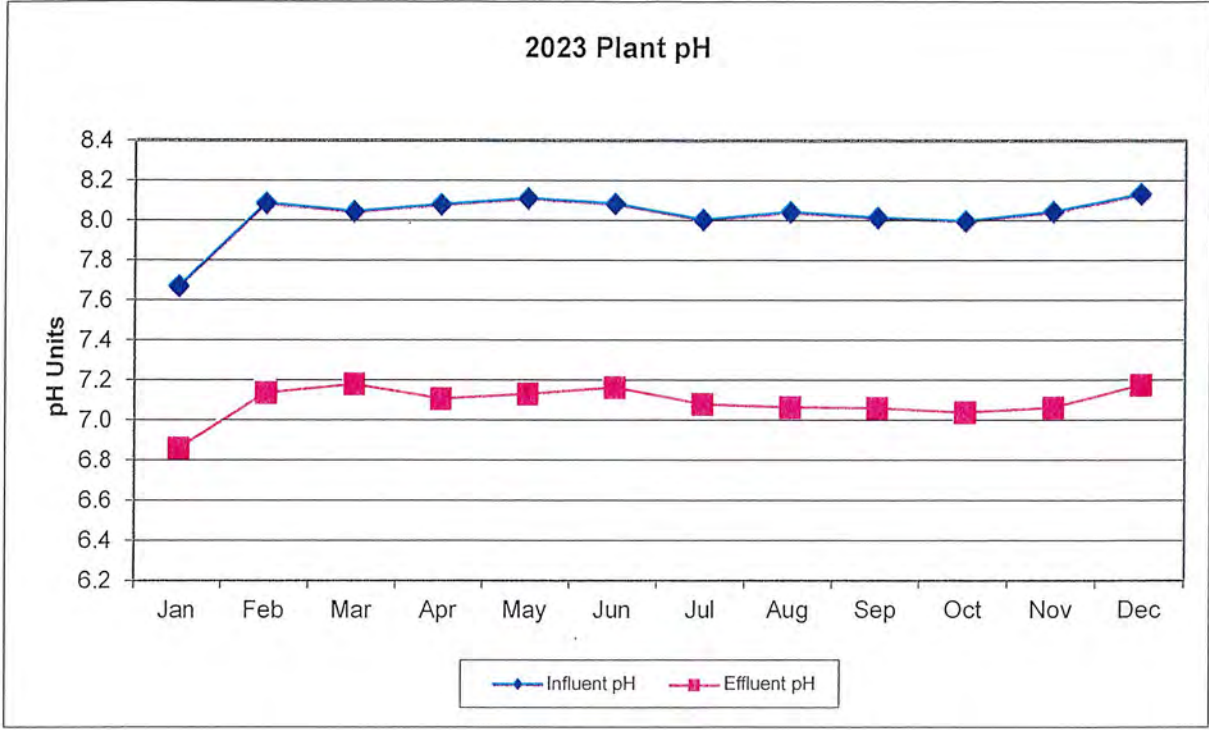
2023 Tertiary Plant Nitrogen Removal



**TABLE 5**

**2023 Influent & Effluent pH and Effluent Turbidity, Settleable Solids, and Oil & Grease**

	Influent pH Std Units	Effluent pH Std Units	Effluent Turbidity NTU	Effluent Settleable Solids ml/L	Effluent Oil & Grease mg/L	Effluent Oil & Grease lb/day
January	7.7	6.9	3.4	< 0.1	< 5	< 30
February	8.1	7.1	2.7	< 0.1	< 5	< 30
March	8.0	7.2	3.5	< 0.1	< 5	< 30
April	8.1	7.1	4.2	< 0.1	< 5	< 30
May	8.1	7.1	5.7	< 0.1	< 5	< 30
June	8.1	7.2	4.3	< 0.1	< 5	< 30
July	8.0	7.1	5.9	< 0.1	< 5	< 30
August	8.0	7.1	9.2	< 0.1	< 5	< 30
September	8.0	7.1	5.5	< 0.1	< 5	< 30
October	8.0	7.0	6.2	< 0.1	< 5	< 30
November	8.0	7.1	7.2	< 0.1	< 5	< 30
December	8.1	7.2	5.4	0.2	< 5	< 30
Average	8.0	7.1	5.3	< 0.1	< 5.0	< 30
Maximum	8.1	7.2	9.2	< 0.2	< 5.0	< 30
Minimum	7.7	6.9	2.7	< 0.1	< 5.0	< 30

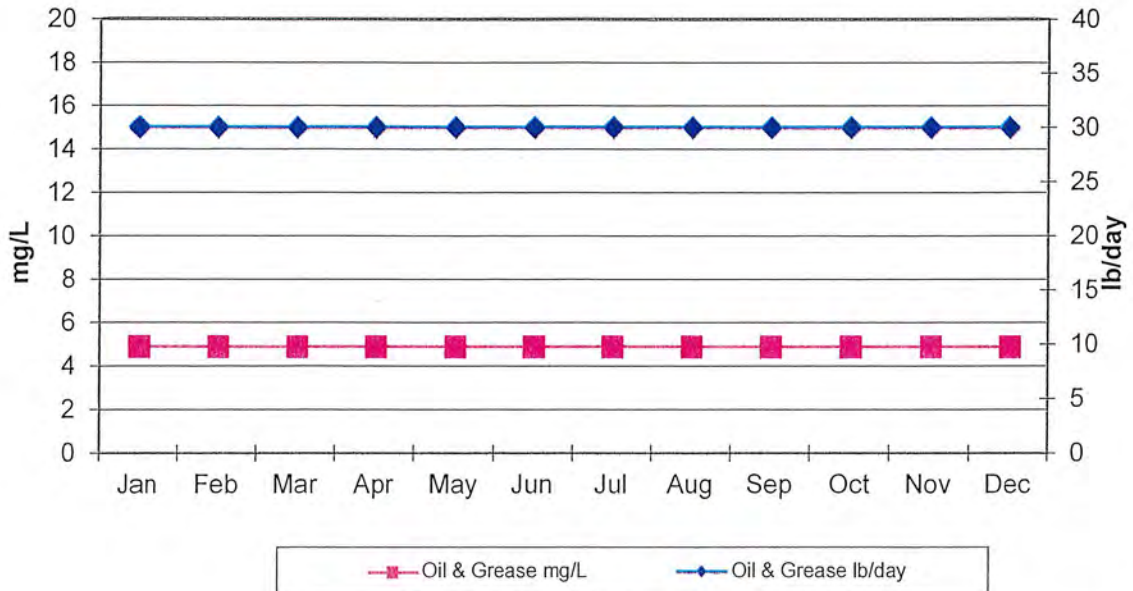


**TABLE 6**

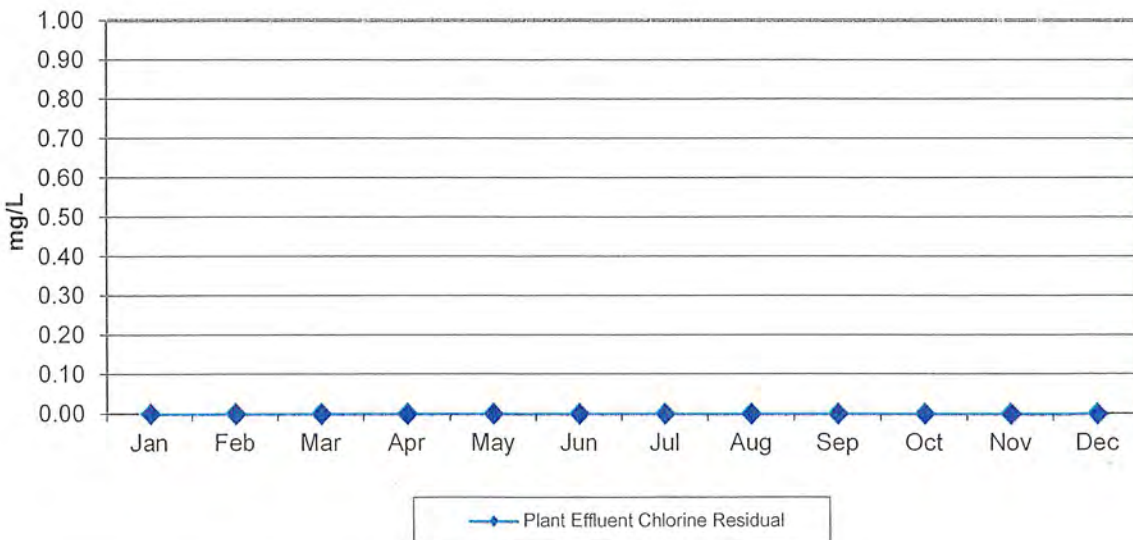
**2023 Effluent Chlorine Residual and Bacteriological Quality**

	Chlorine Residual mg/L <small>@Santa Cruz</small>	Total Coliform MPN/100mL	Fecal Coliform MPN/100mL	Enterococcus MPN/100mL
January	< 0.01	1530	< 370	77
February	< 0.01	< 320	< 220	7
March	< 0.01	440	< 200	22
April	< 0.01	960	260	21
May	< 0.01	1900	260	22
June	< 0.01	4810	570	52
July	< 0.01	4550	496	47
August	< 0.01	1200	93	60
September	< 0.01	3320	192	51
October	< 0.01	1724	284	103
November	< 0.01	4560	370	99
December	< 0.01	5910	87	16
Geometric	< 0.01	1,849	247	37
Maximum	< 0.01	5,910	570	103
Minimum	< 0.01	< 320	< 87	7

### 2023 Effluent Oil & Grease



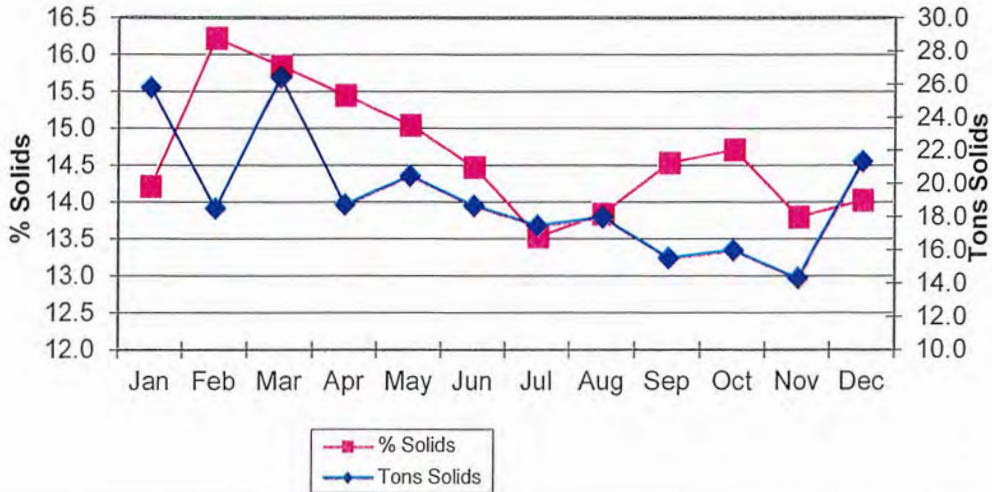
### 2023 Plant Effluent Chlorine Residual @ Santa Cruz



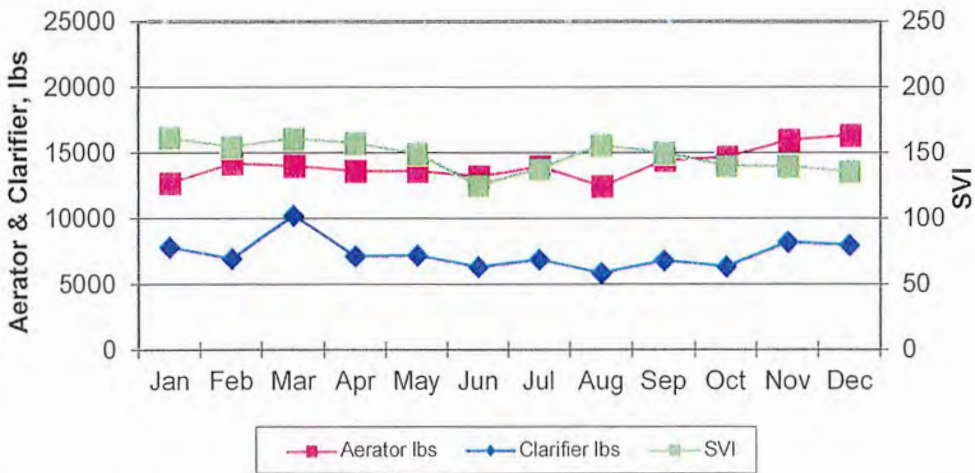
**TABLE 7****2023 Sludge Wasting**

	WAS Flow MG	WAS Percent Solids	Sludge Hauled Tons/mnth (dry wt)	Hours Press or Aeromod per/mnth	Sludge % Solids	Dry Tons
January	1.0	1.22	25.8	159.0	14.2	25.8
February	0.8	1.20	18.5	142.5	16.2	18.5
March	0.9	0.90	26.5	167.0	15.9	26.5
April	0.9	1.02	18.8	146.0	15.5	18.8
May	1.0	0.98	20.5	167.5	15.1	20.5
June	1.0	0.76	18.7	148.0	14.5	18.7
July	1.2	1.11	17.5	144.0	13.6	17.5
August	1.1	1.02	18.0	157.0	13.9	18.0
September	0.9	1.84	15.6	123.0	14.6	15.6
October	1.0	1.11	16.0	147.5	14.7	16.0
November	1.0	1.22	14.3	143.0	13.8	14.3
December	1.0	0.82	21.4	140.5	14.1	21.4
Total	11.6		231.6	1,785		
Average	1.0	1.10	19.3	149	14.7	
Maximum	1.2	1.84	26.5	168	16.2	
Minimum	0.8	0.76	14.3	123	13.6	

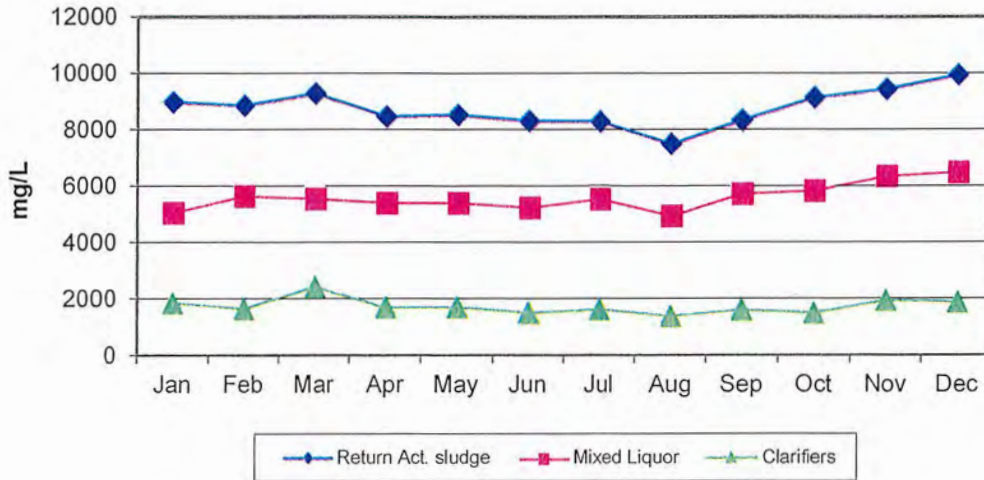
### 2023 Dewatered Sludge Cake



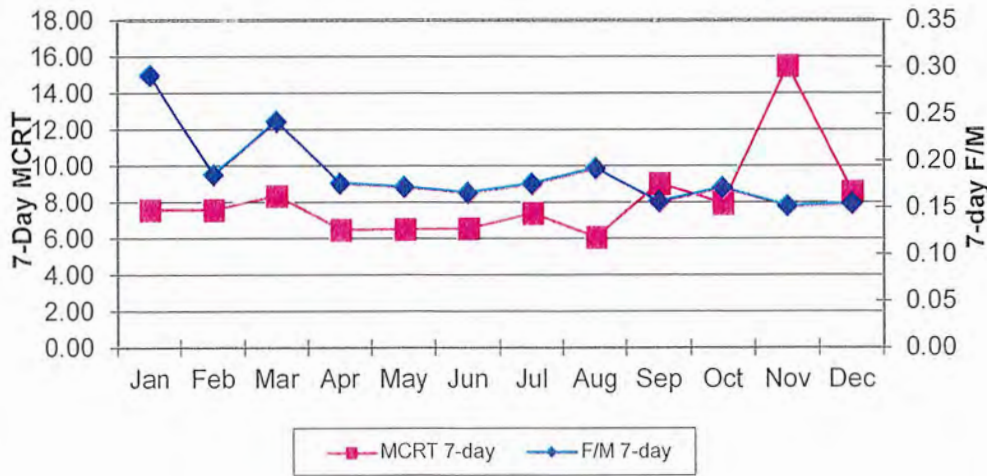
### 2023 Plant Solids Inventory



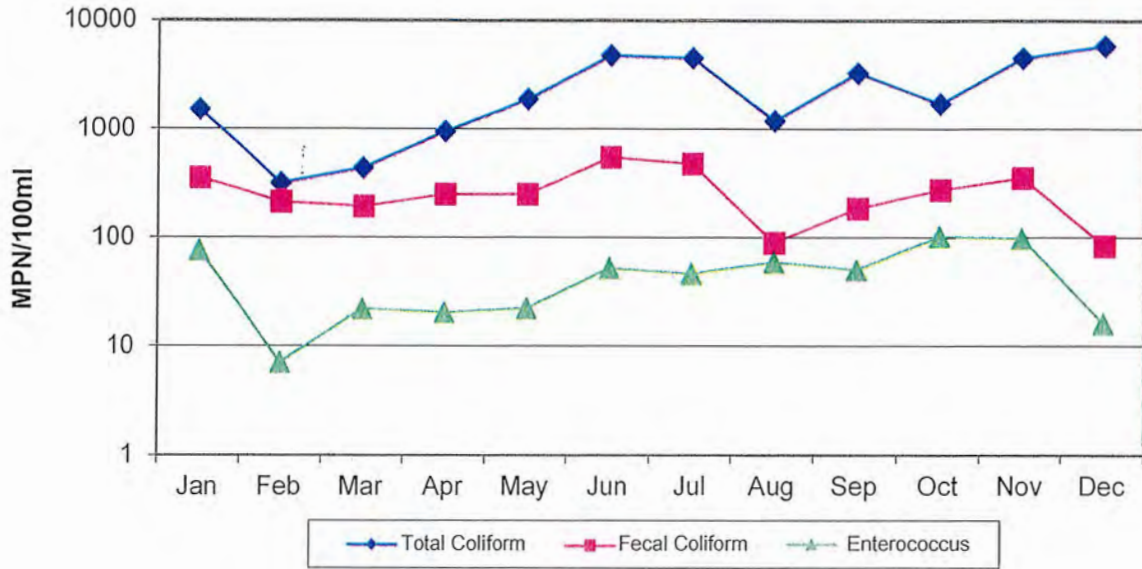
2023 In-Plant Solids Concentrations



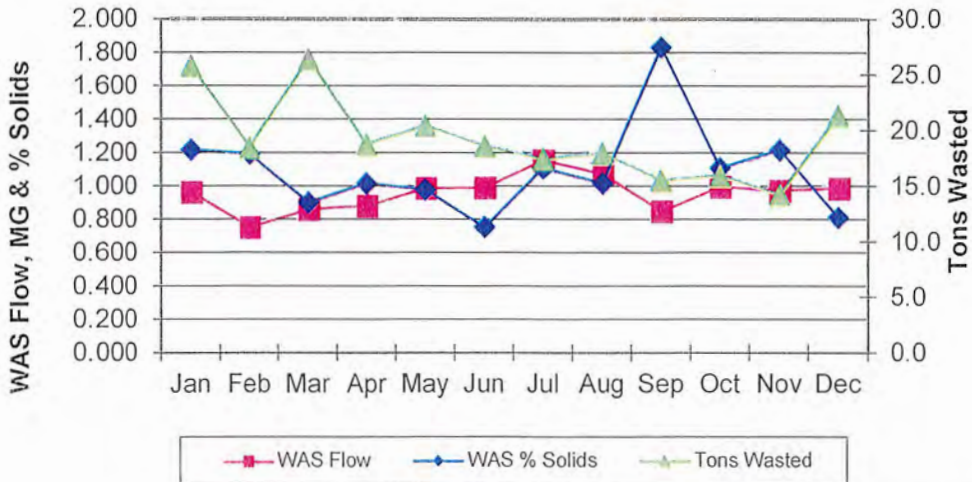
2023 Plant 7-Day MCRT & F/M



### 2023 Plant Effluent Bacterial Quality



### 2023 Waste Activated Sludge



# TABLE 8

## 2023 Plant Operating Parameters

	Aerator lbs	Clarifier lbs	Total lbs	RAS mg/L	MLSS mg/L	Clar. SS mg/L	MCRT 7-day	F/M 7-day	SVI Ratio
January	12848.3	7865	20,713	8986	5108	1859	7.68	0.29	162
February	14335.9	6981	21,317	8877	5699	1650	7.69	0.19	155
March	14124.8	10283	24,407	9302	5615	2430	8.45	0.24	161
April	13741.9	7190	20,932	8492	5463	1699	6.58	0.18	158
May	13745.9	7237	20,983	8545	5465	1710	6.62	0.17	150
June	13318.1	6357	19,675	8326	5295	1502	6.67	0.17	126
July	14091.9	6924	21,016	8313	5602	1636	7.50	0.18	138
August	12586.5	5903	18,489	7511	5004	1395	6.18	0.19	156
September	14563.7	6850	21,413	8362	5790	1619	9.14	0.16	150
October	14816.3	6382	21,198	9161	5890	1508	8.03	0.17	140
November	16102	8264	24,366	9452	6402	1953	15.63	0.15	140
December	16479.4	8008	24,487	9959	6552	1892	8.68	0.16	136
Average	14,230	7,354	21,583	8,774	5,657	1,738	8.2	0.19	148
Maximum	16,479	10,283	24,487	9,959	6,552	2,430	15.6	0.29	162
Minimum	12,586	5,903	18,489	7,511	5,004	1,395	6.2	0.15	126

## NPDES PERMIT EFFLUENT VIOLATIONS 2014-2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
January	0	0	0	0	0	0	0	0	0	0
February	0	0	0	0	0	0	0	0	0	0
March	0	1	0	0	0	0	0	0	0	0
April	0	0	0	0	0	0	1	0	0	0
May	0	0	0	0	0	0	0	0	0	0
June	0	0	0	0	0	0	0	0	0	0
July	0	0	0	0	0	0	0	0	0	0
August	0	0	0	0	0	0	0	0	0	0
September	0	0	0	0	0	0	0	0	0	0
October	0	0	0	2	0	0	0	0	0	0
November	0	0	0	0	0	0	0	0	0	0
December	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	0	1	0	2	0	0	1	0	0	1

Eff. Weekly  
TSS  
Avg.

Eff. Weekly  
&  
Monthly  
TSS  
Avg.

TCDD

TCDD



# City of Scotts Valley Discharger Self Monitoring Report

Annual Biosolids Hazardous Waste Determination  
 NPDES#: 0048828 FAC ID: 3440103001

700 Lundy Lane  
 Scotts Valley, CA 95066

Date of Report: SLUDGE CAKE Annual hazardous waste determination						
Wet weight reporting in mg/kg						
2023 Annual and 1st Qtr.	CONSTITUENT	Detection Limit (ML) & Units mg/kg	Result mg/L	Regulatory Level mg/L	Regulatory Level Times Exceeded	Sample Date
Remarks:	Arsenic/Arsenic Compounds	2.50	1.70	5.0	0	1/5/2023
	Barium	1.10	18.00	100.0	0	1/5/2023
	Benzene	0.00	ND	0.5	0	1/5/2023
	Cadmium	0.32	0.17	1.0	0	1/5/2023
	Carbon tetrachloride	0.082	ND	0.5	0	1/5/2023
	Chlordane	6.10	ND	0.03	0	1/5/2023
	Chlorobenzene	0.00	ND	100.0	0	1/5/2023
	Chloroform	0.00	ND	8.0	0	1/5/2023
Conclusion:	Chromium	0.31	1.80	5.0	0	1/5/2023
Not Hazardous Material	o-Cresol	0.09	ND	200.0	0	1/5/2023
	m-Cresol	0.16	ND	200.0	0	1/5/2023
	p-Cresol	0.16	ND	200.0	0	1/5/2023
	2,4-D	0.01	ND	10	0	1/5/2023
	1,4-Dichlorobenzene	0.00	ND	7.5	0	1/5/2023
	1,2-Dichloroethane	0.00	ND	0.5	0	1/5/2023
	1,1-Dichloroethylene	0.00	ND	0.7	0	1/5/2023
	2,4-Dinitrotoluene	0.30	ND	0.13	0	1/5/2023
	Endrin	0.00	ND	0.02	0	1/5/2023
	Heptachlor(and its epoxide)	0.00	ND	0.008	0	1/5/2023
	Hexachlorobenzene	0.00	ND	0.13	0	1/5/2023
	Hexachlorobutadiene	0.00	ND	0.5	0	1/5/2023
	Hexachloroethane	0.32	ND	3.0	0	1/5/2023
	Lead	2.50	1.10	5.0	0	1/5/2023
	Lindane	0.00	ND	0.4	0	1/5/2023
	Mercury	0.099	0.08	0.2	0	1/5/2023
	Methoxychlor	0.061	ND	10.0	0	1/5/2023
	Methyl ethyl ketone	0.02	0.06	200.0	0	1/5/2023
	Nitrobenzene	0.10	ND	2.0	0	1/5/2023
	Pentachlorophenol	0.00	ND	100.0	0	1/5/2023
	Pyridine	0.36	ND	5.0	0	1/5/2023
	Selenium	1.00	1.50	1.0	0	1/5/2023
	Silver	0.50	1.30	5.0	0	1/5/2023
	Tetrachloroethylene	0.062	ND	0.5	0	1/5/2023
	Toxaphene	6.10	ND	0.5	0	1/5/2023
	Trichloroethylene	0.082	ND	0.5	0	1/5/2023
	2,4,5-Trichlorophenol	0.17	ND	400.0	0	1/5/2023
	2,4,6-Trichlorophenol	0.28	ND	2.0	0	1/5/2023
	2,4,5-TP (Silvex)	0.00	ND	1.0	0	1/5/2023
	Vinyl Chloride	0.00	ND	0.2	0	1/5/2023
Conclusion: Not Hazardous Material Data submitted as required by monitoring report program 40 CFR 261 Subpart C 261.24 Hazardous Waste Determination of Sludge						







# City of Scotts Valley Discharger Self Monitoring Report

Annual Biosolids Monitoring

700 Lundy Lane

NPDES#: 0048828 FAC ID: 3440103001 Scotts Valley, CA 95066

SLUDGE/SLURRY, TABLE 6 – 4th Quarter Biosolids Monitoring					
Sampling Date: 10/17/2023					
2023 4th Quarter	CONSTITUENT	Detection Limit (ML) & Units	Result dry weight mg/kg	Table 3 Limit mg/kg	Times Exceeded
Remarks:	Moisture	0.05 %	86.2		0
	Arsenic	5.8 mg/kg	16.0	41	0
	Cadmium	0.76 mg/kg	ND	39	0
	Chromium	0.73 mg/kg	73		0
	Copper	0.73 mg/kg	74	1500	0
	Lead	6 mg/kg	52.00	300	0
	Mercury	0.12 mg/kg	0.35	17	0
	Molybdenum	0.73 mg/kg	ND	75	0
	Nickel	2.2 mg/kg	89.0	420	0
	Selenium	6.8 mg/kg	ND	100	0
	Zinc	1.3 mg/kg	200	2800	0
	Press Paint Filter Test	pass/fail	Pass		0
	pH	std. units	6.61		0
TOTAL ANNUAL DRY TONS HAULED FOR 2023= 231.33 Dry Tons					
Disposal Location		Monterey Peninsula Landfill and Recycling Facility 14201 Del Monte Boulevard Marina, CA 93933-1670		2023	
Slurry Hauled and Sold to Santa Cruz Wastewater Facility 110 California St. Santa Cruz, CA 95060					

**APPENDIX D**

**WASTEWATER RATE STUDY**

**(2021 – 2026)**



May 7, 2021

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

**Re: 2021 Wastewater Rate Study Update**

Bartle Wells Associates is pleased to submit the attached 2021 Wastewater Rate Study Update following the 2017 Wastewater Financial Plan and Rate Study completed by our firm. The updated rate study reflects the latest wastewater revenue and expenditures, develops long-term financial projections for the wastewater enterprise, and calculates wastewater rates that equitably recover the cost of providing service over the next five years.

Before this study, BWA conducted the 2017 Water Rate Study and recommended three years of 15% annual increases from FY 2019-20 through FY 2021-22. The City last adjusted its wastewater rates in FY 2019-20, and, primarily due to the COVID-19 pandemic, has not adopted any wastewater rate increases in almost two years. The wastewater utility is currently experiencing an operating deficit and faces over \$28 million in planned capital improvement projects over the next 10 years. Annual wastewater rate increases are needed to restore financial sustainability.

BWA worked closely with City Staff to refine operations and capital expenditure projections over the next 10 years. We used this projection to develop proposed rates that establish financial sustainability in the wastewater fund over the next five years. BWA proposes that the City increase rates 9% each year for the next 5 years. A summary of proposed rates is provided below.

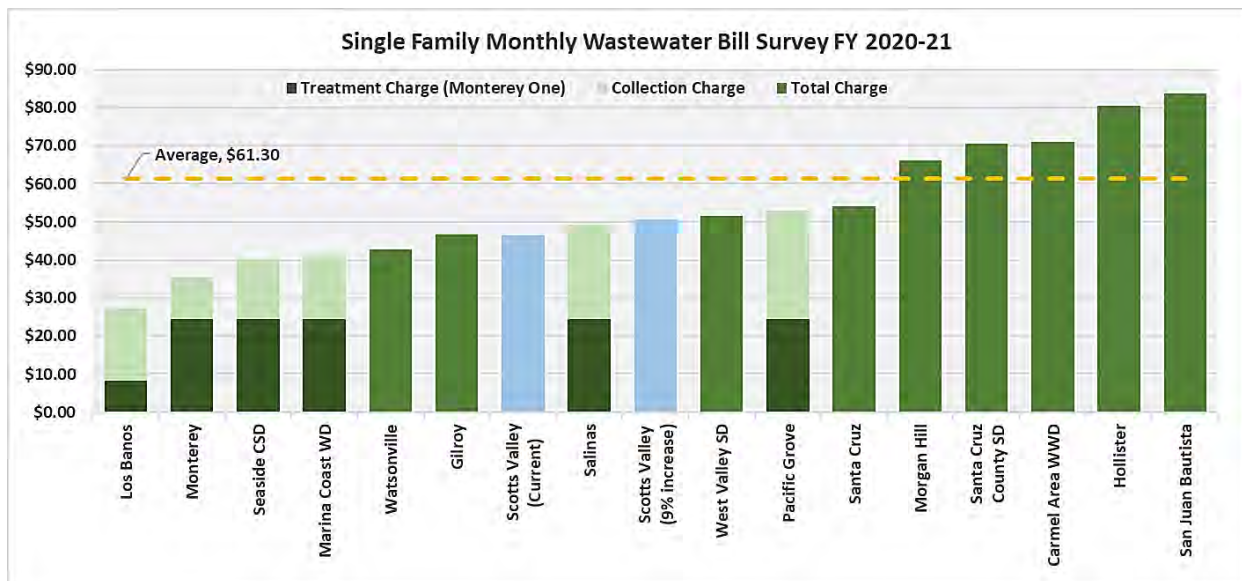
Year	Current	1	2	3	4	5
Fiscal Year (FY)	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Rate Adoption Date	7/1/2022	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Rate increase		9.0%	9.0%	9.0%	9.0%	9.0%
<b>Single Family Residence</b>						
Flat Monthly Fee	\$46.49	\$50.67	\$55.23	\$60.21	\$65.62	\$71.53
(Low- Income)	\$40.91	\$44.59	\$48.61	\$52.98	\$57.75	\$62.95
<b>Multi-family Residential</b>						
Flat Monthly Fee	\$32.56	\$35.49	\$38.68	\$42.17	\$45.96	\$50.10
(Low-Income)	\$28.65	\$31.23	\$34.04	\$37.10	\$40.44	\$44.08
<b>Mobile Home</b>						
Flat Monthly Fee	\$31.02	\$33.81	\$36.85	\$40.17	\$43.79	\$47.73
(Low-Income)	\$27.29	\$29.75	\$32.42	\$35.34	\$38.52	\$41.99
<b>Commerical and Industrial</b>						
Monthly Minimum Fee	\$46.49	\$50.67	\$55.23	\$60.21	\$65.62	\$71.53
<b>Charge per 100gal – by Strength Factor</b>						
Low	\$0.83	\$0.90	\$0.99	\$1.07	\$1.17	\$1.28
Medium	\$1.11	\$1.21	\$1.32	\$1.44	\$1.57	\$1.71
High	\$1.42	\$1.55	\$1.69	\$1.84	\$2.00	\$2.18

*April readings for Tax-Roll customers and mid December to mid February for Direct Billing Customers  
See Commercial Classifications Based on Strength attachment for more details*

Key elements of the recommended rates include:

- a) complete funding of annual wastewater operations and capital expenses,
- b) phased-in rates based on flexible payment terms on proposed debt financing for capital projects (estimated using 5 to 6-year bank loans at 4% interest)
- c) at least 110% debt service coverage as required on proposed financing, and
- d) minimum wastewater fund balance targets met within 5 years (6 months annual operating expenses + \$1 million emergency capital reserve)

BWA also conducted a survey of single-family monthly wastewater bills in the surrounding community. Scotts Valley's wastewater rates are among the lowest in the area. The proposed rates will remain below the area average of \$61.30 in fiscal year (FY) 2021-2022.



Please find our detailed findings in the calculation tables below. We have enjoyed working with the City and welcome any questions or feedback.

Sincerely,

BARTLE WELLS ASSOCIATES

Doug Dove, CIPM  
Principal

Abigail Seaman  
Consultant



## City of Scotts Valley

# 2021 Wastewater Rate Study Update

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## Final Tables



**BARTLE WELLS ASSOCIATES**  
INDEPENDENT PUBLIC FINANCE ADVISORS

Table 1			
City of Scotts Valley - Wastewater Rate Study			
Current Rates & Prior Recommendation	Current 2020-21	2016 BWA Recommendation	
		2020-21	2021-22
		<b>15.0%</b>	<b>15.0%</b>
<b>Residential Rates</b>			
<u>Single-family Residential</u>			
Flat Monthly Fee	\$46.49	\$53.47	\$61.49
(Low- Income)	\$40.91	\$47.05	\$54.11
<u>Multi-family Residential</u>			
Flat Monthly Fee	\$32.56	\$37.45	\$43.06
(Low-Income)	\$28.65	\$32.95	\$37.89
<u>Mobile Home</u>			
Flat Monthly Fee	\$31.02	\$35.68	\$41.03
(Low-Income)	\$27.29	\$31.39	\$36.10
<b>Commercial &amp; Industrial Rates</b>			
<u>Commerical and Industrial</u>			
Monthly Minimum Fee	\$46.49	\$53.47	\$61.49
<u>Charge per 100gal - With Strength Factor</u>			
-Low Strength: Schools, Banks	\$0.83	\$0.96	\$1.11
-Medium Strength: Offices, Hospitals	\$1.11	\$1.28	\$1.47
-High Strength: Restaurants, Bakeries	\$1.42	\$1.64	\$1.89

*April readings for Tax-Roll customers and mid December to mid Febuary for Direct Billing*

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Table 2  
City of Scotts Valley - Wastewater Rate Study  
Current Fund Balance

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	<u>7/1/2020</u>
Wastewater Operations	\$2,444,863
Tertiary Operating	(\$123,004)
Wastewater Capital Reserve	\$416,440
Wastewater Equipment Replacement	\$122,457
TTP District Reserve	\$28,353
<b>Beginning Wastewater Reserve Fund</b>	<b>\$2,889,109</b>
50% Operating Costs	\$1,269,299
Emergency Capital Replacement	\$1,000,000
<b>Total Emergency Reserve Fund Target</b>	<b>\$2,269,299</b>

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Table 3  
City of Scotts Valley - Wastewater Rate Study  
Estimated Annual Wastewater Revenues- From Current Service Charges

	Current Accounts	Dwelling Units**	Total Demand	Revenue Current Rate	Fixed	Volumetric	Low-Income Discount
Single-family Residential:							
Flat Monthly Fee	2,249	2,249		\$46.49	\$1,254,672		
			2,331				
(Low- Income)	82	82		\$40.91	\$40,255		\$5,490.72
Multi-family Residential:							
Flat Monthly Fee	660	1,320		\$32.56	\$515,750		
			1,361				
(Low-Income)	35	41		\$28.65	\$14,096		\$1,923.72
Mobile Home:							
Flat Monthly Fee	170	719		\$31.02	\$267,641		
			768				
(Low-Income)	48	49		\$27.29	\$16,047		\$2,193.24
<b>Total Residential</b>	<b>3,244</b>	<b>4,460</b>	<b>4,460</b>		<b>\$2,108,461</b>		<b>\$9,607.68</b>
	Current		Consumption				
Commercial and Industrial:							
Monthly Minimum Fee Users	281			\$46.49	\$156,764		
Charge users*	240		614,222	\$1.11		\$681,786	
Total Commercial	281					\$838,551	
<b>Total Wastewater Charges</b>						<b>\$2,947,012</b>	

\*Rate based on two months data collection from Mid December to Mid February

\*Contain directly billed accounts to Finance Department

Table 4  
 City of Scotts Valley - Wastewater Rate Study  
 2019/20 Operating Revenue Fund 10

	2017/18 Actual	2018/19 Actual	2019/20 Projected	2020/21 Budget
Revenue				
Sewer Service Fees	\$2,128,732	\$2,513,648	\$2,915,832	\$2,900,000
Penalties for Delinquences	<u>\$1,643</u>	<u>\$1,456</u>	<u>\$3,540</u>	<u>\$3,500</u>
<b>Subtotal - Service Charges</b>	<b>\$2,130,375</b>	<b>\$2,515,104</b>	<b>\$2,919,372</b>	<b>\$2,903,500</b>
Investment Earnings				
Other Revenue	\$2,700	\$3,458	\$4,717	\$5,000
State Grants	<u>\$12,500</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Subtotal - Other Revenues</b>	<b>\$15,200</b>	<b>\$3,458</b>	<b>\$4,717</b>	<b>\$5,000</b>
<b>Total - Wastewater Operations Fund 10</b>	<b>\$2,145,575</b>	<b>\$2,518,562</b>	<b>\$2,924,089</b>	<b>\$2,908,500</b>

\*2020/21 Amended Budget

Table 5  
City of Scotts Valley - Wastewater Rate Study  
Other Revenues

<b>Total Other Revenues</b>	2017/18 Actual	2018/19 Actual	2019/20 Projected	2020/21 Budget
<b>Fund 11: Tertiary Treatment Plant</b>				
SV Water Department Reimbursements	\$125,007	\$97,126	\$133,627	\$110,000
Transfers from Fund 10	\$0	\$0	\$0	\$110,000
<b>Total Fund 11</b>	<b>\$125,007</b>	<b>\$97,126</b>	<b>\$133,627</b>	<b>\$220,000</b>
<b>Fund 12: Capital Reserve</b>				
Investment Earnings	\$10,186	\$21,941	\$13,240	\$12,500
Impact Fee - Recurring	\$318,981	\$225,624	\$41,605	\$50,000
Impact Fee - Significant				
<b>Subtotal Capital Reserve</b>	<b>\$329,167</b>	<b>\$247,565</b>	<b>\$54,845</b>	<b>\$62,500</b>
<b>Fund 14: Wastewater Equipment Replace</b>				
Investment Earnings	\$7,644	\$14,154	\$2,483	\$5,000
<b>Fund 15- TTP -District Reserve Fund</b>				
Investment Earnings	\$158	\$381	\$450	\$400
Other Revenue	<u>\$5,123</u>	<u>\$1,406</u>	<u>\$3,972</u>	<u>\$5,000</u>
<b>Subtotal District Reserve Fund</b>	<b>\$5,281</b>	<b>\$1,787</b>	<b>\$4,422</b>	<b>\$5,400</b>
<b>Total Other Revenue</b>	<b>\$467,099</b>	<b>\$360,632</b>	<b>\$195,377</b>	<b>\$182,900</b>

Table 6  
City of Scotts Valley - Wastewater Rate Study  
2016/17 Operating Expenses Fund 10

		2018/19	2019/20	2020/21
		Actual	Proj. Actual	Budget
<b>Salaries &amp; Benefits</b>		\$342,778	\$305,094	625,791
102	Salaries/Wages - Holiday	\$20,324	\$23,996	\$0
103	Salaries/Wages - Sick Leave	\$20,755	\$12,903	\$0
104	Salaries/Wages - Vacation	\$29,410	\$19,691	\$0
108	Salaries/Wages - C/T Taken	\$4,041	\$38,629	\$0
109	Salaries/Wages - Overtime	\$34,543	\$42,679	\$30,000
110	Salaries/Wages - Covid-19	\$0	\$4,567	\$0
203	Fica	\$34,504	\$34,624	\$52,310
204	Retirement	\$443,384	\$177,782	\$220,380
205	Group Insurance	\$171,632	\$147,121	\$191,659
206	Workers' Compensation	\$28,025	\$33,295	\$30,614
208	Uniform Allowance	\$10,514	\$5,786	\$12,000
301	Office Expense	\$3,810	\$5,269	\$4,000
302	Special Department Expense	\$143,703	\$170,907	\$150,000
303	Small Tools & Supplies	\$12,714	\$8,383	\$12,000
305	Advertising	\$585	\$0	\$0
306	Communications	\$7,921	\$9,712	\$9,000
307	Utilities	\$351,257	\$316,680	\$365,000
308	Rent & Lease Expense	\$8,110	\$2,709	\$0
310	Recruitment	\$384	\$1,451	\$0
312	Professional/Specialized Svc	\$717	\$0	\$0
313	Other Contractual Services	\$82,860	\$162,075	\$130,000
314	Insurance & Surety Bonds	\$48,122	\$4,420	\$0
315	Memberships & Dues	\$1,522	\$973	\$3,000
316	Travel/Conferences/Meetings	\$1,506	\$308	\$5,000
320	Laboratory	\$47,508	\$58,735	\$65,000
322	Training & Education	\$4,799	\$7,086	\$8,000
349	Miscellaneous	\$3,550	\$333	\$0
401	Maint Of Bldgs/Struct/Grnds	\$8,302	\$8,117	\$8,000
402	Maint & Operation Of Eqmt	\$87,858	\$202,251	\$100,000
403	Maint & Operation Of Vehicle	\$20,506	\$38,320	\$25,000
708	Cost Allocation	\$224,799	\$266,376	\$270,000
904	Improvements O/T Bldgs-Other	\$12,469	\$0	\$0
905	Machinery & Eqmt - Other	\$20,462	\$46,487	\$0
907	Engineering	\$0	\$0	\$0
912	Safety Equipment	\$0	\$0	\$0
915	Other Equipment	\$2,953	\$0	\$0
999	Interfund Transfer Out	\$130,029	\$170,779	\$157,044
<b>General Fund Cost Allocation</b>				
<b>Total</b>		<b>\$2,366,355</b>	<b>\$2,327,537</b>	<b>\$2,473,798</b>
<b>Fixed Assets</b>				
910	Office Equipment & Furniture			\$57,800
90	Office Equipment & Furniture			\$7,000
<b>Total</b>				<b>\$64,800</b>
<b>Total Operating Expenditures</b>		<b>\$2,366,355</b>	<b>\$2,327,537</b>	<b>\$2,538,598</b>

Table 7  
City of Scotts Valley - Wastewater Rate Study  
Other Expenses

<b>Total Other Expenses</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>Actual</b>	<b>Proj. Actual</b>	<b>Budget</b>
<b>Fund 11: Tertiary Treatment Plant</b>			
Salaries/Wages - Regular	\$15,442	\$4,797	\$28,000
Salaries/Wages - Overtime	\$1,280	\$1,055	\$1,500
Fica	\$1,276	\$447	\$2,257
Retirement	\$5,975	\$4,571	\$8,198
Group Insurance	\$0	\$0	\$0
Special Department Expense	\$46,392	\$77,475	\$55,000
Small Tools & Supplies	\$210	\$937	\$300
Utilities	\$69,362	\$53,441	\$62,000
Insurance & Surety Bonds	\$5,794	\$0	\$5,000
Laboratory	\$10,384	\$20,223	\$18,000
Maint & Operation Of Eqmt	\$14,055	\$56,461	\$25,000
<u>Machinery &amp; Equipment</u>	<u>\$6,751</u>	<u>\$0</u>	<u>\$0</u>
<b>Total</b>	<b>\$176,922</b>	<b>\$219,406</b>	<b>\$205,255</b>
<b>Fund 12: Capital Reserve</b>			
Office Expense	\$2,191	\$969	\$2,000
Rights-Of-Way	\$0	\$0	\$0
Machinery & Equipment	\$62,998	\$299,995	\$212,151
Engineering	\$132,964	\$30,409	\$213,757
Vehicles	\$33,150	\$0	\$0
<u>Office Equip &amp; Furniture</u>	<u>\$5,000</u>	<u>\$0</u>	<u>\$0</u>
<b>Total</b>	<b>\$236,302</b>	<b>\$331,373</b>	<b>\$427,908</b>
<b>Fund 14: Wastewater Equipment Replace</b>			
Office Expense	<u>\$1,200</u>	<u>\$212</u>	<u>\$0</u>
<b>Total</b>	<b>\$1,200</b>	<b>\$212</b>	<b>\$0</b>
<b>Fund 15- TTP -District Reserve fund</b>			
Office Expense	<u>\$22</u>	<u>\$38</u>	<u>\$0</u>
<b>Total</b>	<b>\$22</b>	<b>\$38</b>	<b>\$0</b>
<b>Total Other Expenses</b>	<b>\$414,446</b>	<b>\$551,029</b>	<b>\$633,163</b>

Table 8  
City of Scotts Valley - Wastewater Rate Study

**10-Year Capital Improvement Plan & Proposed Funding**

Rate Study Projection Year Fiscal Year	1 FY 2022	2 FY 2023	3 FY 2024	4 FY 2025	5 FY 2026	6 FY 2027	7 FY 2028	8 FY 2029	9 FY 2030	10 FY 2031	Total
<b>Capital Improvement Projects</b>											
Master Plan for Plant and Sewer System Treatment System Projects	\$50,000	\$100,000	\$50,000								\$200,000
PLC Upgrades	40,000										\$40,000
Clarifier Super Structure Replacement	150,000	150,000	150,000								\$450,000
Aeration System Upgrade	250,000	750,000									\$1,000,000
Storm Water LID	100,000	100,000	100,000								\$300,000
Vactor Truck		250,000									\$250,000
Dump Truck	110,000										\$110,000
Replace Pumps	-	110,000	110,000								\$220,000
Bar Screen #2	250,000										\$250,000
Upgrade Tertiary	50,000	100,000	100,000	100,000	50,000						\$400,000
Replace Pumps				200,000	200,000						\$400,000
Facility Maintenance			100,000								\$100,000
Facility Vehicle, F150			55,000								\$55,000
New Technology, i.e. membranes											
Phase 1						5,000,000					\$5,000,000
Phase 2							5,000,000				\$5,000,000
Phase 3										10,000,000	\$10,000,000
Collection System Projects											\$0
Lift Stations	420,000	530,000	160,000	260,000	330,000						\$1,700,000
Pipeline Upgrades	200,000	50,000	430,000	260,000	290,000						\$1,230,000
Inspection & Monitoring Programs	100,000	100,000	100,000	100,000	100,000						\$500,000
Placeholder Projects through 2027	\$ (325,000)		\$ 125,000	\$ 200,000		200,000	200,000	200,000	200,000	200,000	\$1,000,000
<b>Total CIP</b>	<b>\$1,395,000</b>	<b>\$2,240,000</b>	<b>\$1,480,000</b>	<b>\$1,120,000</b>	<b>\$970,000</b>	<b>\$5,200,000</b>	<b>\$200,000</b>	<b>\$5,200,000</b>	<b>\$200,000</b>	<b>\$10,200,000</b>	<b>\$28,205,000</b>
Rate Study Projection Year Fiscal Year	1 2021/22	2 2022/23	3 2023/24	4 2024/25	5 2025/26	6 2026/27	7 2027/28	8 2028/29	9 2029/30	10 2030/31	Total
<b>Proposed CIP Funding</b>											
Pay go Funded	\$1,395,000	(\$2,260,000)	\$1,480,000	\$1,120,000	\$970,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$3,705,000
Grant Funding	0	0	0	0	0	0	0	0	0	0	0
Debt Funded		\$4,500,000				5,000,000		5,000,000		10,000,000	24,500,000
<b>Total CIP Funding</b>	<b>\$1,395,000</b>	<b>\$2,240,000</b>	<b>\$1,480,000</b>	<b>\$1,120,000</b>	<b>\$970,000</b>	<b>\$5,200,000</b>	<b>\$200,000</b>	<b>\$5,200,000</b>	<b>\$200,000</b>	<b>\$10,200,000</b>	<b>\$28,205,000</b>

Table 9  
City of Scotts Valley - Wastewater Rate Study

**Proposed Debt Detail**

**Proposed CIP Financing**

Debt Service Payment Calculations	Principal	Issuance Year	Term	Interest Rate	Annual Payment*
<b>Rate Study Projection Years 1-5</b>					
<b>Proposed Debt</b> <i>CIP Expenditures FY 2022/23 - 2024/25</i>	\$4,500,000	FY 2022/23	5 years	4.00%	\$1,002,000
<b>Projection Years 6-10</b>					
<b>New Technology Loans</b>					
Bank Loan - Phase 1	\$5,000,000	FY 2026/27	20 years	4.00%	\$366,000
Bank Loan - Phase 2	\$5,000,000	FY 2028/29	20 years	4.00%	\$366,000
Bank Loan - Phase 3	\$10,000,000	FY 2030/31	20 years	4.00%	\$731,000

\*Payments begin the year following issuance

**Debt Service Payment Projection**

Rate Study Projection Year	1	2	3	4	5	6	7	8	9	10
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Bank Loan 2			\$180,000	\$1,002,000	\$1,002,000	\$1,002,000	\$1,002,000	\$1,002,000		
New Tech Loans										
Phase 1							\$366,000	\$366,000	\$366,000	\$366,000
Phase 2								\$366,000	\$366,000	\$366,000
<b>Total Debt Service</b>	\$0	\$0	\$180,000	\$1,002,000	\$1,002,000	\$1,002,000	\$1,368,000	\$1,368,000	\$732,000	\$732,000

Table 10  
City of Scotts Valley - Wastewater Rate Study

**Wastewater Cashflow Projection, Proposed Rate Increases**

Year		1	2	3	4	5	6	7	8	9	10	
		Rate Study					Future Projection					
Fiscal Year (FY)		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Rate Adoption Date		7/1/2022	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028	7/1/2029	7/1/2030
<b>Rate increase</b>			9%	9%	9%	9%	9%	4%	4%	3%	3%	3%
<b>Growth rate</b>			0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Projected SFR Monthly Bill (Flat)		\$46.49	\$50.68	\$55.24	\$60.21	\$65.63	\$71.54	\$74.40	\$77.37	\$79.69	\$82.08	\$84.55
<b>Opening Balance</b>		\$2,889,109	\$2,859,520	\$1,957,986	\$4,901,197	\$4,136,424	\$3,146,120	\$2,569,131	\$2,831,806	\$2,801,448	\$2,799,242	\$3,461,412
<b>Operating Revenues</b>												
Sewer Fees		\$2,900,000	\$3,161,000	\$3,445,490	\$3,755,584	\$4,093,587	\$4,462,009	\$4,640,490	\$4,826,109	\$4,970,893	\$5,120,020	\$5,273,620
Other Revenue	0%	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
<b>Total Operating Revenues</b>		\$2,908,500	\$3,169,500	\$3,453,990	\$3,764,084	\$4,102,087	\$4,470,509	\$4,648,990	\$4,834,609	\$4,979,393	\$5,128,520	\$5,282,120
<b>Other Revenues</b>												
Fund 11	3%	\$110,000	\$113,300	\$116,699	\$120,200	\$123,806	\$127,520	\$131,346	\$135,286	\$139,345	\$143,525	\$147,831
Fund 12	0%	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500
Fund 14	0%	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Fund 15	0%	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400
<b>Total Other Revenues</b>		\$182,900	\$186,200	\$189,599	\$193,100	\$196,706	\$200,420	\$204,246	\$208,186	\$212,245	\$216,425	\$220,731
<b>Bank Loan Proceeds</b>				\$4,500,000				\$5,000,000		\$5,000,000		\$10,000,000
<b>Total Revenues</b>		\$3,091,400	\$3,355,700	\$8,143,589	\$3,957,184	\$4,298,793	\$4,670,930	\$9,853,236	\$5,042,796	\$10,191,637	\$5,344,945	\$15,502,851
<b>Fund 10 Operating Expenses</b>												
Salaries and Benefits	4%	1,162,754	1,252,800	1,302,912	1,355,028	1,409,230	1,465,599	1,524,223	1,585,192	1,648,599	1,714,543	1,783,125
Other Expenditures	3%	1,375,844	1,452,119	1,495,683	1,540,553	1,586,770	1,634,373	1,683,404	1,733,906	1,785,924	1,839,501	1,894,686
Budgetary Savings	2%	(50,772)	(54,098)	(55,972)	(57,912)	(59,920)	(61,999)	(64,153)	(66,382)	(68,690)	(71,081)	(73,556)
<b>Total Fund 10</b>		2,487,826	2,650,821	2,742,623	2,837,670	2,936,080	3,037,972	3,143,474	3,252,716	3,365,832	3,482,964	3,604,255
<b>Other Operating Expenses</b>												
Fund 11	3%	\$205,255	\$211,413	\$217,755	\$224,288	\$231,016	\$237,947	\$245,085	\$252,438	\$260,011	\$267,811	\$275,846
Fund 12*	3%	427,908										
Fund 14	3%	0										
Fund 15	3%	0										
<b>Total Other O&amp;M</b>		\$633,163	\$211,413	\$217,755	\$224,288	\$231,016	\$237,947	\$245,085	\$252,438	\$260,011	\$267,811	\$275,846
<b>Total Operating Expenses</b>		\$3,120,989	\$2,862,234	\$2,960,378	\$3,061,958	\$3,167,096	\$3,275,919	\$3,388,560	\$3,505,154	\$3,625,843	\$3,750,775	\$3,880,101
<b>CIP &amp; Debt Service</b>												
CIP Pay-go			\$1,395,000	\$2,240,000	\$1,480,000	\$1,120,000	\$970,000	\$5,200,000	\$200,000	\$5,200,000	\$200,000	\$10,200,000
CIP Debt Finance												
Debt Service			-	-	180,000	1,002,000	1,002,000	1,002,000	1,368,000	1,368,000	732,000	732,000
<b>Total CIP &amp; Debt Service</b>		\$0	\$1,395,000	\$2,240,000	\$1,660,000	\$2,122,000	\$1,972,000	\$6,202,000	\$1,568,000	\$6,568,000	\$932,000	\$10,932,000
<b>Total Expenses</b>		\$3,120,989	\$4,257,234	\$5,200,378	\$4,721,958	\$5,289,096	\$5,247,919	\$9,590,560	\$5,073,154	\$10,193,843	\$4,682,775	\$14,812,101
<b>Net Operating Revenues</b>		(\$212,489)	\$307,266	\$493,612	\$702,126	\$934,991	\$1,194,590	\$1,260,430	\$1,329,456	\$1,353,549	\$1,377,745	\$1,402,019
<b>Net Annual Revenues</b>		(\$29,589)	(\$901,534)	\$2,943,211	(\$764,774)	(\$990,303)	(\$576,990)	\$262,676	(\$30,358)	(\$2,206)	\$662,170	\$690,750
<b>Closing Balance</b>		\$2,859,520	\$1,957,986	\$4,901,197	\$4,136,424	\$3,146,120	\$2,569,131	2,831,806	2,801,448	2,799,242	3,461,412	4,152,162
50% Operating Expenditures		1,269,299	1,325,410	1,371,312	1,418,835	1,468,040	1,518,986	1,571,737	1,626,358	1,682,916	1,741,482	1,802,128
Emergency Capital Replacement		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Total Reserve Target</b>		\$2,269,299	\$2,325,410	\$2,371,312	\$2,418,835	\$2,468,040	\$2,518,986	2,571,737	2,626,358	2,682,916	2,741,482	2,802,128
<b>Ratio to Reserve Target</b>		1.26	0.84	2.07	1.71	1.27	1.02	1.10	1.07	1.04	1.26	1.48
<b>Debt Service Coverage Ratio</b>						6.29	1.39	1.46	1.53	1.14	1.17	2.22

\*Fund 12 expenditures projected using CIP

Table 10-S

City of Scotts Valley - Wastewater Rate Study

**Cash Flow Summary**

Year		1	2	3	4	5
				Rate Study		
<b>Fiscal Year (FY)</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Rate Adoption Date	Current	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025

**Wastewater Cashflow Projection, Proposed Rate Increases**

<b>Rate increase</b>		<b>9%</b>	<b>9%</b>	<b>9%</b>	<b>9%</b>	<b>9%</b>
Projected SFR Monthly Bill (Flat)	\$46.49	\$50.68	\$55.24	\$60.21	\$65.63	\$71.54
Bank Loan Proceeds	-	-	4,500,000	-	-	-
Total Debt Service	-	-	-	180,000	1,002,000	1,002,000
<b>Closing Balance</b>	<b>\$2,859,520</b>	<b>\$1,957,986</b>	<b>\$4,901,197</b>	<b>\$4,136,424</b>	<b>\$3,146,120</b>	<b>\$2,569,131</b>
<b>Ratio to Reserve Target</b>	<b>1.26</b>	<b>0.84</b>	<b>2.07</b>	<b>1.71</b>	<b>1.27</b>	<b>1.02</b>
<b>Debt Service Coverage Ratio</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.29</b>	<b>1.39</b>

Table 11

Scotts Valley - Wastewater Rate Study

**Proposed Wastewater Rate Summary (Scenario 3)**

Year	Current	1	2	3	4	5
Fiscal Year (FY)	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Rate Adoption Date	7/1/2022	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
<b>Rate increase</b>		<b>9.0%</b>	<b>9.0%</b>	<b>9.0%</b>	<b>9.0%</b>	<b>9.0%</b>
<u>Single Family Residence</u>						
Flat Monthly Fee	\$46.49	\$50.67	\$55.23	\$60.21	\$65.62	\$71.53
(Low- Income)	\$40.91	\$44.59	\$48.61	\$52.98	\$57.75	\$62.95
<u>Multi-family Residential</u>						
Flat Monthly Fee	\$32.56	\$35.49	\$38.68	\$42.17	\$45.96	\$50.10
(Low-Income)	\$28.65	\$31.23	\$34.04	\$37.10	\$40.44	\$44.08
<u>Mobile Home</u>						
Flat Monthly Fee	\$31.02	\$33.81	\$36.85	\$40.17	\$43.79	\$47.73
(Low-Income)	\$27.29	\$29.75	\$32.42	\$35.34	\$38.52	\$41.99
<u>Commerical and Industrial</u>						
Monthly Minimum Fee	\$46.49	\$50.67	\$55.23	\$60.21	\$65.62	\$71.53
<u>Charge per 100gal - With Strength Factor</u>						
Low	\$0.83	\$0.90	\$0.99	\$1.07	\$1.17	\$1.28
Medium	\$1.11	\$1.21	\$1.32	\$1.44	\$1.57	\$1.71
High	\$1.42	\$1.55	\$1.69	\$1.84	\$2.00	\$2.18

*April readings for Tax-Roll customers and mid December to mid Febuary for Direct Billing Customers*

*See Commercial Classifications Based on Strength attachment for more details*

Table 12  
 Scotts Valley  
 User Classifications - Low, Medium/Domestic, and High Strength Dischargers

<b>Low Strength</b>	Banks & Financial Institutions Barber Shops/Hair Salons (hair cutting only) Post Offices/Government Retail Stores Libraries Schools Churches, Halls & Lodges
<b>Medium/Commercial/ Domestic Strength</b>	Appliance Repair Beauty Shops ( hair cutting w/additional treatments) Dry Cleaners Nail Salons Pet Groomers Commercial Laundromats Bars & Taverns Tasting Rooms Breweries (with Pretreatment) Hospitals - General, Convalescent & Veterinarian Hotels, Motels, B&Bs, and Vacation Rentals Offices - Business and Professional Offices - Medical/Dental Pools with Restrooms (Clubhouse) Theaters Warehouses Car Washes High Tech Medical Manufacturing Light Manufacturing/Industrial Gym or Health Club Machine Shops Service Stations, Garages, Auto Repair Shops Mini Marts - W/O Dish Washer or Garbage Disposal Mini Mart with Gas Pumps - W/O Dish Washer or Garbage Disposal Spa with Various Beauty Treatments Parking Garages
<b>High Strength</b>	Restaurants Coffee Shops Ice Cream Parlors Catering Eatery Bakeries Butcher Shops Fish Market/Shop Markets - with Dish Washer or Garbage Disposal Markets - with Bakeries or Butcher Shops Mini Marts - with Dish Washer or Garbage Disposal Breweries (without Pretreatment) Wineries Market Dairies (milk producers, yogurt, ice cream maker) Specialty Foods Manufacturing (e.g., cheese or olive oil maker)

Source: Developed using State Water Resources Control Board's Revenue Program Guidelines for Wastewater Agencies

Figure 1  
 Scotts Valley  
 Wastewater Rate Survey

