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## GRASS VALLEY

### City Council Regular Meeting, Capital Improvements Authority and Redevelopment "Successor Agency"

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Tuesday, July 25, 2023 at 7:00 PM

Council Chambers, Grass Valley City Hall | 125 East Main Street, Grass Valley, California

Telephone: (530) 274-4310 - Fax: (530) 274-4399

E-Mail: [info@cityofgrassvalley.com](mailto:info@cityofgrassvalley.com)

Web Site: [www.cityofgrassvalley.com](http://www.cityofgrassvalley.com)

## AGENDA

Any person with a disability who requires accommodations to participate in this meeting should telephone the City Clerk's office at (530)274-4390, at least 48 hours prior to the meeting to make a request for a disability related modification or accommodation.

**Mayor Jan Arbuckle, Vice Mayor Hilary Hodge, Councilmember Bob Branstrom,  
Councilmember Haven Caravelli, Councilmember Tom Ivy**

## MEETING NOTICE

City Council welcomes you to attend the meetings electronically or in person at the City Hall Council Chambers, located at 125 E. Main St., Grass Valley, CA 95945. Regular Meetings are scheduled at 7:00 p.m. on the 2nd and 4th Tuesday of each month. Your interest is encouraged and appreciated.

This meeting is being broadcast "live" on Comcast Channel 17 by Nevada County Media, on the internet at [www.cityofgrassvalley.com](http://www.cityofgrassvalley.com), or on the City of Grass Valley YouTube channel at <https://www.youtube.com/channel/UCdAaL-uwDN8iTz8bI7SCuPQ>.

Members of the public are encouraged to submit public comments via voicemail at (530) 274-4390 and email to [public@cityofgrassvalley.com](mailto:public@cityofgrassvalley.com). Comments will be reviewed and distributed before the meeting if received by 5pm. Comments received after that will be addressed during the item and/or at the end of the meeting. Council will have the option to modify their action on items based on comments received. Action may be taken on any agenda item.

Agenda materials, staff reports, and background information related to regular agenda items are available on the City's website: [www.cityofgrassvalley.com](http://www.cityofgrassvalley.com). Materials related to an item on this agenda submitted to the Council after distribution of the agenda packet will be made available on the City of Grass Valley website at [www.cityofgrassvalley.com](http://www.cityofgrassvalley.com), subject to City staff's ability to post the documents before the meeting.

**Council Chambers are wheelchair accessible and listening devices are available. Other special accommodations may be requested to the City Clerk 72 hours in advance of the meeting by calling (530) 274-4390, we are happy to accommodate.**

## **CALL TO ORDER**

## **PLEDGE OF ALLEGIANCE**

## **ROLL CALL**

**AGENDA APPROVAL** - *The City Council reserves the right to hear items in a different order to accomplish business in the most efficient manner.*

## **REPORT OUT OF CLOSED SESSION**

## **INTRODUCTIONS AND PRESENTATIONS**

1. Cancellation of August 8, 2023 City Council Meeting

**PUBLIC COMMENT** - *Members of the public are encouraged to submit public comments via voicemail at (530) 274-4390 and email to [public@cityofgrassvalley.com](mailto:public@cityofgrassvalley.com). Comments will be reviewed and distributed before the meeting if received by 5pm. Comments received after 5pm will be addressed during the item and/or at the end of the meeting. Council will have the option to modify their action on items based on comments received. Action may be taken on any agenda item. There is a time limitation of three minutes per person for all emailed, voicemail, or in person comments, and only one type of public comment per person. For any items not on the agenda, and within the jurisdiction or interest of the City, please come to the podium at this time. If you wish to speak regarding a scheduled agenda item, please come to the podium when the item is announced. When recognized, please begin by providing your name and address for the record (optional).*

## **REORGANIZATION RELATED ITEMS**

**CONSENT ITEMS** - *All matters listed under the Consent Calendar are to be considered routine by the City Council and/or Grass Valley Redevelopment Agency and will be enacted by one motion in the form listed. There will be no separate discussion of these items unless, before the City Council and/or Grass Valley Redevelopment Agency votes on the motion to adopt, members of the Council and/or Agency, staff or the public request specific items to be removed from the Consent Calendar for separate discussion and action but Council action is required to do so (roll call vote). Unless the Council removes an item from the Consent Calendar for separate discussion, public comments are invited as to the consent calendar as a whole and limited to three minutes per person.*

2. Approval of the Regular Meeting Minutes of July 11, 2023.

**Recommendation:** Council approve minutes as submitted.

3. Local Emergency Proclamation (Winter Storm of February 2023)

**CEQA:** Not a project

**Recommendation:** To continue the Winter Storm February 24th, 2023 to March 1st, 2023 proclamation declaring a Local State of Emergency

4. Local Emergency Proclamation (Drought Conditions)

**CEQA:** Not a Project.

**Recommendation:** Drought Conditions proclamation declaring a Local State of Emergency

5. Police Department Facility Dog

**CEQA:** Not a Project

**Recommendation:** Authorize staff to pursue and start a therapy dog program at the Police Department

6. Extension and enhancement to Police Department Automated License Plate Reader (ALPR) technology agreement with FLOCK Safety

**CEQA:** Not a Project

**Recommendation:** Authorize the Chief of Police to sign the agreement with Flock Safety

7. Annual Approval of the Consumer Price Index (CPI) Adjustment to the Special Emergency Medical and Fire Response Tax.

**CEQA:** Not a Project

**Recommendation:** That Council 1) Approve a rate increase to the Special Emergency Medical and Fire Response Tax of 5.0% based on the December 2022 CPI. 2) Adopt Resolution 2023-47 requesting that the Nevada County Auditor place the adjusted Measure A special tax for 2023/2024 on the tax rolls.

8. 2022 Fueling Station Construction Project - Final Acceptance

**CEQA:** Exempt - Section 15301 "Existing Facilities"

**Recommendation:** That Council: 1) accept the 2022 Fueling Station Construction Project as complete, 2) authorize the City Engineer to file a Notice of Completion with the County Recorder.

9. 2022/23 Annual Street Rehabilitation Project - Contract Award

**CEQA:** Categorically Exempt - Section 15301 "Existing Facilities"

**Recommendation:** That Council 1) award a contract for the 2022/23 Annual Street Rehabilitation Project to Consolidated Engineering Inc., 2) authorize the Mayor to execute the construction contract, subject to legal review and, 3) authorize the City Engineer to approve construction change orders for up to 10% of the contract amount.

**ITEMS REMOVED FROM CONSENT CALENDAR FOR DISCUSSION OR SEPARATE ACTION AND / OR ANY ADDED AGENDA ITEMS**

**PUBLIC HEARING**

10. Water and Wastewater User Rates - Amend Fee Schedule

**CEQA:** Not a Project

**Recommendation:** That Council, 1) hold a public hearing, 2) consider public testimony and a tabulation of protests, and 3) adopt a Resolution amending the City's Fee Schedule for the maximum adjustments for the City's Water and Wastewater User Rates.

11. A Public Hearing to discuss Fire Resiliency and Vegetation Management concerns and consider a Resolution No. 2023-49 of the City Council of the City of Grass Valley calling a special election on November 7, 2023, to consider a transactions and use tax

**CEQA:** Not a Project.

**Recommendation:** That Council 1) conduct a public hearing regarding Fire and Vegetation Management, as well as a possible sales tax; 2) declare a fiscal emergency due to the lack of necessary funding for fire personnel and land management required to combat wildfires and extreme weather conditions as stated in Resolution No. 2023-49; and adopt Resolution No. 2023-49 of the City Council of the City of Grass Valley calling a special election on November 7, 2023, to consider a transactions and use tax.

**ADMINISTRATIVE**

**BRIEF REPORTS BY COUNCIL MEMBERS**

**ADJOURN**

**POSTING NOTICE**

This is to certify that the above notice of a meeting of The City Council, scheduled for Tuesday, July 25, 2023 at 7:00 PM was posted at city hall, easily accessible to the public, as of 5:00 p.m. Thursday, July 20, 2023.

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**Taylor Day, City Clerk**



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## MINUTES

Mayor Jan Arbuckle, Vice Mayor Hilary Hodge, Councilmember Bob Branstrom,  
Councilmember Haven Caravelli, Councilmember Tom Ivy

### CALL TO ORDER

Meeting called to order at 7:01PM

### PLEDGE OF ALLEGIANCE

Pledge of allegiance led by Mayor Arbuckle.

### ROLL CALL

#### PRESENT

Councilmember Bob Branstrom  
Councilmember Haven Caravelli  
Councilmember Tom Ivy  
Vice Mayor Hilary Hodge  
Mayor Jan Arbuckle

### AGENDA APPROVAL

Motion made to approve agenda as submitted by Councilmember Branstrom, Seconded by Vice Mayor Hodge.

Voting Yea: Councilmember Branstrom, Councilmember Caravelli, Councilmember Ivy, Vice Mayor Hodge, Mayor Arbuckle

### REPORT OUT OF CLOSED SESSION

Nothing to report.

### INTRODUCTIONS AND PRESENTATIONS

1. Upcoming Public Hearing on Fire and Vegetation Management

CEQA: Not a Project.

Recommendation: This is an informational notice to inform the citizens of Grass Valley that a public hearing will take place during the City Council Meeting on July 25, 2023. The purpose of this hearing is to gather public feedback and guidance from the

City Council regarding Fire and Vegetation Management, as well as a possible sales tax.

City Manager, Tim Kiser, gave presentation to Council.

Council asked about what the tax would go towards.

### **PUBLIC COMMENT**

In person comment- Robin Galvin-Davies, Jerry Cirino, Rich.

Virtual Comment- Matthew Coulter

### **ITEMS REMOVED FROM CONSENT CALENDAR FOR DISCUSSION OR SEPARATE ACTION AND / OR ANY ADDED AGENDA ITEMS**

### **CONSENT ITEMS**

No public comments.

Motion made to approve the consent by Councilmember Branstrom, Seconded by Councilmember Caravelli.

Voting Yea: Councilmember Branstrom, Councilmember Caravelli, Councilmember Ivy, Vice Mayor Hodge, Mayor Arbuckle

2. Approval of the Regular Meeting Minutes of June 27, 2023.

**Recommendation:** Council approve minutes as submitted.

3. Approval of the Special Meeting Minutes of June 29, 2023.

**Recommendation:** Council approve minutes as submitted.

4. Local Emergency Proclamation (Winter Storm of February 2023)

**CEQA:** Not a project

**Recommendation:** To continue the Winter Storm February 24th, 2023 to March 1st, 2023 proclamation declaring a Local State of Emergency

5. Local Emergency Proclamation (Drought Conditions)

**CEQA:** Not a Project.

**Recommendation:** Drought Conditions proclamation declaring a Local State of Emergency

6. 2023 Sewer Main Replacement Project - Authorization to Award Contract

**CEQA:** Exempt - Section 15301 "Existing Facilities"

**Recommendation:** That Council: 1) approve the findings that the project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA), 2) authorize the City Engineer to award a construction contract to McIntosh Equipment, 3) authorize the Mayor to execute the construction contract, subject to legal review and, 4) authorize the City Engineer to approve construction change orders for up to 10% of the contract amount.

7. First-Time Homebuyer Loan Extension Policy

**CEQA:** Not a project.

**Recommendation:** That Council approve the proposed First-Time Homebuyer Loan Extension Policy.

## **REORGANIZATION RELATED ITEMS**

### **PUBLIC HEARING**

8. Collection of delinquent sewer and/or water accounts on the Nevada County tax roll

**CEQA:** Not a Project

**Recommendation:** After holding a public hearing, adopt Resolution 2023-46 requesting that the County of Nevada levy and collect delinquent water and sewer service charges on the tax roll.

City Manager, Tim Kiser, gave presentation to Council.

Motion made to adopt Resolution 2023-46 requesting that the County of Nevada levy and collect delinquent water and sewer service charges on the tax roll by Councilmember Caravelli, Seconded by Vice Mayor Hodge.

Voting Yea: Councilmember Branstrom, Councilmember Caravelli, Councilmember Ivy, Vice Mayor Hodge, Mayor Arbuckle

## **ADMINISTRATIVE**

### **BRIEF REPORTS BY COUNCIL MEMBERS**

Councilmember Branstrom attended a meeting on artificial intelligence, attended the ERC meet and greet, 4th of July parade, Sierra Master Coral Picnic, and the Art Walk on Mill St. Councilmember Ivy toured the new friendship club facilities and attended the 4th of July parade. Councilmember Caravelli rode in the firetruck at the 4th of July Parade, and attended the Art Walk. Vice Mayor Hodge attended the third of July concert in Penn Valley, the 4th of July parade, and saw a movie. Mayor Arbuckle attended the Music in the Mountains Toy Story, 4th of July Parade, on the town for the Nevada County fire and law enforcement council, mentioned the upcoming car show, will be starting Monday with the Mayor every 4th Monday in the Mayors Conference room from 11AM-1PM starting July 24th.

### **ADJOURN**

Meeting adjourned at 7:31PM.

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Jan Arbuckle, Mayor

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Taylor Day, City Clerk

Adopted on: \_\_\_\_\_



**Miranda Bacon**

**From:** Kostyrko, George N. [REDACTED] >  
**Sent:** Tuesday, July 11, 2023 9:50 AM  
**To:** Public Comments; COGV General Voicemail  
**Subject:** Only 9 days left! Ends July 20 ~ -- Nevada County Businesses now Eligible for low interest Federal Loans for both physical and economic impact damages  
**Attachments:** 10.3-steps.22.B.pdf; CA 17842 Fact Sheet Presidential-Amendment 7.pdf; CA 17842 Fact Sheet Presidential-Amendment 7 (Spanish).pdf

Some people who received this message don't often get email from [REDACTED]. [Learn why this is important](#)

Attn: Honorable City of Grass Valley Mayor Jan Arbuckle, Vice Mayor Hilary Hodge, Councilmember Bob Branstrom, Councilmember Haven Caravelli, Councilmember Tom Ivy, City Clerk Taylor Day City Manager Tim Kiser, and Fire Chief Mike Buito

This is George Kostyrko, your liaison for Nevada, Placer and Sierra counties for the U.S. Small Business Administration Office (SBA) of Disaster Recovery and Resilience.

I was hoping your organization can share this information on your website as well as via any email or social media channels so any homeowners, renters or business owners in Nevada, Placer and Sierra counties who suffered physical damage or economic impacts as a result of Severe Winter Storms, Straight-line Winds, Flooding, Landslides, and Mudslides that began on Feb. 21, 2023, are aware of some resources available from the Small Business Administration.

**Specific to Nevada County – deadline is July 20 for those who are interested in low interest federal loans for any physical damage from the Feb. 21, 2023, storm event.**

Please find additional information (what is attached-plus more) for [posting on your website and distributing via social media at the link found here](#). *(Those documents at bottom of list are MOST current and applicable to this email for social media posting or distribution purposes)*

**Background information (and attached to share with your community)**

- **On June 30, 2023, Nevada County was named as a primary county.**

As a result of an extension of the physical damage deadline, any homeowners, renters or business owners in Nevada County can apply for assistance as a result of physical damage that occurred beginning Feb. 21, 2023, as a result of Severe Winter Storms, Straight-line Winds, Flooding, Landslides, and Mudslides.

- **The deadline for physical assistance low interest loans is now July 20, 2023.**
- **As of June 30, 2023, Placer and Sierra counties are considered contiguous counties.** These counties are only eligible for Economic Injury benefits.
- It is very important for applicants to initiate an SBA loan application to ensure recovery options by the Economic Injury Deadline of **Jan. 3, 2024.**

**To begin the application process, survivors can do one of the following:**

- Applicants may apply online, receive additional disaster assistance information and download applications at <https://disasterloanassistance.sba.gov/>.



- Applicants may also call SBA's Customer Service Center at (800) 659-2955 or email [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov) for more information on SBA disaster assistance.

For people who are deaf, hard of hearing, or have a speech disability, please dial 7-1-1 to access telecommunications relay services.

- Completed applications should be mailed to U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road,

Fort Worth, TX 76155.

There is no cost or obligation, and eligibility is based on a case-by-case review for each applicant.

Please contact me via cellphone if you have questions or need more information.

George N. Kostyrko  
Public Information Officer

Office of Disaster Recovery and Resilience, Field Operations Center - West

**U.S. Small Business Administration**

Cell Phone 571-455-2729

[George.Kostyrko@sba.gov](mailto:George.Kostyrko@sba.gov)



U.S. Small Business  
Administration

[Home Page](#) | [Twitter](#) | [Instagram](#) | [Facebook](#) | [YouTube](#) | [LinkedIn](#) | [Email Alerts](#)



# Three Steps to SBA Disaster Assistance Loans



If your **home or business** has been damaged or destroyed by a federally declared disaster, you may be eligible for an SBA disaster assistance loan. These long-term, low-interest rate loans are available to businesses of all sizes, private nonprofit organizations, homeowners, and renters to repair or replace uninsured/underinsured disaster damaged property.



# 1: Apply



Begin by first registering with FEMA at [disasterassistance.gov](https://disasterassistance.gov) or by calling **(800) 621-FEMA (3362)**.

Then apply at [disasterloanassistance.sba.gov](https://disasterloanassistance.sba.gov), in person at any local disaster center, or by calling our Customer Service Center at (800) 659-2955 to request an application by mail. If you are deaf, hard of hearing, or have a speech disability, please dial **7-1-1** to access telecommunications relay services.

There is no need to wait for insurance claims to settle or to receive FEMA grants or contractor estimates before applying. You are under no obligation to accept the loan if approved.

# 2: Application Processed



Application packages and required documents (including credit and income information) will be reviewed for completeness. Eligible applications are sent to SBA’s loss verification team and property inspections may be necessary to decide the total physical damage.

A loan officer takes over your case to work with you to receive any additional information, review insurance or other recoveries, and recommend a loan amount.

We strive to make loan determinations within 2–3 weeks after receiving complete application packages.

# 3: Loan Closure & Disbursement

Item # 2.



Loan closing documents are prepared for your signature. After receipt of the signed documents, an initial disbursement, up to the following amounts, will be made within 5 business days: up to \$25,000 for physical damage; up to \$25,000 for economic injury (working capital), which can be in addition to the physical damage disbursement for eligible businesses.

A case manager will work with you to answer questions and help you meet all loan conditions. The case manager schedules the disbursement of any remaining loan amount.

Loan may be increased up to 20% after closing due to changing circumstances, such as unexpected repair costs or if you receive additional insurance proceeds for the same purposes.

Compare the various disaster assistance loans in the following chart to select the one that fits your situation.

|                                                      | BUSINESSES & NONPROFITS                                                                                                                                                                                                                               | HOMEOWNERS & RENTERS                                                                                                                                                                                                                                   |
|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Physical Damage Disaster Loans                       | Repair or replace damaged or destroyed real estate, machinery and equipment, inventory, and other business assets. <b>Loans up to \$2 million.</b>                                                                                                    | Homeowners may use loan proceeds to repair or replace a primary residence to its pre-disaster condition. <b>Loans up to \$200,000.</b>                                                                                                                 |
| Damaged Personal Property Loans                      | N/A                                                                                                                                                                                                                                                   | Homeowners or renters may use loan proceeds to repair or replace furniture, appliances, vehicles, and/or other personal property. <b>Loans up to \$40,000.</b>                                                                                         |
| Maximum Loan Amount                                  | The maximum loan for any combination of property damage and/or economic injury is <b>\$2 million.</b>                                                                                                                                                 | The maximum loan for any combination of real and personal property damage, voluntary mitigation measures, refinancing, and contractor malfeasance (wrongdoing or misconduct) is <b>\$840,000.</b>                                                      |
| Can Loans Be Used to Mitigate Against Future Damage? | Yes; loans can be increased by up to 20 percent of verified physical damages to add approved mitigation measures.                                                                                                                                     | Yes; loans can be increased by up to 20 percent of verified physical damages to add approved mitigation measures to a homeowner’s primary residence.                                                                                                   |
| Interest Rates                                       | Low interest rates are fixed for the entire loan term and are set based on the date the disaster occurred. Visit <a href="http://www.disasterloanassistance.sba.gov/ela">http://www.disasterloanassistance.sba.gov/ela</a> for current interest rates | Low interest rates are fixed for the entire loan term and are set based on the date the disaster occurred. Visit <a href="http://www.disasterloanassistance.sba.gov/ela">http://www.disasterloanassistance.sba.gov/ela</a> for current interest rates. |
| Maximum Loan Term                                    | Up to 30 years based upon repayment ability and SBA policy. There are no prepayment penalties.                                                                                                                                                        | Up to 30 years based upon repayment ability and SBA policy. There are no prepayment penalties.                                                                                                                                                         |

## Additional Facts About Applying

Loans may be used for insurance deductibles and required building code upgrades not covered by insurance or for relocation. It is not necessary to submit the description of upgrades and cost estimates with the application. We may refer you to FEMA's Other Needs Assistance program if you are denied an SBA disaster assistance loan.

## Rebuilding Stronger is Within Reach

Consider making mitigation building improvements to better protect your home, business, or to save lives during future disasters. You can increase disaster assistance loans up to 20 percent of the verified physical damage amount to make improvements. Generally, you have two years after loan approval to request an increase for higher building costs, code-related upgrades or other mitigation measures. The SBA must approve the mitigation measures before loan increases.

**For more information or to find a local disaster center, contact our Customer Service Center at (800) 659-2955 or dial (TTY) 7-1-1.**



U.S. Small Business  
Administration

## DISASTER ASSISTANCE

Businesses ■ Homeowners ■ Renters ■ Nonprofits

All SBA programs and services are extended to the public on a nondiscriminatory basis.  
(05/2022)





U.S. Small Business  
Administration

## U.S. SMALL BUSINESS ADMINISTRATION FACT SHEET - DISASTER LOANS

### CALIFORNIA Declaration #17842 & #17843

(Disaster: CA-00376)

**Incident: SEVERE WINTER STORMS, STRAIGHT-LINE WINDS, FLOODING,  
LANDSLIDES & MUDSLIDES**

occurring: February 21, 2023 & continuing

in the California counties of: **Butte, Kern, Madera, Mariposa, Mendocino, Mono, Monterey, Nevada, San Benito,  
San Bernardino, San Luis Obispo, Santa Cruz, Tulare & Tuolumne;**

for economic injury only in the contiguous California counties of: **Alpine, Calaveras, Colusa, Fresno, Glenn,  
Humboldt, Inyo, Kings, Lake, Los Angeles, Merced, Orange, Placer, Plumas, Riverside, San Mateo, Santa Barbara,  
Santa Clara, Sierra, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Ventura & Yuba;**

for economic injury only in the contiguous Arizona counties of: **La Paz & Mohave;**

and for economic injury only in the contiguous Nevada counties of: **Clark, Douglas, Esmeralda, Lyon,  
Mineral & Washoe**

#### Application Filing Deadlines:

**Physical Damage: July 20, 2023**

**Economic Injury: January 3, 2024**

If you are located in a declared disaster area, you may be eligible for financial assistance from the U.S. Small Business Administration (SBA).

#### What Types of Disaster Loans are Available?

**Business Physical Disaster Loans** – Loans to businesses to repair or replace disaster-damaged property owned by the business, including real estate, inventories, supplies, machinery and equipment. Businesses of any size are eligible. Private, non-profit organizations such as charities, churches, private universities, etc., are also eligible.

**Economic Injury Disaster Loans (EIDL)** – Working capital loans to help small businesses, small agricultural cooperatives, small businesses engaged in aquaculture, and most private, non-profit organizations of all sizes meet their ordinary and necessary financial obligations that cannot be met as a direct result of the disaster. These loans are intended to assist through the disaster recovery period.

**Home Disaster Loans** – Loans to homeowners or renters to repair or replace disaster-damaged real estate and personal property, including automobiles.

#### What are the Credit Requirements?

**Credit History** – Applicants must have a credit history acceptable to SBA.

**Repayment** – Applicants must show the ability to repay all loans.

**Collateral** – Collateral is required for physical loss loans over \$25,000 and all EIDL loans over \$25,000. SBA takes real estate as collateral when it is available. SBA will not decline a loan for lack of collateral, but requires you to pledge what is available.

#### What are the Interest Rates?

By law, the interest rates depend on whether each applicant has Credit Available Elsewhere. An applicant does not have Credit Available Elsewhere when SBA determines the applicant does not have sufficient funds or other resources, or the ability to borrow from non-government sources, to provide for its own disaster recovery. An applicant, which SBA determines to have the ability to provide for his or her own recovery is deemed to have Credit Available Elsewhere. Interest rates are fixed for the term of the loan. The interest rates applicable for this disaster are:

| Loan Types               | No Credit Available Elsewhere | Credit Available Elsewhere |
|--------------------------|-------------------------------|----------------------------|
| Home Loans               | 2.375%                        | 4.750%                     |
| Business Loans           | 4.000%                        | 8.000%                     |
| Non-Profit Organizations | 2.375%                        | 2.375%                     |

#### Economic Injury Loans

| Loan Types                                   | No Credit Available Elsewhere | Credit Available Elsewhere |
|----------------------------------------------|-------------------------------|----------------------------|
| Businesses & Small Agricultural Cooperatives | 4.000%                        | N/A                        |
| Non-Profit Organizations                     | 2.375%                        | N/A                        |

**What are Loan Terms?**

The law authorizes loan terms up to a maximum of 30 years. However, the law restricts businesses with credit available elsewhere to a maximum 7-year term. SBA sets the installment payment amount and corresponding maturity based upon each borrower's ability to repay.

**What are the Loan Amount Limits?**

**Business Loans** – The law limits business loans to \$2,000,000 for the repair or replacement of real estate, inventories, machinery, equipment and all other physical losses. Subject to this maximum, loan amounts cannot exceed the verified uninsured disaster loss.

- **Economic Injury Disaster Loans (EIDL)** – The law limits EIDLs to \$2,000,000 for alleviating economic injury caused by the disaster. The actual amount of each loan is limited to the economic injury determined by SBA, less business interruption insurance and other recoveries up to the administrative lending limit. EIDL assistance is available only to entities and their owners who cannot provide for their own recovery from non-government sources, as determined by the U.S. Small Business Administration.

**Business Loan Ceiling** – The \$2,000,000 statutory limit for business loans applies to the combination of physical, economic injury, mitigation and refinancing, and applies to all disaster loans to a business and its affiliates for each disaster. If a business is a major source of employment, SBA has the authority to waive the \$2,000,000 statutory limit.

**Home Loans** – SBA regulations limit home loans to \$200,000 for the repair or replacement of real estate and \$40,000 to repair or replace personal property. Subject to these maximums, loan amounts cannot exceed the verified uninsured disaster loss.

**What Restrictions are there on Loan Eligibility?**

**Uninsured Losses** – Only uninsured or otherwise uncompensated disaster losses are eligible. Any insurance proceeds which are required to be applied against outstanding mortgages are not available to fund disaster repairs and do not reduce loan eligibility. However, any insurance proceeds voluntarily applied to any outstanding mortgages do reduce loan eligibility.

**Ineligible Property** – Secondary homes, personal pleasure boats, airplanes, recreational vehicles and similar property are not eligible, unless used for business purposes. Property such as antiques and collections are eligible only to the extent of their functional value. Amounts for landscaping, swimming pools, etc., are limited.

**Noncompliance** – Applicants who have not complied with the terms of previous SBA loans may not be eligible. This includes borrowers who did not maintain flood and/or hazard insurance on previous SBA loans.

**Note:** Loan applicants should check with agencies / organizations administering any grant or other assistance program under this declaration to determine how an approval of SBA disaster loan might affect their eligibility.

**Is There Help with Funding Mitigation Improvements?**

If your loan application is approved, you may be eligible for additional funds to cover the cost of improvements that will protect your property against future damage. Examples of improvements include retaining walls, seawalls, sump pumps, etc. Mitigation loan money would be in addition to the amount of the approved loan but may not exceed 20 percent of total amount of physical damage to real property, including leasehold improvements, and personal property as verified by SBA to a maximum of \$200,000 for home loans. It is not necessary for the description of improvements and cost estimates to be submitted with the application. SBA approval of the mitigating measures will be required before any loan increase.

**Is There Help Available for Refinancing?**

SBA can refinance all or part of prior mortgages that are evidenced by a recorded lien, when the applicant (1) does not have credit available elsewhere, (2) has suffered substantial uncompensated disaster damage (40 percent or more of the value of the property or 50% or more of the value of the structure), and (3) intends to repair the damage.

**Businesses** – Business owners may be eligible for the refinancing of existing mortgages or liens on real estate, machinery and equipment, up to the amount of the loan for the repair or replacement of real estate, machinery, and equipment.

**Homes** – Homeowners may be eligible for the refinancing of existing liens or mortgages on homes, up to the amount of the loan for real estate repair or replacement.

**What if I Decide to Relocate?**

You may use your SBA disaster loan to relocate. The amount of the relocation loan depends on whether you relocate voluntarily or involuntarily. If you are interested in relocation, an SBA representative can provide you with more details on your specific situation.

**Are There Insurance Requirements for Loans?**

To protect each borrower and the Agency, SBA may require you to obtain and maintain appropriate insurance. By law, borrowers whose damaged or collateral property is located in a special flood hazard area must purchase and maintain flood insurance. SBA requires that flood insurance coverage be the lesser of 1) the total of the disaster loan, 2) the insurable value of the property, or 3) the maximum insurance available.

Applicants may apply online, receive additional disaster assistance information and download applications at <https://disasterloanassistance.sba.gov/>. Applicants may also call SBA's Customer Service Center at (800) 659-2955 or email [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov) for more information on SBA disaster assistance. For people who are deaf, hard of hearing, or have a speech disability, please dial 7-1-1 to access telecommunications relay services. Completed applications should be mailed to U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

U.S. Small Business  
Administration

# HOJA DE DATOS DE LA AGENCIA FEDERAL DE PEQUEÑOS NEGOCIOS – PRÉSTAMOS PARA DESASTRES

## CALIFORNIA Declaración #17842 y #17843

(Desastre: CA-00376)

### Incidente: SEVERAS TORMENTAS INVERNALES, VIENTOS EN LÍNEA RECTA, INUNDACIONES, DESLIZAMIENTOS DE TIERRA Y LODO

ocurriendo: el 21 de febrero 2023 y continuando

en los condados de **Butte, Kern, Madera, Mariposa, Mendocino, Mono, Monterey, Nevada, San Benito, San Bernardino, San Luis Obispo, Santa Cruz, Tulare y Tuolumne**, en el estado de **California**;

por daños económicos sólo en los condados contiguos de **Alpine, Calaveras, Colusa, Fresno, Glenn, Humboldt, Inyo, Kings, Lake, Los Angeles, Merced, Orange, Placer, Plumas, Riverside, San Mateo, Santa Barbara, Santa Clara, Sierra, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Ventura y Yuba**, en el estado de **California**;

por daños económicos sólo en los condados contiguos de **La Paz y Mohave**, en el estado de **Arizona**;

y por daños económicos sólo en los condados contiguos de **Clark, Douglas, Esmeralda, Lyon, Mineral y Washoe**, en el estado de **Nevada**

#### Fechas Límites Para Solicitar Préstamos:

Daños Físicos: 20 de julio de 2023Daños Económicos: 3 de enero de 2024

Si usted está ubicado en un área declarada de desastre, usted puede ser elegible para asistencia financiera por la Agencia Federal de Pequeños Negocios (SBA).

#### ¿Qué Tipos de Préstamos de Desastre están Disponible?

**Préstamos de Desastre para Negocios Con Daños Físicos** – Préstamos a negocios para reparar o reemplazar propiedad dañada perteneciente al negocio, incluyendo: propiedad inmobiliaria, inventarios, mercaderías, maquinarias y equipos. Negocios de cualquier tamaño son elegibles. Organizaciones privadas sin fines de lucro, tal como organizaciones de caridad, iglesias, universidades privadas, etc. son también elegibles.

**Préstamos de Desastre para Pérdidas Económicas (EIDL)** – Préstamos para proveer capital de trabajo para ayudar a pequeños negocios, pequeñas cooperativas agrícolas, pequeños negocios involucrados en acuicultura y la mayoría de organizaciones privadas sin fines de lucro, de todos tamaños. Son préstamos para cubrir las obligaciones ordinarias y necesidades financieras que no pueden ser cubiertas, debido al resultado directo del desastre. Estos préstamos están destinados para la asistencia durante el período de recuperación del desastre.

**Préstamos de Desastre para Hogares** – Préstamos para dueños de hogares o inquilinos para reparar o reemplazar la propiedad inmobiliaria y propiedad personal dañada por el desastre, incluyendo automóviles.

#### ¿Cuáles son los Requisitos de Crédito?

**Historial de Crédito** – El solicitante deberá tener un historial de crédito aceptable a SBA.

**Habilidad de Pago** – El solicitante deberá demostrar su habilidad para pagar todos los préstamos.

**Colateral** – Colateral es requerido para préstamos de pérdidas físicas de más de \$25,000 y préstamos para pérdidas económicas de más de \$25,000. SBA toma propiedad inmobiliaria como colateral cuando está disponible. SBA no desaprobará un préstamo por falta de colateral, pero requiere que usted ofrezca aquella que esté disponible.

#### ¿Cuáles son las Tasas de Interés?

Por ley, la tasa de interés dependerá si el solicitante tiene Otros Créditos Disponibles. Un solicitante no tiene Otros Créditos Disponibles cuando SBA determina que el solicitante no tiene suficientes fondos u otros recursos, o la habilidad para obtener préstamo de otras agencias no gubernamentales para proveer para su propia recuperación por daños sufridos por el desastre. Aquellos solicitantes los cuales SBA determina que tienen la habilidad para proveer para su propia recuperación, se entiende que tienen Otros Créditos Disponibles. Las tasas de intereses son fijas durante el término del préstamo. Los tipos de interés aplicables para este desastre son:

| Tipos de Préstamos                            | Si usted no tiene Otro Crédito Disponible | Si usted tiene Otro Crédito Disponible |
|-----------------------------------------------|-------------------------------------------|----------------------------------------|
| Préstamos para Hogares                        | 2.375%                                    | 4.750%                                 |
| Préstamos para Negocios                       | 4.000%                                    | 8.000%                                 |
| Préstamos a Organizaciones Sin Fines de Lucro | 2.375%                                    | 2.375%                                 |

#### Daños Económicos

| Tipos de Préstamos                         | Si usted no tiene Otro Crédito Disponible | Si usted tiene Otro Crédito Disponible |
|--------------------------------------------|-------------------------------------------|----------------------------------------|
| Negocios y Pequeñas Cooperativas Agrícolas | 4.000%                                    | N/A                                    |
| Organizaciones Sin Fines Lucro             | 2.375%                                    | N/A                                    |

**¿Cuáles son los Términos del Préstamo?**

La ley autoriza términos de préstamo hasta un máximo de 30 años. Sin embargo, para negocios con Otros Créditos Disponibles la ley limita su término a un máximo de 7 años. SBA establece la cantidad de pago y la madurez del préstamo correspondiente de acuerdo a la habilidad de pago de cada prestatario.

**¿Cuáles son los Límites de la Cantidad de Préstamo?**

**Préstamos para Negocios** – La cantidad de los préstamos son limitadas por ley, hasta \$2,000,000 para reparar/reemplazar bienes inmobiliarios, inventarios, maquinarias, equipos y otras pérdidas físicas. Sujeto a este máximo, la cantidad máxima de los préstamos no podrá exceder la cantidad de daños verificados sin seguro.

**Préstamos para Daños Económicos (EIDL)** – La cantidad de los préstamos por daños económicos son limitadas por ley, hasta \$2,000,000 para aliviar el daño económico causado por el desastre. La cantidad actual de cada préstamo es limitada por el daño económico determinado por SBA, menos lo recuperado por seguros de interrupción de negocios y otras fuentes de recuperación hasta el límite administrativo. La asistencia para EIDL está disponible sólo para las entidades y sus dueños que no pueden proveer para su propia recuperación, a través de recursos no gubernamentales, determinado por la U.S. Administración Federal de Pequeños Negocios (SBA).

**Límites del Préstamo para Negocios** – El límite reglamentado de \$2,000,000 es aplicado a préstamos de negocio en combinación de pérdidas físicas, pérdidas económicas, mitigación y/o refinanciamiento, y se aplica a todos los préstamos de desastre para negocios y sus afiliados, por cada desastre. Si el negocio es una fuente mayor de empleos, SBA tiene la autoridad para elevar el límite estatutario de \$2,000,000.

**Préstamos para Hogares** – Son limitados por regulaciones de SBA a un máximo de \$200,000 para reparar/reemplazar propiedad inmobiliaria, y \$40,000 para reparar o reemplazar propiedad personal. Sujeto a estos máximos, las cantidades de los préstamos no podrán exceder los daños verificados sin seguro.

**¿Qué Restricciones Existen Sobre la Elegibilidad de Préstamo?**

**Pérdidas Sin Seguro** – Sólo pérdidas sin seguro o sin compensación son elegibles. Pagos de seguro que son requeridos para reducir el monto de la hipoteca y no están disponibles para financiar la reparación de daños causados por el desastre no reducirán la elegibilidad. Sin embargo, beneficios de seguro aplicados voluntariamente a la reducción de la hipoteca reducirán la elegibilidad.

**Propiedades que no son Elegibles** – Propiedades secundarias, botes para diversión personal, aeroplanos, vehículos recreativos, y propiedades similares no son elegibles, a menos que sean parte de un negocio. Propiedades como antigüedades y colecciones califican hasta el valor máximo de funcionamiento. Cantidades del préstamo para restaurar jardinería, piscinas, etc., son limitadas.

**Incumplimiento** – Solicitantes que con anterioridad no han cumplido con sus obligaciones en los préstamos de SBA no son elegibles. Esto incluye prestatarios que no han cumplido con su obligación de mantener seguro contra inundaciones y/o incendio en anteriores préstamos de SBA.

**Nota:** Los solicitantes de préstamo deberán verificar con las agencias/organizaciones que administran subvenciones u otros programas de asistencia, bajo esta declaración, para determinar si un préstamo de desastre aprobado por SBA podría afectar su elegibilidad.

**¿Hay Ayuda para Financiar Mejoras de Mitigación?**

Si su solicitud de préstamo es aprobada, usted puede ser elegible para fondos adicionales para cubrir los costos de mejoras para proteger su propiedad de daños futuros. Ejemplos de mejoras incluye; paredes de retención, muralla de contención marítima, etc. El dinero designado para mitigación será adicional a la cantidad del préstamo aprobado, pero no podrá exceder un 20% de la cantidad total de las pérdidas físicas y así verificadas por SBA hasta un máximo de \$200,000 para préstamos de hogares. No es necesario que la descripción de las mejoras y de los costos estimados sean enviados junto con la solicitud. La aprobación de SBA sobre las mejoras de mitigación será requerida antes de cualquier aumento en la cantidad del préstamo.

**¿Hay Ayuda Disponible para Refinanciar?**

SBA puede refinanciar todo o parte de hipotecas previas, siempre que estén registrados debidamente, cuando un solicitante (1) no califica para obtener fondos por otros medios, (2) ha sufrido daños de desastre sustanciales no compensados (del 40% o más del valor de la propiedad, o del 50% o más del valor estructural), y (3) hay intención de reparar daños.

**Negocios** – Dueños de negocios pueden ser elegibles para refinanciar hipotecas en la propiedad inmobiliaria, maquinarias y equipos, hasta la cantidad del préstamo para reparar o reemplazar la propiedad inmobiliaria, maquinarias y equipos.

**Hogares** – Dueños de hogares pueden ser elegibles para el refinanciamiento de hipotecas existentes hasta la cantidad del préstamo para reparar o reemplazar la propiedad inmobiliaria.

**¿Qué si Decido Reubicarme?**

Usted puede utilizar su préstamo de desastre de SBA para reubicarse. La cantidad del préstamo de reubicación depende de si usted se reubicara voluntariamente o involuntariamente. Si usted está interesado en reubicarse, un representante de SBA puede proveerle más detalles sobre su situación específica.

**¿Hay Algún Requerimiento de Seguro para los Préstamos?**

Para la protección de cada prestatario y la Agencia, SBA requiere a los prestatarios el obtener y mantener un seguro apropiado. Por ley, los prestatarios cuya propiedad dañada o de colateral están localizadas en un área especial de inundación, deben comprar y mantener seguros de inundación. SBA requiere que la cobertura de seguro contra inundaciones sea el valor menor de: 1) el total del préstamo por desastre, 2) el valor asegurable de la propiedad, o 3) el seguro máximo disponible.

Los solicitantes pueden solicitar en línea, recibir información adicional sobre asistencia en casos de desastre y descargar aplicaciones <https://disasterloanassistance.sba.gov/>. Los solicitantes también pueden llamar al centro de servicio al cliente de SBA al (800) 659-2955 o enviar un correo electrónico a [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov) para más información sobre asistencia para desastres de SBA. Para las personas con discapacidades auditivas o del habla, favor de marcar 7-1-1 para tener acceso al servicio de retransmisión de telecomunicaciones.

Las solicitudes completas deben enviarse por correo a U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

**Miranda Bacon**

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**From:** Matthew Coulter [REDACTED] >  
**Sent:** Tuesday, July 11, 2023 5:32 PM  
**To:** Public Comments  
**Subject:** Public comment for tonights meeting

You don't often get email from [REDACTED]. [Learn why this is important](#)

It appears I am not going to continue to be a political prisoner for much longer but wanted to comment on a few things. First, once I get out I hope to be sending Alex, Herrera, Hilary, Haven, and a few others love letters to the jail for what they have done to me. It is all going to come out and the public can only thank their lucky stars the real criminals will have to atone for their dishonesty.

I know I mentioned the following issues last week but I read you are putting in several plastic turf fields around town. Microplastic ball fields cause cancer and environmental pollution that lasts years. Plastics don't degrade, they just fracture into smaller and smaller pieces and wash into the ocean. Microplastics are now in everything including our drinking water with a stew of other toxins. PFAS forever chemicals.

Next, GV needs a grapple truck to pick up green waste as Truckee has. You will never be able to cut down every tree and bush in town though you might try aggressively daily. Historical trees, memorial trees included. Hells Half acre is an example of your vision.

Fire danger in homeless camps surrounding Grass Valley. EXAMPLES: Loma Rica Ranch, E. Bennett St, Idaho Maryland Rd, (owned by Rise Gold), Gates Place, Litton Hill, La Barr Meadows Rd, Berryman's Ranch, S. Auburn St, East Main St, Wolf Creek trail, and Empire Mine.

Shout out to F U B A R aka G V P D.

Matthew Coulter, soon not to be a political prisoner at Wayne Brown Correctional Facility.





## City of Grass Valley City Council Agenda Action Sheet

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**Title:** Local Emergency Proclamation (Winter Storm of February 2023)

**CEQA:** Not a project

**Recommendation:** To continue the Winter Storm February 24<sup>th</sup>, 2023 to March 1<sup>st</sup>, 2023 proclamation declaring a Local State of Emergency

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**Prepared by:** Timothy M. Kiser, City Manager

**Council Meeting Date:** 7/25/2023

**Date Prepared:** 7/18/2023

**Agenda:** Consent

**Background Information:** Due to conditions of extreme peril to the safety of persons and property have arisen within the City of Grass Valley, caused by the winter storm February 24<sup>th</sup>, 2023 to March 1<sup>st</sup>, 2023 which has cut power, downed trees, blocked roads and created other hazards to health and human safety commencing at which time the City Council of the City of Grass Valley was not in session. The city found it necessary to proclaim the existence of a local emergency throughout the city.

On March 2<sup>nd</sup>, Tim Kiser, the Emergency Services Director, proclaimed an existence of a local emergency. On March 8<sup>th</sup>, 2023, at a special City Council Meeting council adopted Resolution 2023-07 confirming the Emergency Services Director's proclamation of a local emergency.

**Council Goals/Objectives:** This resolution executes portions of work tasks towards achieving/maintaining Strategic Plan - Public Safety. The City of Grass Valley is devoted to providing a safe Place to Live, Work and Play.

**Fiscal Impact:** The City will be requesting reimbursement for repair costs from the California Office of Emergency Services. If approved, costs would be reimbursable around 75% and sufficient General Funds exist to cover any shortfall.

**Funds Available:** N/A

**Account #:** N/A

**Reviewed by:** \_\_\_ City Manager



## City of Grass Valley City Council Agenda Action Sheet

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**Title:** Local Emergency Proclamation (Drought Conditions)

**CEQA:** Not a Project.

**Recommendation:** Drought Conditions proclamation declaring a Local State of Emergency

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**Prepared by:** Timothy M. Kiser, City Manager

**Council Meeting Date:** 7/25/2023

**Date Prepared:** 7/18/2023

**Agenda:** Consent

**Background Information:** On May 10, 2021, Governor Newsom modified a State of Emergency Proclamation that declared that a State of Emergency to exist in California due to severe drought conditions to include 41 counties, including Nevada County. The Proclamation directed state agencies to partner with local water suppliers to promote conservation through the Save Our Water campaign, a critical resource used by Californians during the 2012-2016 drought. Some municipalities have already adopted mandatory local water-saving requirements, and many more have called for voluntary water use reductions.

Nevada Irrigation District (NID) declared a drought emergency throughout the District's service area on April 28, 2021, which includes portions of the City of Grass Valley, and requested that customers conserve 10 percent of their normal water usage. Both NID and Nevada City have now mandated at least 20% conservation requirements.

On June 22, 2021, City Council approved Resolutions No. 2021-41 declaring a local emergency due to drought conditions and No.2021-42 mandating water conservation. All treated Water Customers are required to reduce water use by 20%.

**Council Goals/Objectives:** This resolution executes portions of work tasks towards achieving/maintaining Strategic Plan - Water and Wastewater Systems and Underground Infrastructure. The City of Grass Valley is devoted to providing a safe Place to Live, Work and Play.

**Fiscal Impact:** The Fiscal Impact to the Water Fund should be minor, but if the drought continues for several years the impact could be more significant.

**Funds Available:** N/A

**Account #:** N/A

**Reviewed by:** \_\_\_ City Manager



## City of Grass Valley City Council Agenda Action Sheet

**Title:** Police Department Facility Dog

**CEQA:** Not a Project

**Recommendation:** Authorize staff to pursue and start a therapy dog program at the Police Department

**Prepared by:** Alexander K. Gammelgard, Chief of Police

**Council Meeting Date:** 07/25/2023

**Date Prepared:** 07/17/2023

**Agenda:** Consent

**Background Information:**

In late 2022, the City adopted a resolution (2022-87) and associated policy related to employee handlers of peer support/facility dogs. The use of facility, therapy, and support dogs has grown across industries, and law enforcement has seen a huge increase in their use.

Facility and therapy dogs provide a number of benefits to their agencies, co-workers, and the public. Facility and therapy dogs are trained in obedience and specialty cues and are used in a work setting under the direction of a handler. Facility dogs are trained to motivate, inspire, and enhance the lives of their clients by reducing anxiety and easing the potential effects of traumatic events. A facility dog, with appropriate training may take on additional roles in the public as a therapy dog. At the police department, a therapy dog would be available for all types of incidents, from public engagement to trauma-informed response (i.e. death notifications, child forensic interviews, etc). The police officer handler would continue to perform their core job functions, bringing with him/her the benefits of a therapy dog. The addition of such a dog at the police department would complement other dog programs in the City as a whole, demonstrating our commitment to employee wellness and service to the public.

The police department has been researching the feasibility of such a program for years, and through many conversations has only heard positive things about the implementation within a police department. Following on the excitement created by City staff with Millie (Bernese Mountain Dog/City Hall) and Gus (Labrador Retriever/Fire Department), the police department is seeking acquisition and placement of a dog with a Police Department staff member.

The police department has obtained commitment from the Rüdiger Foundation for assistance in startup funding, including acquisition, equipment, and training. The Police Department, through its existing budgeted would absorb any on-going ancillary costs, pursuant to the resolution/policy mentioned above. Additionally, the police department will adopt a police-specific policy based on best practices in the law enforcement profession.

**Council Goals/Objectives:** The execution of this action attempts to achieve Strategic Goal #1 - Exceptional Public Safety

**Fiscal Impact:** Acquisition, outfitting, and training to be donated by the Rüdiger Foundation. Adequate funding is allocated and appropriated in the FY23/24 Police Department Budget for other costs, including vehicle safety equipment.

**Funds Available:** Yes

**Account #:** 100-201

**Reviewed by:** Tim Kiser, City Manager



## City of Grass Valley City Council Agenda Action Sheet

**Title:** Extension and enhancement to Police Department Automated License Plate Reader (ALPR) technology agreement with FLOCK Safety

**CEQA:** Not a Project

**Recommendation:** Authorize the Chief of Police to sign the agreement with Flock Safety

**Prepared by:** Alexander K. Gammelgard, Chief of Police

**Council Meeting Date:** 07/25/2023

**Date Prepared:** 07/11/2023

**Agenda:** Consent

**Background Information:**

In September of 2021 the Police Department, after City Council approval, entered into an agreement with FLOCK Safety for the deployment of 18 fixed point Automated License Plate Readers that were placed at strategic “ingress locations” throughout the City. The devices became active in January of 2022.

These locations were prioritized by police staff based upon known avenues of frequent use. These locations provide excellent effectiveness in capturing ALPR data from a public right of way. The Flock Raven devices utilize technology to deduce license plate data, which is then compared with state/national law enforcement Criminal Justice Information Services (CJIS) databases to determine if a vehicle is stolen, associated to a missing person, or wanted as evidence in a serious felony investigation. If a match is made, the FLOCK Safety system immediately provides a mobile notification alert to the officer’s in-car computer or handheld device with the vehicle information and last captured ALPR location. The system captures still images only and no streaming video. Local plates of interest can also be loaded into the system, for example, a vehicle suspected of involvement in a hit and run. The data is retained for 30 days, after which time it is deleted.

ALPR systems have proven themselves time and time again in their effectiveness to solve and deter crime. Below are a few datapoints from the past 18 months that demonstrate their effectiveness here in Grass Valley:

- 66 stolen vehicle recoveries, of which 50% were from out of the area
- 46 identified vehicles were associated with felony criminal activity such as domestic violence, false imprisonment, and criminal threats. Other criminal cases solved with ALPR fixed point readers in Grass Valley include:
  - 5 incidents related to robberies



- 1 related to an attempted homicide case
- 3 related to homicide cases
- An interstate kidnapping suspect's vehicle was identified based on ALPR reads, and data was used in coordination with the FBI for the suspects apprehension and travel patterns

These cases are just a portion of the investigative use this technology provides.

Recently, FLOCK Safety announced an increase in their pricing model. Existing cameras were contracted at a rate of \$2,500 per device, per year. The new pricing model, beginning this month, was slated to raise prices to \$3,000 per device, per year. However, FLOCK Safety offered the ability to renew existing contracts and/or new devices, at a price of \$2,500 for any newly renewed contract terms, up to five years.

As a result, staff determined that enhancing coverage and renewing our FLOCK Safety contract would further the crime reduction and detection mission of the Police Department and make fiscal sense. The Police Department has identified 7 additional locations which are current "holes in coverage" for ALPR readers. These 7 devices are to be contracted at the special pricing of \$2,500 per device. While adding these devices, the full contract will be renewed for a 5-year term, with all 25 cameras at the better pricing.

The updated contract is attached for review. By executing this agreement, it preserves the yearly cost of \$2,500 per device for all new and existing devices for the duration of the new contract. This reduced pricing would save \$12,500 per year over the term of the contract.

**Council Goals/Objectives:** The execution of this action attempts to achieve Strategic Goal #1 - Exceptional Public Safety

**Fiscal Impact:** Funding is allocated and appropriated in the FY23/24 Police Department Budget for the full contract amount.

**Funds Available:** Yes

**Account #:** 100-201

**Reviewed by:** Tim Kiser, City Manager

## **Flock Safety + CA - Grass Valley PD**

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Flock Group Inc.  
1170 Howell Mill Rd, Suite 210  
Atlanta, GA 30318

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MAIN CONTACT:  
Caroline Fraher  
caroline.fraher@flocksafety.com  
3108443659

At Flock Safety, technology unites law enforcement and the communities they serve to eliminate crime and shape a safer future, together. We created the first public safety operating system to enable neighborhoods, schools, businesses, and law enforcement to work together to collect visual, audio, and situational evidence across an entire city to solve and prevent crime.

Our connected platform, comprised of License Plate Recognition (LPR), live video, audio detection, and a suite of integrations (AVL, CAD & more), alerts law enforcement when an incident occurs and turns unbiased data into objective answers that increase case clearance, maximize resources, and reduce crime -- all without compromising transparency or human privacy.

**Join thousands of agencies reducing crime with Flock Safety's public safety operating system**

| 2000+                                        | 120                      | 1B+                           | <60%*                                      |
|----------------------------------------------|--------------------------|-------------------------------|--------------------------------------------|
| communities with private-public partnerships | incident alerts / minute | 1B+ vehicles detected / month | <60% local crime reduction in Flock cities |

\*According to a 2019 study conducted by Cobb County Police Department

## Introduction

### *Layer Intelligence to Solve More Crime*

The pathway to a safer future looks different for every community. As such, this proposal presents a combination of products that specifically addresses your public safety needs, geographical layout, sworn officer count, and budget. These components make up your custom public safety operating system, a connected device network and software platform designed to transform real-time data into a panoramic view of your jurisdiction and help you zero in on the leads that solve more cases, prevent future crimes, and foster trust in the communities you serve.

## Software Platform

Flock Safety's out-of-box software platform collects and makes sense of visual, audio, and situational evidence across your entire network of devices.

|                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Simplified Search          | <p>Get a complete view of all activity tied to one vehicle in your network of privately and publicly owned cameras. The user-friendly search experience allows officers to filter hours of footage in seconds based on time, location, and detailed vehicle criteria using patented Vehicle Fingerprint™ technology. Search filters include:</p> <ul style="list-style-type: none"> <li>● Vehicle make</li> <li>● Body type</li> <li>● Color</li> <li>● License plates <ul style="list-style-type: none"> <li>○ Partial tags</li> <li>○ Missing tags</li> <li>○ Temporary tags</li> <li>○ State recognition</li> </ul> </li> <li>● Decals</li> <li>● Bumper stickers</li> <li>● Back racks</li> <li>● Top racks</li> </ul> |
| National and Local Sharing | <p>Access 1B+ additional plate reads each month without purchasing more cameras. Solve cross-jurisdiction crimes by opting into Flock Safety's sharing networks, including one-to-one, national, and statewide search networks. Users can also receive alerts from several external LPR databases:</p> <p><i>California SVS</i><br/> <i>FDLE</i><br/> <i>FL Expired Licenses</i><br/> <i>FL Expired Tags</i><br/> <i>FL Sanctioned Drivers</i><br/> <i>FL Sex Offenders</i><br/> <i>Georgia DOR</i><br/> <i>IL SOS</i><br/> <i>Illinois Leads</i><br/> <i>NCIC</i><br/> <i>NCMEC Amber Alert</i><br/> <i>REJIS</i><br/> <i>CCIC</i><br/> <i>FBI</i></p>                                                                    |
| Real-time Alerts           | Receive SMS, email, and in-app notifications for custom Hot Lists, NCIC wanted lists, AMBER alerts, Silver alerts, Vehicle Fingerprint matches, and more.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Interactive ESRI Map       | View your AVL, CAD, traffic, and LPR alerts alongside live on-scene video from a single interactive map for a birdseye view of activity in your jurisdiction.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Vehicle Location Analysis  | Visualize sequential Hot List alerts and the direction of travel to guide officers to find suspect vehicles faster.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

| Out-of-Box Software Features (Continued) |                                                                                                                                                                                                                                                                                                                               | Item # 6. |
|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Transparency Portal                      | Establish community trust with a public-facing dashboard that shares policies, usage, and public safety outcomes related to your policing technology.                                                                                                                                                                         |           |
| Insights Dashboard                       | Access at-a-glance reporting to easily prove ROI, discover crime and traffic patterns and prioritize changes to your public safety strategy by using data to determine the most significant impact.                                                                                                                           |           |
| Native MDT Application                   | Download FlockOS to your MDTs to ensure officers never miss a Hot List alert while out on patrol.                                                                                                                                                                                                                             |           |
| Hot List Attachments                     | Attach relevant information to Custom Hot List alerts. Give simple, digestible context to Dispatchers and Patrol Officers responding to Hot List alerts so they can act confidently and drive better outcomes. When you create a custom Hot List Alert, add case notes, photos, reports, and other relevant case information. |           |
| Single Sign On (SSO)                     | Increase your login speed and information security with Okta or Azure Single Sign On (SSO). Quickly access critical information you need to do your job by eliminating the need for password resets and steps in the log-in process.                                                                                          |           |



The Flock Safety Falcon® LPR camera uses Vehicle Fingerprint™ technology to transform hours of footage into actionable evidence, even when a license plate isn't visible, and sends Hot List alerts to law enforcement users when a suspect vehicle is detected. The Falcon has fixed and location-flexible deployment options with 30% more accurate reads than leading LPR.\*

\*Results from the 2019 side-by-side comparison test conducted by LA County Sheriff's Department

| Flock Safety Falcon® LPR Camera                                                                                                                                                                                                                                                                    | Flock Safety Falcon® Flex                                                                                                                                                                                                                                                                                                                                    | Flock Safety Falcon® LR                                                                                                                                                                                                                                                                                                                                               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Fixed, infrastructure-free LPR camera designed for permanent placement.</p> <p>✓ 1 Standard LPR Camera</p> <p>✓ Unlimited LTE data service + Flock OS platform licenses</p> <p>✓ 1 DOT breakaway pole</p> <p>✓ Dual solar panels</p> <p>✓ Permitting, installation, and ongoing maintenance</p> | <p>Location-flexible LPR camera designed for fast, easy self-installation, which is ideal for your ever-changing investigative needs.</p> <p>✓ 1 LPR Camera</p> <p>✓ Unlimited LTE data service + software licenses</p> <p>✓ 1 portable mount with varying-sized band clamps</p> <p>✓ 1 Charger for internal battery</p> <p>✓ 1 hard shell carrying case</p> | <p>Long-range, high-speed LPR camera that captures license plates and Vehicle Fingerprint data for increasing investigative leads on high-volume roadways like highways and interstates.</p> <p>✓ 1 Long-Range LPR Camera</p> <p>✓ Computing device in protective polycarbonate case</p> <p>✓ AC Power</p> <p>✓ Permitting, installation, and ongoing maintenance</p> |

Flock Safety is more than a technology vendor; we are a partner in your mission to build a safer future. We work with thousands of law enforcement agencies across the US to build stronger, safer communities that celebrate the hard work of those who serve and protect. We don't disappear after contracts are signed; we pride ourselves on becoming an extension of your hard-working team as part of our subscription service.

|                         |                                                                                                                                                                                                                                                             |
|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Implementation          | Meet with a Solutions Consultant (former LEO) to build a deployment plan based on your needs. Our Permitting Team and Installation Technicians will work to get your device network approved, installed, and activated.                                     |
| User Training + Support | Your designated Customer Success Manager will help train your power users and ensure you maximize the platform, while our customer support team will assist with needs as they arise.                                                                       |
| Maintenance             | <p>We proactively monitor the health of your device network. If we detect that a device is offline, a full-time technician will service your device for no extra charge.</p> <p><i>Note: Ongoing maintenance does not apply to Falcon Flex devices.</i></p> |
| Public Relations        | <p>Government Affairs</p> <p>Get support educating your stakeholders, including city councils and other governing bodies.</p> <p>Media Relations</p> <p>Share crimes solved in the local media with the help of our Public Relations team.</p>              |



## EXHIBIT A ORDER FORM

Customer: CA - Grass Valley PD  
 Legal Entity Name: CA - Grass Valley PD  
 Accounts Payable Email: agammelgard@gvpd.net  
 Address: 129 S Auburn St Grass Valley, California 95945

Initial Term: 60 Months  
 Renewal Term: 24 Months  
 Payment Terms: Net 30  
 Billing Frequency: Annual Plan - First Year Invoiced at Signing.  
 Retention Period: 30 Days

### Hardware and Software Products

Annual recurring amounts over subscription term

| Item                             | Cost     | Quantity | Total              |
|----------------------------------|----------|----------|--------------------|
| <b>Flock Safety Platform</b>     |          |          | <b>\$62,500.00</b> |
| <b>Flock Safety Flock OS</b>     |          |          |                    |
| FlockOS™                         | Included | 1        | Included           |
| <b>Flock Safety LPR Products</b> |          |          |                    |
| Flock Safety Falcon®             | Included | 25       | Included           |

### Professional Services and One Time Purchases

| Item                                                               | Cost     | Quantity | Total      |
|--------------------------------------------------------------------|----------|----------|------------|
| <b>One Time Fees</b>                                               |          |          |            |
| <b>Flock Safety Professional Services</b>                          |          |          |            |
| Professional Services - Standard Implementation Fee                | \$650.00 | 6        | \$3,900.00 |
| Professional Services - Existing Infrastructure Implementation Fee | \$150.00 | 1        | \$150.00   |

|                                   |              |
|-----------------------------------|--------------|
| <b>Subtotal Year 1:</b>           | \$66,550.00  |
| <b>Annual Recurring Subtotal:</b> | \$62,500.00  |
| <b>Discounts:</b>                 | \$62,500.00  |
| <b>Estimated Tax:</b>             | \$0.00       |
| <b>Contract Total:</b>            | \$316,550.00 |

*Taxes shown above are provided as an estimate. Actual taxes are the responsibility of the Customer. This Agreement will automatically renew for successive renewal terms of the greater of one year or the length set forth on the Order Form (each, a "**Renewal Term**") unless either Party gives the other Party notice of non-renewal at least thirty (30) days prior to the end of the then-current term.*

### Special Terms:

*In the event this Agreement is not approved by City Council, Agency will have the option to terminate this Agreement within thirty (30) days of execution at no fee or penalty.*

**Billing Schedule**

Item # 6.

| Billing Schedule              | Amount (USD) |
|-------------------------------|--------------|
| Year 1                        |              |
| At Contract Signing           | \$66,550.00  |
| Annual Recurring after Year 1 | \$62,500.00  |
| Contract Total                | \$316,550.00 |

\*Tax not included

**Discounts**

| Discounts Applied                  | Amount (USD) |
|------------------------------------|--------------|
| Flock Safety Platform              | \$62,500.00  |
| Flock Safety Add-ons               | \$0.00       |
| Flock Safety Professional Services | \$0.00       |

Product and Services Description

Item # 6.

| Flock Safety Platform Items | Product Description                                                                                                               | Terms                                                                             |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| Flock Safety Falcon ®       | An infrastructure-free license plate reader camera that utilizes Vehicle Fingerprint® technology to capture vehicular attributes. | The Term shall commence upon first installation and validation of Flock Hardware. |

| One-Time Fees                                       | Service Description                                                                                                                                                                                            |
|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Installation on existing infrastructure             | One-time Professional Services engagement. Includes site & safety assessment, camera setup & testing, and shipping & handling in accordance with the Flock Safety Advanced Implementation Service Brief.       |
| Professional Services - Standard Implementation Fee | One-time Professional Services engagement. Includes site and safety assessment, camera setup and testing, and shipping and handling in accordance with the Flock Safety Standard Implementation Service Brief. |
| Professional Services - Advanced Implementation Fee | One-time Professional Services engagement. Includes site & safety assessment, camera setup & testing, and shipping & handling in accordance with the Flock Safety Advanced Implementation Service Brief.       |

FlockOS Features & Description

Package: Essentials

| FlockOS Features                                      | Description                                                                                                                                                                                                                                                                                                                                                                     |
|-------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Community Cameras (Full Access)                       | Access to all privately owned Flock devices within your jurisdiction that have been shared with you.                                                                                                                                                                                                                                                                            |
| Unlimited Users                                       | Unlimited users for FlockOS                                                                                                                                                                                                                                                                                                                                                     |
| State Network (LP Lookup Only)                        | Allows agencies to look up license plates on all cameras opted in to the statewide Flock network.                                                                                                                                                                                                                                                                               |
| Nationwide Network (LP Lookup Only)                   | Allows agencies to look up license plates on all cameras opted in to the nationwide Flock network.                                                                                                                                                                                                                                                                              |
| Time & Location Based Search                          | Search full, partial, and temporary plates by time at particular device locations                                                                                                                                                                                                                                                                                               |
| License Plate Lookup                                  | Look up specific license plate location history captured on Flock devices                                                                                                                                                                                                                                                                                                       |
| Vehicle Fingerprint Search                            | Search footage using Vehicle Fingerprint™ technology. Access vehicle type, make, color, license plate state, missing / covered plates, and other unique features like bumper stickers, decals, and roof racks.                                                                                                                                                                  |
| Flock Insights/Analytics page                         | Reporting tool to help administrators manage their LPR program with device performance data, user and network audits, plate read reports, hot list alert reports, event logs, and outcome reports.                                                                                                                                                                              |
| ESRI Based Map Interface                              | Flock Safety's maps are powered by ESRI, which offers the ability for 3D visualization, viewing of floor plans, and layering of external GIS data, such as City infrastructure (i.e., public facilities, transit systems, utilities), Boundary mapping (i.e., precincts, county lines, beat maps), and Interior floor plans (i.e., hospitals, corporate campuses, universities) |
| Real-Time NCIC Alerts on Flock ALPR Cameras           | Alert sent when a vehicle entered into the NCIC crime database passes by a Flock camera                                                                                                                                                                                                                                                                                         |
| Unlimited Custom Hot Lists                            | Ability to add a suspect's license plate to a custom list and get alerted when it passes by a Flock camera                                                                                                                                                                                                                                                                      |
| Direct Share - Surrounding Jurisdiction (Full Access) | Access to all Flock devices owned by law enforcement that have been directly shared with you. Have ability to search by vehicle fingerprint, receive hot list alerts, and view devices on the map.                                                                                                                                                                              |

**By executing this Order Form, Customer represents and warrants that it has read and agrees all of the terms and conditions contained in the Terms of Service located at <https://www.flocksafety.com/legal/terms-and-conditions>**

The Parties have executed this Agreement as of the dates set forth below.

**FLOCK GROUP, INC.**

**Customer: CA - Grass Valley PD**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

PO Number: \_\_\_\_\_



## City of Grass Valley City Council Agenda Action Sheet

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**Title:** Annual Approval of the Consumer Price Index (CPI) Adjustment to the Special Emergency Medical and Fire Response Tax.

**CEQA:** Not a Project

**Recommendation:** That Council 1) Approve a rate increase to the Special Emergency Medical and Fire Response Tax of 5.0% based on the December 2022 CPI. 2) Adopt Resolution 2023-47 requesting that the Nevada County Auditor place the adjusted Measure A special tax for 2023/2024 on the tax rolls.

---

**Prepared by:** Mark Buttron- Fire Chief

**Council Meeting Date:** 07/25/2023

**Date Prepared:** 07/17/2023

**Agenda:** Consent

**Background Information:** In June of 1997 the voters of the City of Grass Valley approved the Special Emergency Medical and Fire Response Tax (Measure A) to fund three additional firefighters. The voter approval contained a provision allowing for an annual inflation adjustment to the special tax based upon the CPI-All U.S. Cities for the prior calendar year, not to exceed 5%. That adjustment is necessary in order to maintain ongoing funding for the three firefighters. The CPI for the year ending December 2022 was 6.5%.

The 2023/2024 Special Emergency Medical and Fire Response Tax with the December 2022 CPI applied are as follows:

| Fiscal Year 2023/2024                    | FY 22/23 | 5.00%             | FY 23/24 |        | FY 23/24     |
|------------------------------------------|----------|-------------------|----------|--------|--------------|
| Adjusted Per Nevada Co. Auditor          |          |                   |          |        | Adjusted Fee |
| Classification                           | Existing | 2013 CPI Increase | New Fee  |        |              |
| Single Family Residential (per parcel)   | 48.24    | 2.41              | \$ 50.65 | (0.01) | \$ 50.64     |
| Multi-Family (per unit-duplex or larger) | 23.46    | 1.17              | \$ 24.63 | (0.01) | \$ 24.62     |
| Mobile Home Park (per unit)              | 33.33    | 1.67              | \$ 35.00 | -      | \$ 35.00     |
| Commercial / Industrial (per business)   | 51.70    | 2.59              | \$ 54.29 | (0.01) | \$ 54.28     |
| Any Other Improved Parcel                | 50.99    | 2.55              | \$ 53.54 | -      | \$ 53.54     |
| Any Unimproved Buildable Parcel          | 16.93    | 0.85              | \$ 17.78 | -      | \$ 17.78     |

**Council Goals/Objectives:** Exceptional Public Safety consistent with the City of Grass Valley Strategic Plan

**Fiscal Impact:** N/A

**Funds Available:** N/A

**Account #:**

**Reviewed by:**

**Attachments:** Resolution 2023-47



**RESOLUTION REQUESTING THE COUNTY AUDITOR TO PLACE THE CURRENT  
SPECIAL EMERGENCY MEDICAL AND FIRE RESPONSE TAX ON THE PROPERTY  
TAX ROLL FOR FISCAL YEAR 2023-2024**

*WHEREAS*, on March 11, 1997, the City Council adopted Resolution No. 97-22, calling for a Special Municipal Election to be held in the City of Grass Valley on June 3, 1997 for the purpose of submitting to the qualified voters of the City the issue as to whether to impose a special emergency medical and fire response tax (Measure A); and

*WHEREAS*, a Special Election was held in the County of Nevada for the City of Grass Valley on the 3<sup>rd</sup> day of June 1997, in accordance with the provisions of the City Charter, California Elections Code, and other State Laws concerning election matters; and

*WHEREAS*, the County Clerk did conduct said election, canvass the returns and certify the Statement of Results of the Election on June 5, 1997; and

*WHEREAS*, Proposition 218 requires that all special taxes receive at least 66-2/3rds vote and Measure A, the Emergency Medical and Fire Response Tax passed with a 78.3% approval; and

*WHEREAS*, Measure A includes a provision for an automatic cost of living allowance not to exceed 5% per year; and

*WHEREAS*, the December 2022 cost of living allowance as determined by the CPI – All U.S. Cities Index showed a 6.5% annual increase; and

*WHEREAS*, the cost of living allowance increase is necessary to continue to fund the firefighters as provided for in the special emergency response tax; and

*WHEREAS*, the total CPI adjustment for FY 2023 – 2024 Measure A special tax is 6.5%.

*NOW, THEREFORE, BE IT RESOLVED* by the Council of the City of Grass Valley, as follows:

1. That the above recitals are true and correct.
2. The new special tax rates will now be:

| Fiscal Year 2023/2024                    | FY 22/23 | 5.00%        | FY 23/24 |                       | FY 23/24     |
|------------------------------------------|----------|--------------|----------|-----------------------|--------------|
| Classification                           | Existing | 2013         |          | Adjusted Per          |              |
|                                          |          | CPI Increase | New Fee  | Nevada Co.<br>Auditor | Adjusted Fee |
| Single Family Residential (per parcel)   | 48.24    | 2.41         | \$ 50.65 | (0.01)                | \$ 50.64     |
| Multi-Family (per unit-duplex or larger) | 23.46    | 1.17         | \$ 24.63 | (0.01)                | \$ 24.62     |
| Mobile Home Park (per unit)              | 33.33    | 1.67         | \$ 35.00 | -                     | \$ 35.00     |
| Commercial / Industrial (per business)   | 51.70    | 2.59         | \$ 54.29 | (0.01)                | \$ 54.28     |
| Any Other Improved Parcel                | 50.99    | 2.55         | \$ 53.54 | -                     | \$ 53.54     |
| Any Unimproved Buildable Parcel          | 16.93    | 0.85         | \$ 17.78 | -                     | \$ 17.78     |

3. The City Council hereby requests that the County Auditor place the Measure A special tax for 2023-24 on the tax roll.
4. The City Clerk is hereby requested to forward a copy of this resolution to the County Auditor along with the information necessary for placement on the tax roll.

ADOPTED as a Resolution of the Council of the City of Grass Valley at a meeting thereof held on 25th day of July 2023 by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAINING:

\_\_\_\_\_  
Jan Arbuckle, Mayor

ATTEST:

\_\_\_\_\_  
Taylor Day, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Michael Colantuono, City Attorney



## City of Grass Valley City Council Agenda Action Sheet

**Title:** 2022 Fueling Station Construction Project - Final Acceptance

**CEQA:** Exempt - Section 15301 "Existing Facilities"

**Recommendation:** That Council: 1) accept the 2022 Fueling Station Construction Project as complete, 2) authorize the City Engineer to file a Notice of Completion with the County Recorder.

**Prepared by:** Bjorn P. Jones, PE, City Engineer

**Council Meeting Date:** 07/25/2023

**Date Prepared:** 07/19/2023

**Agenda:** Consent

**Background Information:** On June 26, 2022, Council authorized the award of a contract for the 2022 Fueling Station Construction Project to GEMS Environmental Management Services in the amount of \$448,342.34. The project involved the construction of a fueling dispensing system and gasoline and diesel storage tanks at the City's new corporation yard at 530 Freeman Lane.

A total of three contract change orders were authorized for the project. All the work has now been completed by the contractor with a final project cost of \$387,998.05.

The Engineering Division has field accepted the work and the contractor has provided the City with a guarantee of work for a period of one year following the date of acceptance of the project. Upon Council's acceptance, Staff will file a Notice of Completion with the County Recorder's Office. If no Stop Notices are received by the City after a period of thirty-five (35) days from the filing date of the Notice, all appropriate bonds will be released to the contractor.

**Council Goals/Objectives:** The 2022 Fueling Station Construction Project executes portions of work tasks towards achieving/maintaining Strategic Plan Goal #5 - High Performance Government & Quality Service and Goal #6 - Public Safety.

**Fiscal Impact:** The project was partially funded with a \$230,000 Cal OES grant and fully funded in 2022/23 fiscal year Capital Improvements Program budget.

**Funds Available:** Yes

**Account #:** 300-406-61390

**Reviewed by:** \_\_\_\_\_ City Manager

RECORDING REQUESTED BY and  
WHEN RECORDED MAIL TO:

**ENGINEERING DIVISION  
CITY OF GRASS VALLEY  
125 East Main Street  
Grass Valley, CA 95945**

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

## NOTICE OF COMPLETION

### NOTICE IS HEREBY GIVEN THAT:

1. That the undersigned is OWNER or agent of the OWNER of the interest or estate stated below in the property hereinafter described.
2. The FULL NAME of the OWNER is the **City of Grass Valley**.
3. The FULL ADDRESS of the OWNER is **125 East Main Street, Grass Valley, CA 95945**.
4. The nature of the INTEREST or ESTATE of the undersigned is: **FEE**.
5. A work of improvement on the property hereinafter described was COMPLETED: **June 1, 2023**.
6. The work of improvement completed is described as follows: **Fueling Station**
7. The NAME OF THE ORIGINAL CONTRACTOR, if any, for such work of improvement is: **GEMS Environmental Management Services**.
8. The street address of said property is: **530 Freeman Lane**.
9. The property on which said work of improvement was completed is in the City of **Grass Valley**, County of **Nevada**, State of California and is described as follows: **Fueling Station**.

\_\_\_\_\_  
City of Grass Valley  
Owner

by: \_\_\_\_\_  
Bjorn Jones, City Engineer

"I certify under penalty of perjury that the foregoing is true and correct."

\_\_\_\_\_  
(Date and Place)

\_\_\_\_\_  
(Signature)



## City of Grass Valley City Council Agenda Action Sheet

**Title:** 2022/23 Annual Street Rehabilitation Project - Contract Award

**CEQA:** Categorically Exempt - Section 15301 "Existing Facilities"

**Recommendation:** That Council 1) award a contract for the 2022/23 Annual Street Rehabilitation Project to Consolidated Engineering Inc., 2) authorize the Mayor to execute the construction contract, subject to legal review and, 3) authorize the City Engineer to approve construction change orders for up to 10% of the contract amount.

**Prepared by:** Bjorn P. Jones, PE, City Engineer

**Council Meeting Date:** 07/25/2023

**Date Prepared:** 07/19/2023

**Agenda:** Consent

**Background Information:** The 2022/23 Annual Street Rehabilitation Project involves resurfacing of the following residential streets; Lucas Avenue, Miners Trail, French Street, and portions of Clark Street, Clipper Lane, Wiley Lane, Fiddick Lane, and Neville Way. Project work includes concrete construction, asphalt concrete pavement removal, replacement and overlay, utility adjustments, and pavement striping and marking.

Bids were opened on July 6, 2023 and three bids were received. A bid summary is attached. Staff reviewed the low bid of \$625,970 submitted by Consolidated Engineering Inc. and determined the bid to be complete and responsive.

Staff recommends that Council award the construction contract to Consolidated Engineering Inc., in the amount of \$625,970; authorize the Mayor to execute the construction contract, subject to legal review; and authorize the City Engineer to approve construction change orders up to 10% of the contract amount.

**Council Goals/Objectives:** The 2022/23 Annual Street Rehabilitation Project executes portions of work tasks towards achieving/maintaining Strategic Plan Goal #2 - Transportation.

**Fiscal Impact:** The 2022/23 Annual Street Rehabilitation Project is fully funded in the 23-24 FY CIP Budget, funded with a combination of Road Maintenance and Rehabilitation (RMRA), Regional Surface Transportation Program (RSTP) and Gas Tax funds.

**Funds Available:** Yes

**Account #:** 300-406-61330

**Reviewed by:** \_\_\_\_\_ City Manager

**2023 STREET REHAB PROJECT  
PROJECT #23-02  
BID SUMMARY**

**Date: 7/6/2023 ; 3:30 p.m.**

**Engineer's Estimate:  
660,000\$**

| <b>BIDDER</b>                        | <b>DATE/TIME REC'VD</b>  | <b>AMOUNT</b>    |
|--------------------------------------|--------------------------|------------------|
| B & M Builders                       | 7/6/2023<br>3:30         | \$753,330        |
| <b>Consolidated Engineering Inc.</b> | <b>7/6/2023<br/>3:35</b> | <b>\$625,970</b> |
| All Phase Construction Inc.          | 7/6/2023<br>3:40         | \$759,389        |
|                                      |                          |                  |
|                                      |                          |                  |
|                                      |                          |                  |
|                                      |                          |                  |
|                                      |                          |                  |
|                                      |                          |                  |
|                                      |                          |                  |
|                                      |                          |                  |

**\* Apparent Low Bidder**



## City of Grass Valley City Council Agenda Action Sheet

**Title:** Water and Wastewater User Rates - Amend Fee Schedule

**CEQA:** Not a Project

**Recommendation:** That Council, 1) hold a public hearing, 2) consider public testimony and a tabulation of protests, and 3) adopt a Resolution amending the City's Fee Schedule for the maximum adjustments for the City's Water and Wastewater User Rates.

**Prepared by:** Bjorn P. Jones, PE, City Engineer

**Council Meeting Date:** 7/25/2023

**Date Prepared:** 7/19/2023

**Agenda:** Public Hearing

**Background Information:** In September 2021, the City entered into a professional services agreement with NBS for the development of a Water and Sewer Rate Study. City Water and Wastewater user rates were last adjusted in 2012 and have remained unchanged since this time through a period of significant inflation. In order to ensure financial stability of the City's Water and Wastewater Enterprise Funds, NBS was tasked with evaluating the rate structure and establishing proposed rates and scheduled adjustments.

On May 9, 2023, City Staff and the NBS consultant team presented to Council a comprehensive overview of the Rate study process, including the attached draft "Water & Wastewater Rate Studies" report. NBS has recommended user rate adjustments necessary to fund needed operating and maintenance costs, eliminate annual budget deficits, pay for critical repairs and replacements to the utility infrastructure, and comply with state-mandated environmental permit requirements.

A summary of the proposed rate adjustments is as follows:

### Water Rates

Water rate adjustments are proposed to steadily phase in through a series of rate adjustments over the next five years to bring rates in line with funding needs. Water bills include a fixed charge based on meter size plus a quantity charge per 1,000 gallons of metered water use. Some sizes see an initial increase in fixed charges, others an initial decrease in rates, followed by phased increases in the fixed charges over subsequent years. The fee schedule table below presented in the NBS rate study report shows the proposed maximum rates proposed for adoption. For reference a typical residential customer with a 5/8" meter, using 7,000 gallons of water in a month, will see an increase in their water utility bill from a current total of \$52.25 to a proposed \$59.25 in the first year.



| Water Rate Schedule              | Current Rates | Proposed Rates |            |            |            |            |
|----------------------------------|---------------|----------------|------------|------------|------------|------------|
|                                  |               | FY 2023/24     | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
| Fixed Meter Charges              |               |                |            |            |            |            |
| Monthly Fixed Service Charges:   |               |                |            |            |            |            |
| 5/8 inch                         | \$26.00       | \$30.06        | \$32.16    | \$34.41    | \$36.82    | \$39.40    |
| 3/4 inch                         | \$39.00       | \$37.09        | \$39.69    | \$42.47    | \$45.44    | \$48.62    |
| 1 inch                           | \$65.00       | \$51.14        | \$54.72    | \$58.55    | \$62.65    | \$67.04    |
| 1.5 inch                         | \$130.00      | \$86.29        | \$92.33    | \$98.79    | \$105.71   | \$113.11   |
| 2 inch                           | \$208.00      | \$128.46       | \$137.45   | \$147.07   | \$157.36   | \$168.38   |
| 3 inch                           | \$390.00      | \$578.30       | \$618.78   | \$662.09   | \$708.44   | \$758.03   |
| 4 inch                           | \$650.00      | \$894.60       | \$957.22   | \$1,024.23 | \$1,095.93 | \$1,172.65 |
| 6 inch                           | \$1,300.00    | \$1,773.19     | \$1,897.31 | \$2,030.12 | \$2,172.23 | \$2,324.29 |
| 8 inch                           | \$2,080.00    | \$2,827.51     | \$3,025.44 | \$3,237.22 | \$3,463.83 | \$3,706.30 |
| Commodity Charges                |               |                |            |            |            |            |
| Rate per Tgal of Water Consumed: |               |                |            |            |            |            |
| Residential Uniform Rate         | \$3.75        | \$4.17         | \$4.46     | \$4.77     | \$5.10     | \$5.46     |
| Non-Residential Uniform Rate     | \$4.48        | \$4.17         | \$4.46     | \$4.77     | \$5.10     | \$5.46     |
| Temporary Meter Uniform Rate     | \$4.48        | \$4.17         | \$4.46     | \$4.77     | \$5.10     | \$5.46     |

## Wastewater Rates

Wastewater rates are proposed to similarly phase in through a series of adjustments over the next five years in an effort to match rates most accurately with funding requirements; as shown in the proposed fee schedule table below. City residential wastewater bills are billed a flat fixed rate similar to most agencies in California. The existing tiered rate structure is proposed to be maintained which charges reduced rates for apartments and mobile homes, which tend to discharge less wastewater than single family homes. Commercial/ Non-residential wastewater bills include a fixed monthly charge, plus a quantity charge based on water consumption. As shown, a typical residential customer (single family) will see a decrease in their monthly sewer utility bill from a current total of \$55.00 to a proposed \$52.76. Single family rates are not increased above their current level until year four, and multi-family rates remain below their current level through the entire proposed adjustment schedule.

| Sewer Rate Schedule                                      | Current Rates | Proposed Sewer Rates |            |            |            |            |
|----------------------------------------------------------|---------------|----------------------|------------|------------|------------|------------|
|                                                          |               | FY 2023/24           | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
| FIXED MONTHLY CHARGES (per unit)                         |               |                      |            |            |            |            |
| Single Family/Duplex                                     | \$55.00       | \$52.76              | \$53.82    | \$54.90    | \$56.00    | \$57.12    |
| Multi Family                                             | \$43.19       | \$37.04              | \$37.78    | \$38.54    | \$39.31    | \$40.10    |
| Mobile Home                                              | \$31.66       | \$37.04              | \$37.78    | \$38.54    | \$39.31    | \$40.10    |
| Commercial                                               | \$21.73       | \$32.62              | \$33.28    | \$33.95    | \$34.63    | \$35.32    |
| NON-RESIDENTIAL VOLUMETRIC CHARGES PER TGAL <sup>1</sup> |               |                      |            |            |            |            |
| Commercial                                               |               |                      |            |            |            |            |
| Class A Usage <sup>2</sup>                               | \$4.43        | \$4.52               | \$4.61     | \$4.70     | \$4.79     | \$4.89     |
| Class B Usage <sup>3</sup>                               | \$5.34        | \$5.68               | \$5.79     | \$5.91     | \$6.03     | \$6.15     |
| Class C Usage <sup>4</sup>                               | \$9.42        | \$13.31              | \$13.58    | \$13.85    | \$14.13    | \$14.41    |
| Class D Usage <sup>5</sup>                               | \$3.96        | \$4.10               | \$4.18     | \$4.26     | \$4.35     | \$4.44     |

1. Tgal = thousand gallon, or 1,000 gallons

2. Standard strength commercial customers include general, theaters, laundries, fairgrounds & dumping at WWTP.

3. Moderate strength commercial customers include hotels & motels.

4. High strength commercial customers include restaurants.

5. Class D commercial customers include schools.

City staff remain committed to operating as efficiently as possible and will only increase water and wastewater rates as needed based on an annual review of the respective enterprise fund finances. A low-income utility rate discount program remains available for qualifying customers, providing a 15% discount to customers with incomes at or below 150% of the federal poverty level.

On May 9, 2023, Council reviewed the Proposition 218 Notice (Attached) and the Proposition 218 Notices were mailed to all property owners within the City and all customers of record on existing utility accounts on June 8, 2023. As of the date of this report, twelve protests have been received by the City.

Staff requests that Council conduct the noticed public hearing (protest hearing) and consider any public testimony and a tabulation of protests by the City Clerk. Assuming the absence of a majority protest, Staff recommends that Council adopt the attached resolution, amending the City's Fee Schedule for maximum rate adjustments for Water and Wastewater User Rates.

**Council Goals/Objectives:** Implementation of the proposed Water and Wastewater Capacity Fees and Development Impact Fees executes portions of work tasks towards achieving/maintaining Strategic Plan Goal #7 Water & Wastewater Systems & Underground Infrastructure.

**Fiscal Impact:** The proposed water and wastewater user rates are established in order to recover the cost of service and to maintain the long term fiscal well-being of the water and wastewater enterprise funds. Rate fee adjustments will be phased in over time to minimize the impact on customers.

**Funds Available:** N/A

**Account #:** N/A

**Reviewed by:** \_\_\_ City Manager



# GRASS VALLEY

A PLACE TO LIVE AND THRIVE

## NOTICE OF PUBLIC HEARING PROPOSED WATER & SEWER RATE INCREASE

Notice is hereby given that on, **July 25<sup>th</sup>, 2023, at 7:00 pm or as soon thereafter** the Grass Valley City Council will hold a public hearing at, **The City of Grass Valley City Council Chambers located at 125 East Main Street, Grass Valley, CA 95945**, to consider proposed water and sewer rate increases for the next five (5) years (Fiscal Years 2024 through 2028). The City charges these rates to fund its costs to provide service collection and treatment, including operating costs and ongoing capital improvements. Increases to water and sewer rates will enable the City to continue delivering safe and reliable service. This notice describes the proposed rate increases and notifies you of the public hearing.

All water customers currently pay a monthly fixed service charge by meter size and a volumetric rate (\$/Tgal)<sup>1</sup> based upon the monthly amount of water used. These charges are included in the rate table shown below.

| Water Rate Schedule                           | Current Rates | Proposed Rates |            |            |            |            |
|-----------------------------------------------|---------------|----------------|------------|------------|------------|------------|
|                                               |               | FY 2023/24     | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
| Fixed Meter Charges                           |               |                |            |            |            |            |
| Monthly Fixed Service Charges:                |               |                |            |            |            |            |
| 5/8 inch                                      | \$26.00       | \$30.06        | \$32.16    | \$34.41    | \$36.82    | \$39.40    |
| 3/4 inch                                      | \$39.00       | \$37.09        | \$39.69    | \$42.47    | \$45.44    | \$48.62    |
| 1 inch                                        | \$65.00       | \$51.14        | \$54.72    | \$58.55    | \$62.65    | \$67.04    |
| 1.5 inch                                      | \$130.00      | \$86.29        | \$92.33    | \$98.79    | \$105.71   | \$113.11   |
| 2 inch                                        | \$208.00      | \$128.46       | \$137.45   | \$147.07   | \$157.36   | \$168.38   |
| 3 inch                                        | \$390.00      | \$578.30       | \$618.78   | \$662.09   | \$708.44   | \$758.03   |
| 4 inch                                        | \$650.00      | \$894.60       | \$957.22   | \$1,024.23 | \$1,095.93 | \$1,172.65 |
| 6 inch                                        | \$1,300.00    | \$1,773.19     | \$1,897.31 | \$2,030.12 | \$2,172.23 | \$2,324.29 |
| 8 inch                                        | \$2,080.00    | \$2,827.51     | \$3,025.44 | \$3,237.22 | \$3,463.83 | \$3,706.30 |
| Commodity Charges                             |               |                |            |            |            |            |
| Rate per Tgal <sup>1</sup> of Water Consumed: |               |                |            |            |            |            |
| Residential Uniform Rate                      | \$3.75        | \$4.17         | \$4.46     | \$4.77     | \$5.10     | \$5.46     |
| Non-Residential Uniform Rate                  | \$4.48        | \$4.17         | \$4.46     | \$4.77     | \$5.10     | \$5.46     |
| Temporary Meter Uniform Rate                  | \$4.48        | \$4.17         | \$4.46     | \$4.77     | \$5.10     | \$5.46     |

1. Tgal = thousand gallon, or 1,000 gallons



All residential sewer customers currently pay a monthly fixed service charge by equivalent dwelling unit (EDU). Residential customers pay a monthly fixed service charge and a volumetric rate (\$/Tgal) based upon the average monthly amount of water used in winter months (typically when irrigation use is at the lowest). These charges are included in the rate table shown below.

| Sewer Rate Schedule                                       | Current Rates | Proposed Sewer Rates |            |            |            |            |
|-----------------------------------------------------------|---------------|----------------------|------------|------------|------------|------------|
|                                                           |               | FY 2023/24           | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
| FIXED MONTHLY CHARGES (per unit)                          |               |                      |            |            |            |            |
| Single Family/Duplex                                      | \$55.00       | \$52.76              | \$53.82    | \$54.90    | \$56.00    | \$57.12    |
| Multi Family                                              | \$43.19       | \$37.04              | \$37.78    | \$38.54    | \$39.31    | \$40.10    |
| Mobile Home                                               | \$31.66       | \$37.04              | \$37.78    | \$38.54    | \$39.31    | \$40.10    |
| Commercial                                                | \$21.73       | \$32.62              | \$33.28    | \$33.95    | \$34.63    | \$35.32    |
| NON-RESIDENTIAL VOLUMETRIC CHARGES PER T GAL <sup>1</sup> |               |                      |            |            |            |            |
| Commercial                                                |               |                      |            |            |            |            |
| Class A Usage <sup>2</sup>                                | \$4.43        | \$4.52               | \$4.61     | \$4.70     | \$4.79     | \$4.89     |
| Class B Usage <sup>3</sup>                                | \$5.34        | \$5.68               | \$5.79     | \$5.91     | \$6.03     | \$6.15     |
| Class C Usage <sup>4</sup>                                | \$9.42        | \$13.31              | \$13.58    | \$13.85    | \$14.13    | \$14.41    |
| Class D Usage <sup>5</sup>                                | \$3.96        | \$4.10               | \$4.18     | \$4.26     | \$4.35     | \$4.44     |

1. Tgal = thousand gallon, or 1,000 gallons

2. Standard strength commercial customers include general, theaters, laundries, fairgrounds & dumping at WWTP.

3. Moderate strength commercial customers include hotels & motels.

4. High strength commercial customers include restaurants.

5. Class D commercial customers include schools.

If approved by the City Council, rates will change starting on October 1, 2023, subsequently on July 1<sup>st</sup> or each year thereafter to the amounts shown in this table.

Written protests from sewer customers or property owners may be submitted in writing any time **before the closing** of the City Council public hearing on July 25<sup>th</sup>, 2023. Protests may be mailed to the City, hand-delivered to the City Clerk's Office, or brought in-person to the Public Hearing. Protests will be accepted and tabulated pursuant to Proposition 218 guidelines. Pursuant to California Government Code Section 53755(b), only one written protest will be counted per parcel. If protests are received from property owners or customers with respect to a majority of the affected parcels (50 percent plus one), then the Council cannot approve the proposed rate increases.

To be included in the protest count, a protest must:

- Be signed by the property owner or customer of record;
- Include the address of the property for which the protest is submitted;
- Be received by the City **before** the end of the public hearing on July 25<sup>th</sup>, 2023;
- State that it is protesting the proposed water & sewer rate increase;

Address written protests as follows:

City of Grass Valley – Office of the City Clerk  
RE: Written Protest – Water & Sewer Rates  
125 East Main Street  
Grass Valley, CA 95945





# CITY OF GRASS VALLEY

*Draft Report*

## Water and Wastewater Rate Studies

May 2023

### OFFICE LOCATIONS:

**Temecula – Corporate Headquarters**  
32605 Temecula Parkway, Suite 100  
Temecula, CA 92592

**San Francisco – Regional Office**  
870 Market Street, Suite 1223  
San Francisco, CA 94102

**California Satellite Offices**  
Atascadero, Davis  
Huntington Beach,  
Joshua Tree, Riverside  
Sacramento, San Jose

[www.nbsgov.com](http://www.nbsgov.com)

Prepared by:



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## Section 1. EXECUTIVE SUMMARY

### Purpose

The overall purpose of the rate study was to develop the proposed water and wastewater rates. The rate study required thoroughly reviewing and confirming the City's broader rate-related goals and objectives, including key financial parameters, and ensuring the new rates reflect the City's unique characteristics and provide long-term revenue stability.

The rates developed in this study are intended to meet the requirements of Proposition 218 (Prop 218), commonly referred to as the "right to vote on new taxes" act and were developed in a manner that is consistent with industry standards. This report is provided in part to assist the City in its effort to communicate transparently with the residents and businesses it serves.

In developing proposed utility rates, NBS and City staff worked cooperatively in developing study results and rate alternatives. The City Council reviewed initial results, provided NBS and City staff with feedback and direction, and ultimately approved the water and wastewater rates.

### Key Findings

#### REVENUE REQUIREMENTS AND PROJECTED RATES

The City's water and wastewater utilities both need to complete ongoing rehabilitation and replacement projects while at the same time building and maintaining healthy reserve funds. NBS calculated two scenarios of rate increases as will be discussed in sections 2 and 3 in this report.

#### WATER RATES

The current water rate design was retained; where water customers will be charged a monthly fixed service charge by meter size, and a volumetric charge based on water consumption for all customers, grouped by residential and non-residential. Although increases are proposed, customer bills under the recommended water rates still compare favorably with other communities in the region.

#### WASTEWATER RATES

The current wastewater rate design retained; where wastewater customers will be charged a monthly fixed service charge by living unit for all customers, and a volumetric charge based on water consumption for non-residential customers. As with water rates, although increases are recommended, customer bills under the recommended wastewater rates still compare favorably with other communities in the region.

### Study Recommendations

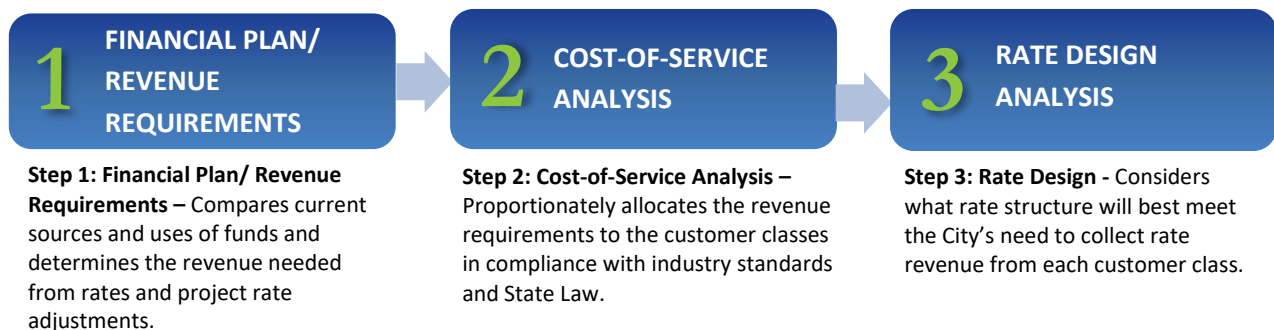
NBS recommends the City take the following measures:

- Conduct a legal review of the proposed rates.
- Proceed with Prop 218 noticing requirements and 45-day protest period.
- Assuming a successful Prop 218 process (that is, there is no majority protest of the rates), adopt the rates summarized in this report.

## Section 2. OVERVIEW OF THE STUDY METHODOLOGY

Comprehensive rate studies such as this one typically includes three components: (1) preparation of a financial plan, which identifies the net revenue requirements for the utility; (2) analysis of the cost to serve each customer class, and; (3) the rate structure design. These steps are shown in **Figure 1** and are intended to follow industry standards and reflect the fundamental principles of cost-of-service ratemaking embodied in the American Water Works Association (AWWA) Principles of Water Rates, Fees, and Charges<sup>1</sup>, also referred to as Manual M1 as well as the Water Environment Federation's (WEF) Financing and Charges for Wastewater Systems, Manual of Practice No 27, Fourth Edition.

**FIGURE 1. PRIMARY COMPONENTS OF A RATE STUDY**



This methodology also addresses requirements under Proposition 218 that rates not exceed the cost of providing the service and be proportionate to the cost of providing service for all customers. In terms of the chronology of the study, these three steps represent the order they were performed in this Study for both utilities.

As a part of this rate study, NBS projected revenues and expenditures, developed net revenue requirements, performed cost-of-service rate analyses, and prepared new utility rates for the City. As a result of this study, rate increases – or more accurately, increases in the total revenue collected from rates – are recommended for each utility. The City provided NBS with the necessary data, including historical, current, and projected revenues, expenditures, customer accounts and water consumption, along with other operational and capital cost data.

### Rate Design Criteria

It is important for utilities to send proper price signals to its customers about the actual cost of providing service. This objective is typically addressed through both the magnitude of the rates and the rate structure design. In other words, both the amount of revenue collected and the way in which the revenue is collected from customers are important.

Several criteria are typically considered in setting rates and developing sound rate structures. The fundamentals of this process have been documented in a number of rate-setting manuals. For example, the foundation for evaluating rate structures is generally credited to James C. Bonbright in the *Principles of*

<sup>1</sup> *Principles of Water Rates, Fees, and Charges, Manual of Water Supply Practices, M1, AWWA, seventh edition, 2017.*

*Public Utility Rates*<sup>2</sup>, which outlines pricing policies, theories, and economic concepts along with various rate designs. The other common industry standard is the American Water Works Association's (AWWA) Manual M1.

The following is a simplified list of the attributes of a sound rate structure, which apply to water and wastewater utilities:

- Rates should be easy to understand from the customer's perspective.
- Rates should be easy to administer from the utility's perspective.
- Rates should promote the efficient allocation of the resource.
- Rates should be equitable and non-discriminating (i.e., cost based).
- There should be continuity in the ratemaking philosophy over time.
- Other utility policies should be considered (e.g., encouraging conservation & economic development).
- Rates should consider the customer's ability to pay.
- Rates should provide month-to-month and year to year revenue stability.

## Rate Structure Terminology

One of the most fundamental points in considering rate structures is the relationship between fixed and variable costs. The vast majority of water and wastewater rate structures contain a fixed or minimum charge, and a volumetric charge.

The City's rate design criteria are unique to the characteristics of the City's utilities. Capital and operational reserve funding targets used in this study have been established with the input of City staff in order to meet specific utility objectives. The following discussion describes general industry rate-study practices in California and principals that were reflected in the recommended rates.

### FIXED CHARGES

Fixed charges can be called base charges, minimum monthly charges, customer charges, fixed meter charges, etc. Although fixed charges are typically a significant percentage of the utility's overall cost structure, utilities rarely collect 100% of their fixed costs through fixed charges. In general, customers prefer that charges include a volumetric component, as there is an inherent and widely recognized equity in a "pay-for-what-you-use" philosophy.

For a water utility, fixed charges typically increase by meter size. For example, a customer with a 2" meter may have a fixed meter charge that is eight times greater than the 5/8" meter charge based on the meter's maximum flow rate.<sup>3</sup> Because a large portion of water utilities' costs are typically related to meeting capacity requirements, reflecting the capacity demands of each meter size is important in establishing equitable fixed charges for customers.

<sup>2</sup> James C. Bonbright; Albert L. Danielsen and David R. Kamerschen, *Principles of Public Utility Rates*, (Arlington, VA: Public Utilities Report, Inc., Second Edition, 1988), p. 383-384.

<sup>3</sup> These are typically referred to as "hydraulic capacity factors" that represent the relative capacity required in the water system. See American Water Works Association, *Water Meters – Selection, Installation, Testing and Maintenance*, M6 Manual, Table 5-3.

## VARIABLE (CONSUMPTION-BASED) CHARGES

In contrast, variable costs such as the cost of purchased water, electricity used in pumping water, and chemicals used in the water and wastewater treatment facilities tend to change with the quantity of water produced (or wastewater effluent treated). For water utilities, variable charges are generally based on metered consumption and charged on a dollar-per-unit cost (per 100 cubic feet, or hcf, in the City's case).

There are significant variations in the basic philosophy of variable charge rate alternatives. Under a uniform (single tier) water rate structure, the cost per unit does not change with consumption, and provides a simple and straightforward approach from the perspective of customer understanding and rate administration/billing. A similar volumetric rate is often used for wastewater utilities to reflect the flow-related costs (i.e., sewage effluent) as well as the costs of treating the level of wastewater "strength" (i.e., the amount of biochemical oxygen demand (BOD) and total suspended solids (TSS) constituents).

## KEY FINANCIAL ASSUMPTIONS

The following are the key assumptions used in the water and wastewater rate analyses:

- **Funding Capital Projects** – The analysis for both utilities assumes:
  - Capital costs attributable to existing customers are funded with rate revenue.
  - Capital costs attributable to growth, or expansion-related costs, will be funded through connection fee revenue.
  - All capital projects listed in the financial plans are City projections.
  - Outside funding may be sought out for capital improvement projects.
- **Reserve Targets for Water and Wastewater** – Reserves for operations and capital needs are set at levels established by City staff and Council. Reserve targets used in the analysis are as follows:
  - Operating & Maintenance Reserve – 90 days of O&M expenses
  - Capital Rehabilitation and Replacement Reserve – 3 percent of net asset values for wastewater and 6 percent of net asset values for water
  - System Reinvestment Reserve Fund - \$300,000 annually for ongoing maintenance
  - Emergency Reserve Fund - \$300,000 for emergency revenue stability
- **Inflation and Growth Projections** – Inflation and growth projections are applied equally to the water and wastewater utilities:
  - General inflation is 3 percent annually, per Bureau of Labor for Nevada County and California State projections.
  - Customer growth is 0 percent annually, per City projections.
  - Labor cost inflation is 1.5 percent annually, per Bureau of Labor for Nevada County and California State projections.
  - Energy cost inflation is 1.5 percent annually, per Bureau of Labor for Nevada County and California State projections.
  - Fuel cost inflation is 7.5 percent annually, per Bureau of Labor for Nevada County and California State projections.

The next two sections discuss the water and wastewater rate studies in further detail.



## Section 3. WATER RATE STUDY

### Developing Recommended Water Rates

The water rate analysis was undertaken with a few specific objectives in mind, including:

- Generating sufficient additional revenue needed to meet projected funding requirements,
- Providing revenue stability,
- Providing equity among customer classes,
- Incorporating projected water consumption levels.

NBS developed several water rate alternatives as requested by City staff over the course of this study. All rate structure alternatives were developed using industry standards and cost-of-service principles. The following are the basic components included in this analysis:

- **Developing Cost Allocations:** The water revenue requirements were “functionalized” into three categories: (1) fixed capacity costs; (2) commodity (or volume-based) costs; and (3) customer service costs. Each of these functional costs has a distinct allocation factor used to determine revenue requirements by customer class.
- **Determining Revenue Requirements by Customer Class<sup>4</sup>:** Revenue requirements for each customer class were determined based on allocation factors such as water consumption, capacity peaking factors, and number of accounts by meter size. For example, volume-related costs are allocated based on the water consumption for each class, while customer costs are allocated based on number of accounts. Once the costs are allocated and revenue requirement for each customer class is determined, collecting these revenue requirements from each customer class is addressed in the rate design task.
- **Rate Design and Fixed vs. Variable Costs:** Fixed costs, such as capacity-related and infrastructure costs, billing, and general administrative costs, are typically collected through a fixed monthly charge, while variable costs such as pumping and purchased water costs are typically collected through volumetric charges. While this study determined that the City’s fixed and variable costs are approximately 65% fixed and 35% variable, California law<sup>5</sup> and industry practices provide flexibility regarding the actual percentages collected from fixed vs. variable rates. After evaluating various rate alternatives, a rate structure that recovers 45% fixed and 55% variable charges is proposed, based on direction from City staff and the City Council.

### Water Utility Revenue Requirements

It is important for municipal utilities to maintain reasonable reserves in order to handle emergencies, fund working capital, maintain a good credit rating, and generally follow sound financial management practices. Rate increases are governed by the need to meet these objectives as follows:

<sup>4</sup> In the City’s case, meter sizes serve as customer classes for the water utility while more traditional customer classes, such as single-family, multi-family, and commercial classes were used for the wastewater utility.

<sup>5</sup> For example, AB 2882 allows a variety of conservation-oriented rate structures, including tiered water rates, and the California Urban Water Conservation Council recommends recovering 70 percent of rate revenue through volume-based rates. However, water utilities generally develop their own policy and conservation objectives.

- **Meeting Operating Costs:** For Fiscal Years 2023/24 through 2027/28, the net revenue requirement (i.e., total annual O&M expenses, debt service, and rate-funded capital costs less non-rate revenues) is estimated to be approximately \$2 mil to \$3 mil. If no rate increases are implemented, current revenue is expected to be insufficient to cover these operating costs.
- **Maintaining Adequate Bond Coverage:** The City is required by its bond covenants for 4 current debt obligations to maintain debt-service coverage ratios of at least 1.20. The benefit of maintaining a higher coverage ratio is that it strengthens the City's credit rating, which can help lower the interest rates for debt-funded capital projects, and in turn reduce annual debt service payments. This analysis assumes that the City will *be incurring \$1.5 million in grants* to fund the planned capital expenses.
- **Building and Maintaining Reserve Funds:** If no rate increases are implemented, reserves are expected to essentially be depleted by FY 2025/26. Implementing annual rate increases builds target reserve fund levels to appropriate levels. Primarily to minimize impacts on ratepayers, City staff chose to use the following reserve targets:
  - **Operating Reserves** reserve target is equal to a three-month (or 90-day) cash cushion for normal operations. For Fiscal Year 2023/24, this is estimated to be \$411,000. This reserve is intended to preserve financial viability in the event of short-term fluctuations in revenues and/or expenditures, including those due to weather patterns, the natural billing cycle cash flows, variability in volume-based rates, and changes in the age of receivables.
  - **Capital Reserves** of 6 percent of net assets serve as a starting point for addressing longer-term capital needs. For Fiscal Year 2023/24, this is estimated to be \$276,000. If ratepayers can generate this level of revenues, the City will have reserved a partial cash resource that can be applied toward future capital replacement and rehabilitation needs.
  - **System Reinvestment Reserve** of \$300,000 annually for any unplanned maintenance the City may occur.
  - **Emergency Reserve** of \$300,00 for any emergency situations.

**Figure** summarizes the sources and uses of funds and net revenue requirements for the next five years and includes the recommended annual rate increases.

**FIGURE 2. SUMMARY OF WATER REVENUE REQUIREMENTS**

| Summary of Sources and Uses of Funds and Net Revenue Requirements | Budget              | Projected           |                     |                     |                     |                     |
|-------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                                                   | FY 2022/23          | FY 2023/24          | FY 2024/25          | FY 2025/26          | FY 2026/27          | FY 2027/28          |
| <b>Sources of Water Funds</b>                                     |                     |                     |                     |                     |                     |                     |
| Rate Revenue Under Prevailing Rates                               | \$ 2,200,000        | \$ 2,200,000        | \$ 2,200,000        | \$ 2,200,000        | \$ 2,200,000        | \$ 2,200,000        |
| Additional Revenue from Rate Increase                             | -                   | 115,500             | 318,780             | 495,095             | 683,751             | 885,614             |
| <b>Projected Annual Rate Increase</b>                             | <b>0.00%</b>        | <b>7.00%</b>        | <b>7.00%</b>        | <b>7.00%</b>        | <b>7.00%</b>        | <b>7.00%</b>        |
| Non-Rate Revenues                                                 | 80,000              | 80,000              | 80,000              | 80,000              | 80,000              | 80,000              |
| Interest Earnings                                                 | 57,150              | 56,370              | 57,200              | 54,705              | 47,547              | 41,049              |
| <b>Total Sources of Funds</b>                                     | <b>\$ 2,337,150</b> | <b>\$ 2,451,870</b> | <b>\$ 2,655,980</b> | <b>\$ 2,829,799</b> | <b>\$ 3,011,298</b> | <b>\$ 3,206,663</b> |
| <b>Uses of Water Funds</b>                                        |                     |                     |                     |                     |                     |                     |
| Operating Expenses                                                | \$ 1,572,379        | \$ 1,645,700        | \$ 1,723,800        | \$ 1,807,200        | \$ 1,896,000        | \$ 1,990,800        |
| Debt Service                                                      | 394,016             | 396,504             | 397,814             | 398,918             | 400,057             | 240,094             |
| Rate-Funded Capital Expenses                                      | 332,023             | -                   | -                   | -                   | -                   | 844,829             |
| <b>Total Use of Funds</b>                                         | <b>\$ 2,298,418</b> | <b>\$ 2,042,204</b> | <b>\$ 2,121,614</b> | <b>\$ 2,206,118</b> | <b>\$ 2,296,057</b> | <b>\$ 3,075,723</b> |
| <b>Surplus (Deficiency) after Rate Increase</b>                   | <b>\$ 38,732</b>    | <b>\$ 409,666</b>   | <b>\$ 534,366</b>   | <b>\$ 623,681</b>   | <b>\$ 715,240</b>   | <b>\$ 130,940</b>   |
| <i>Cumulative Rate Increases</i>                                  | <i>0.00%</i>        | <i>7.00%</i>        | <i>14.49%</i>       | <i>22.50%</i>       | <i>31.08%</i>       | <i>40.26%</i>       |
| <b>Surplus (Deficiency) before Rate Increase</b>                  | <b>\$ 38,732</b>    | <b>\$ 294,166</b>   | <b>\$ 215,586</b>   | <b>\$ 128,586</b>   | <b>\$ 31,489</b>    | <b>\$ (754,674)</b> |
| <b>Net Revenue Requirement <sup>2</sup></b>                       | <b>\$ 2,181,268</b> | <b>\$ 1,925,834</b> | <b>\$ 2,004,414</b> | <b>\$ 2,091,414</b> | <b>\$ 2,188,511</b> | <b>\$ 2,974,674</b> |

1. Revenue from rate increases assume an implementation date of October 1, 2023 and then July 1st, 2024 through 2027.

2. Total Use of Funds less non-rate revenues and interest earnings. This is the annual amount needed from water rates.

**Figure** summarizes the projected reserve fund balances and reserve targets. A summary of the water utility's proposed 10-year financial plan, which is included in Appendix B – Water Rate Study Summary Tables, includes revenue requirements, reserve funds, revenue sources, proposed rate increases, and the City's capital improvement program.

**FIGURE 3. SUMMARY OF WATER RESERVE FUNDS**

| Beginning Reserve Fund Balances and Recommended Reserve Targets | Budget              | Projected           |                     |                     |                     |                     |
|-----------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                                                 | FY 2022/23          | FY 2023/24          | FY 2024/25          | FY 2025/26          | FY 2026/27          | FY 2027/28          |
| <b>Operating Reserve Fund</b>                                   |                     |                     |                     |                     |                     |                     |
| Ending Balance                                                  | \$ 393,095          | \$ 411,425          | \$ 430,950          | \$ 451,800          | \$ 474,000          | \$ 497,700          |
| <i>Recommended Minimum Target</i>                               | <i>393,095</i>      | <i>411,425</i>      | <i>430,950</i>      | <i>451,800</i>      | <i>474,000</i>      | <i>497,700</i>      |
| <b>Capital Outlay Reserve Fund</b>                              |                     |                     |                     |                     |                     |                     |
| Ending Balance                                                  | \$ 2,037,555        | \$ 2,063,847        | \$ 1,910,154        | \$ 1,504,466        | \$ 1,132,944        | \$ 494,340          |
| <i>Recommended Minimum Target</i>                               | <i>273,400</i>      | <i>276,000</i>      | <i>301,900</i>      | <i>336,900</i>      | <i>372,400</i>      | <i>407,100</i>      |
| <b>System Reinvestment Reserve Fund</b>                         |                     |                     |                     |                     |                     |                     |
| Ending Balance                                                  | \$ 300,000          | \$ 300,000          | \$ 300,000          | \$ 300,000          | \$ 300,000          | \$ 300,000          |
| <i>Recommended Minimum Target</i>                               | <i>300,000</i>      | <i>300,000</i>      | <i>300,000</i>      | <i>300,000</i>      | <i>300,000</i>      | <i>300,000</i>      |
| <b>Emergency Reserve Fund</b>                                   |                     |                     |                     |                     |                     |                     |
| Ending Balance                                                  | \$ 300,000          | \$ 300,000          | \$ 300,000          | \$ 300,000          | \$ 300,000          | \$ 300,000          |
| <i>Recommended Minimum Target</i>                               | <i>300,000</i>      | <i>300,000</i>      | <i>300,000</i>      | <i>300,000</i>      | <i>300,000</i>      | <i>300,000</i>      |
| <b>Debt Service Reserve Fund</b>                                |                     |                     |                     |                     |                     |                     |
| Ending Balance                                                  | \$ 357,285          | \$ 363,931          | \$ 370,700          | \$ 377,595          | \$ 384,618          | \$ 391,772          |
| <i>Recommended Minimum Target</i>                               | <i>-</i>            | <i>-</i>            | <i>-</i>            | <i>-</i>            | <i>-</i>            | <i>-</i>            |
| <b>Total Ending Balance</b>                                     | <b>\$ 3,387,935</b> | <b>\$ 3,439,203</b> | <b>\$ 3,311,804</b> | <b>\$ 2,933,861</b> | <b>\$ 2,591,562</b> | <b>\$ 1,983,812</b> |
| <b>Total Recommended Minimum Target</b>                         | <b>\$ 1,266,495</b> | <b>\$ 1,287,425</b> | <b>\$ 1,332,850</b> | <b>\$ 1,388,700</b> | <b>\$ 1,446,400</b> | <b>\$ 1,504,800</b> |

## Characteristics of Water Customers by Class

Water customer characteristics are used in allocating costs in the cost-of-service analysis. The City's most recent data by customer class includes the consumption data in **Figure** , peaking factors in **Figure** , and the total number of accounts in **Figure** .

**FIGURE 4. WATER CONSUMPTION BY CUSTOMER CLASS**

| Development of the COMMODITY Allocation Factor |                            |                         |                                             |          |            |
|------------------------------------------------|----------------------------|-------------------------|---------------------------------------------|----------|------------|
| Customer Class                                 | Volume (Tgal) <sup>1</sup> | Percent of Total Volume | Average Monthly Statistics per Meter (Tgal) |          |            |
|                                                |                            |                         | Summer                                      | Winter   | Average    |
| <u>Single Family Residential</u>               |                            |                         |                                             |          |            |
| 5/8-inch meter                                 | 151,714                    | <b>48.8%</b>            | 11                                          | 4        | 7          |
| 3/4-inch meter                                 | 7,788                      | <b>2.5%</b>             | 10                                          | 6        | 8          |
| 1-inch meter                                   | 5,191                      | <b>1.7%</b>             | 79                                          | 16       | 48         |
| 1.5-inch meter                                 | 5,621                      | <b>1.8%</b>             | 296                                         | 28       | 156        |
| 2-inch meter                                   | 2,711                      | <b>0.9%</b>             | 423                                         | 33       | 226        |
| <u>Multi Family Residential</u>                |                            |                         |                                             |          |            |
| 5/8-inch meter                                 | 3,738                      | <b>1.2%</b>             | 15                                          | 1        | 7          |
| 3/4-inch meter                                 | 4,916                      | <b>1.6%</b>             | 23                                          | 7        | 14         |
| 1-inch meter                                   | 3,966                      | <b>1.3%</b>             | 17                                          | 1        | 8          |
| 1.5-inch meter                                 | 12,804                     | <b>4.1%</b>             | 75                                          | 23       | 46         |
| 2-inch meter                                   | 14,508                     | <b>4.7%</b>             | 97                                          | 49       | 71         |
| 3-inch meter                                   | 18                         | <b>0.0%</b>             | 2                                           | 0        | 1          |
| <u>Mobile Home</u>                             |                            |                         |                                             |          |            |
| 5/8-inch meter                                 | 34                         | <b>0.0%</b>             | 4                                           | 2        | 3          |
| <u>Commercial</u>                              |                            |                         |                                             |          |            |
| 5/8-inch meter                                 | 25,760                     | <b>8.3%</b>             | 12                                          | 6        | 9          |
| 3/4-inch meter                                 | 6,945                      | <b>2.2%</b>             | 25                                          | 9        | 16         |
| 1-inch meter                                   | 9,351                      | <b>3.0%</b>             | 32                                          | 17       | 22         |
| 1.5-inch meter                                 | 26,551                     | <b>8.5%</b>             | 69                                          | 42       | 50         |
| 2-inch meter                                   | 9,282                      | <b>3.0%</b>             | 120                                         | 29       | 70         |
| 3-inch meter                                   | 6,465                      | <b>2.1%</b>             | 216                                         | 23       | 108        |
| 4-inch meter                                   | 7,661                      | <b>2.5%</b>             | 580                                         | 112      | 319        |
| 6-inch meter                                   | 2,440                      | <b>0.8%</b>             | 403                                         | 0        | 203        |
| <u>Fire Meter</u>                              |                            |                         |                                             |          |            |
| 2-inch fire meter                              | -                          | <b>0.0%</b>             | 0                                           | 0        | 0          |
| 4-inch fire meter                              | -                          | <b>0.0%</b>             | 0                                           | 0        | 0          |
| Compound Meter                                 | 3,367                      | <b>1.1%</b>             | 84                                          | 2        | 35         |
| <b>Total</b>                                   | <b>310,832</b>             | <b>100%</b>             | <b>17</b>                                   | <b>6</b> | <b>125</b> |

1. Consumption is from June 2021 through January 2022. It has been annualized for estimation of full year.

Source file: Billed Consumption Excel Export\_manipulated.xlsx

**FIGURE 5. PEAKING FACTORS BY CUSTOMER CLASS**

| Development of the CAPACITY Allocation Factor |                            |                                      |                |                             |
|-----------------------------------------------|----------------------------|--------------------------------------|----------------|-----------------------------|
| Customer Class                                | Average Monthly Use (Tgal) | Peak Monthly Use (Tgal) <sup>2</sup> | Peaking Factor | Max Monthly Capacity Factor |
| <u>Single Family Residential</u>              |                            |                                      |                |                             |
| 5/8-inch meter                                | 12,643                     | 20,532                               | <b>1.62</b>    | <b>49.5%</b>                |
| 3/4-inch meter                                | 649                        | 801                                  | <b>1.23</b>    | <b>1.9%</b>                 |
| 1-inch meter                                  | 433                        | 712                                  | <b>1.65</b>    | <b>1.7%</b>                 |
| 1.5-inch meter                                | 468                        | 888                                  | <b>1.90</b>    | <b>2.1%</b>                 |
| 2-inch meter                                  | 226                        | 423                                  | <b>1.87</b>    | <b>1.0%</b>                 |
| <u>Multi Family Residential</u>               |                            |                                      |                |                             |
| 5/8-inch meter                                | 312                        | 670                                  | <b>2.15</b>    | <b>1.6%</b>                 |
| 3/4-inch meter                                | 410                        | 659                                  | <b>1.61</b>    | <b>1.6%</b>                 |
| 1-inch meter                                  | 331                        | 691                                  | <b>2.09</b>    | <b>1.7%</b>                 |
| 1.5-inch meter                                | 1,067                      | 1,733                                | <b>1.62</b>    | <b>4.2%</b>                 |
| 2-inch meter                                  | 1,209                      | 1,654                                | <b>1.37</b>    | <b>4.0%</b>                 |
| 3-inch meter                                  | 1                          | 2                                    | <b>1.47</b>    | <b>0.0%</b>                 |
| <u>Mobile Home</u>                            |                            |                                      |                |                             |
| 5/8-inch meter                                | 3                          | 4                                    | <b>1.30</b>    | <b>0.0%</b>                 |
| <u>Commercial</u>                             |                            |                                      |                |                             |
| 5/8-inch meter                                | 2,147                      | 2,990                                | <b>1.39</b>    | <b>7.2%</b>                 |
| 3/4-inch meter                                | 579                        | 922                                  | <b>1.59</b>    | <b>2.2%</b>                 |
| 1-inch meter                                  | 779                        | 1,109                                | <b>1.42</b>    | <b>2.7%</b>                 |
| 1.5-inch meter                                | 2,213                      | 3,018                                | <b>1.36</b>    | <b>7.3%</b>                 |
| 2-inch meter                                  | 774                        | 1,325                                | <b>1.71</b>    | <b>3.2%</b>                 |
| 3-inch meter                                  | 539                        | 1,078                                | <b>2.00</b>    | <b>2.6%</b>                 |
| 4-inch meter                                  | 638                        | 1,160                                | <b>1.82</b>    | <b>2.8%</b>                 |
| 6-inch meter                                  | 203                        | 403                                  | <b>1.98</b>    | <b>1.0%</b>                 |
| <u>Fire Meter</u>                             |                            |                                      |                |                             |
| 2-inch fire meter                             | 0                          | 0                                    | <b>0.00</b>    | <b>0.0%</b>                 |
| 4-inch fire meter                             | 0                          | 0                                    | <b>0.00</b>    | <b>0.0%</b>                 |
| Compound Meter                                | 281                        | 672                                  | <b>2.40</b>    | <b>1.6%</b>                 |
| <b>Total</b>                                  | <b>25,903</b>              | <b>41,449</b>                        |                | <b>100%</b>                 |

2. Based on peak monthly data (peak day data not available).

**FIGURE 6. NUMBER OF ACCOUNTS BY CUSTOMER CLASS**

| Development of the CUSTOMER Allocation Factor |                               |                           |
|-----------------------------------------------|-------------------------------|---------------------------|
| Customer Class                                | Number of Meters <sup>1</sup> | Percent of Total Accounts |
| <u>Single Family Residential</u>              |                               |                           |
| 5/8-inch meter                                | 1,851                         | 74.3%                     |
| 3/4-inch meter                                | 81                            | 3.3%                      |
| 1-inch meter                                  | 9                             | 0.4%                      |
| 1.5-inch meter                                | 3                             | 0.1%                      |
| 2-inch meter                                  | 1                             | 0.0%                      |
| <u>Multi Family Residential</u>               |                               |                           |
| 5/8-inch meter                                | 45                            | 1.8%                      |
| 3/4-inch meter                                | 29                            | 1.2%                      |
| 1-inch meter                                  | 40                            | 1.6%                      |
| 1.5-inch meter                                | 23                            | 0.9%                      |
| 2-inch meter                                  | 17                            | 0.7%                      |
| 3-inch meter                                  | 1                             | 0.0%                      |
| <u>Mobile Home</u>                            |                               |                           |
| 5/8-inch meter                                | 1                             | 0.0%                      |
| <u>Commercial</u>                             |                               |                           |
| 5/8-inch meter                                | 247                           | 9.9%                      |
| 3/4-inch meter                                | 37                            | 1.5%                      |
| 1-inch meter                                  | 35                            | 1.4%                      |
| 1.5-inch meter                                | 44                            | 1.8%                      |
| 2-inch meter                                  | 11                            | 0.4%                      |
| 3-inch meter                                  | 5                             | 0.2%                      |
| 4-inch meter                                  | 2                             | 0.1%                      |
| 6-inch meter                                  | 1                             | 0.0%                      |
| <u>Fire Meter</u>                             |                               |                           |
| 2-inch fire meter                             | 0                             | 0.0%                      |
| 4-inch fire meter                             | 0                             | 0.0%                      |
| Compound Meter                                | 8                             | 0.3%                      |
| <b>Total</b>                                  | <b>2,491</b>                  | <b>100.0%</b>             |

1. Meter Count is from November 2021.

## Cost of Service Analysis – Water

As previously noted in Figure , the purpose of the cost-of-service analysis is to fairly and equitably allocate annual water utility revenue requirements to *customer classes*, while the rate design determines the actual rates *within each customer class*. The first step of separating costs into commodity-, capacity-, and customer-related cost classifications is based on their functional purpose in the water utility: results are summarized in **Figure** , while more detailed fixed and variable allocations are shown in Appendix B.

**FIGURE 7. SUMMARY OF FIXED AND VARIABLE RATE REVENUE REQUIREMENTS**

| Functional Category               | Proposed Rates for FY 2023/24                                 |             |
|-----------------------------------|---------------------------------------------------------------|-------------|
|                                   | Adjusted Net Revenue Requirements<br>45% Fixed / 55% Variable |             |
| Commodity - Related Costs         | \$ 868,196                                                    | 36.9%       |
| Variable Capacity - Related Costs | \$ 426,504                                                    | 18.1%       |
| Fixed Capacity - Related Costs    | \$ 581,055                                                    | 24.7%       |
| Customer - Related Costs          | \$ 478,245                                                    | 20.3%       |
| <b>Total</b>                      | <b>\$ 2,354,000</b>                                           | <b>100%</b> |

The next step is to allocate these commodity-related, capacity-related, and customer-related costs to each customer class based on the allocation factors previously shown in Figure through Figure , as follows:

- Water consumption (Figure ) is used to allocate commodity-related variable costs shown in Figure .
- Peaking factors (Figure ) are used to allocate the capacity-related costs shown in Figure .
- Number of meters (Figure ) are used to allocate the customer-related costs shown in Figure .

The results of this cost allocation process are summarized in **Figure** :

**FIGURE 8. SUMMARY OF ADJUSTED RATE REVENUE REQUIREMENTS BY CUSTOMER CLASS**

| <b>Net Revenue Requirements for FY 2023/24</b> |                                  |                                          |                                       |                                 |                                        |                                    |
|------------------------------------------------|----------------------------------|------------------------------------------|---------------------------------------|---------------------------------|----------------------------------------|------------------------------------|
| <b>Customer Classes</b>                        | <b>Classification Components</b> |                                          |                                       |                                 | <b>Cost of Service Net Rev. Req'ts</b> | <b>% of COS Net Revenue Req'ts</b> |
|                                                | <b>Commodity - Related Costs</b> | <b>Variable Capacity - Related Costs</b> | <b>Fixed Capacity - Related Costs</b> | <b>Customer - Related Costs</b> |                                        |                                    |
| <u>Single Family Residential</u>               |                                  |                                          |                                       |                                 |                                        |                                    |
| 5/8-inch meter                                 | \$ 423,758                       | \$ 211,275                               | \$ 287,833                            | \$ 355,372                      | \$ 1,278,238                           | <b>54%</b>                         |
| 3/4-inch meter                                 | 21,753                           | 8,244                                    | 11,232                                | 15,551                          | 56,780                                 | <b>2%</b>                          |
| 1-inch meter                                   | 14,499                           | 7,331                                    | 9,987                                 | 1,728                           | 33,545                                 | <b>1%</b>                          |
| 1.5-inch meter                                 | 15,701                           | 9,139                                    | 12,451                                | 576                             | 37,867                                 | <b>2%</b>                          |
| 2-inch meter                                   | 7,572                            | 4,357                                    | 5,936                                 | 192                             | 18,058                                 | <b>1%</b>                          |
| <u>Multi Family Residential</u>                |                                  |                                          |                                       |                                 |                                        |                                    |
| 5/8-inch meter                                 | 10,441                           | 6,896                                    | 9,395                                 | 8,640                           | 35,372                                 | <b>2%</b>                          |
| 3/4-inch meter                                 | 13,731                           | 6,781                                    | 9,238                                 | 5,568                           | 35,317                                 | <b>2%</b>                          |
| 1-inch meter                                   | 11,078                           | 7,114                                    | 9,691                                 | 7,680                           | 35,562                                 | <b>2%</b>                          |
| 1.5-inch meter                                 | 35,764                           | 17,834                                   | 24,296                                | 4,416                           | 82,310                                 | <b>3%</b>                          |
| 2-inch meter                                   | 40,522                           | 17,018                                   | 23,185                                | 3,264                           | 83,989                                 | <b>4%</b>                          |
| 3-inch meter                                   | 50                               | 23                                       | 31                                    | 192                             | 296                                    | <b>0%</b>                          |
| <u>Mobile Home</u>                             |                                  |                                          |                                       |                                 |                                        |                                    |
| 5/8-inch meter                                 | 96                               | 38                                       | 52                                    | 192                             | 378                                    | <b>0%</b>                          |
| <u>Commercial</u>                              |                                  |                                          |                                       |                                 |                                        |                                    |
| 5/8-inch meter                                 | 71,951                           | 30,765                                   | 41,913                                | 47,421                          | 192,050                                | <b>8%</b>                          |
| 3/4-inch meter                                 | 19,398                           | 9,485                                    | 12,923                                | 7,104                           | 48,910                                 | <b>2%</b>                          |
| 1-inch meter                                   | 26,117                           | 11,415                                   | 15,551                                | 6,720                           | 59,803                                 | <b>3%</b>                          |
| 1.5-inch meter                                 | 74,159                           | 31,055                                   | 42,309                                | 8,448                           | 155,971                                | <b>7%</b>                          |
| 2-inch meter                                   | 25,927                           | 13,635                                   | 18,576                                | 2,112                           | 60,250                                 | <b>3%</b>                          |
| 3-inch meter                                   | 18,059                           | 11,094                                   | 15,115                                | 960                             | 45,228                                 | <b>2%</b>                          |
| 4-inch meter                                   | 21,398                           | 11,938                                   | 16,263                                | 384                             | 49,983                                 | <b>2%</b>                          |
| 6-inch meter                                   | 6,816                            | 4,150                                    | 5,654                                 | 192                             | 16,813                                 | <b>1%</b>                          |
| <u>Fire Meter</u>                              |                                  |                                          |                                       |                                 |                                        |                                    |
| 2-inch fire meter                              | -                                | -                                        | -                                     | -                               | -                                      | <b>0%</b>                          |
| 4-inch fire meter                              | -                                | -                                        | -                                     | -                               | -                                      | <b>0%</b>                          |
| Compound Meter                                 | 9,405                            | 6,917                                    | 9,423                                 | 1,536                           | 27,281                                 | <b>1%</b>                          |
| <b>Total Net Revenue Requirement</b>           | <b>\$ 868,196</b>                | <b>\$ 426,504</b>                        | <b>\$ 581,055</b>                     | <b>\$ 478,245</b>               | <b>\$ 2,354,000</b>                    | <b>100%</b>                        |

### Current vs. Proposed Water Rate Structures

Besides merely providing the mechanism for collecting rate revenue from individual customers, water rate design presents an opportunity to consider broader rate-design objectives and policies, including revenue stability, equity among customer classes, and water conservation.

During the rate-design analysis, City staff and NBS developed several water rate structure alternatives for consideration. As previously noted, after carefully considering Proposition 218 requirements and recent court cases, maintaining a uniform volumetric rate was, in the opinion of NBS, City staff, and the City's legal counsel the most defensible rate structure. Additionally, maintaining the current meter sizes as customer classifications was also recommended – it maintains continuity with the City's current design is easy for customers to understand, and easy for the City to administrate.



**Figure** compares the current and recommended rates for FY 2023/24 through 2027/28. Cost-of-service adjustments are reflected in the FY 2023/24 rates; thereafter rate increases are applied on an across-the-board basis. Appendix B provides more detail on the development of the proposed water rates.

**FIGURE 9. CURRENT AND PROPOSED WATER RATES FISCAL YEAR 2023/24 – 2027/28**

| Water Rate Schedule              | Current Rates | Proposed Rates |            |            |            |            |
|----------------------------------|---------------|----------------|------------|------------|------------|------------|
|                                  |               | FY 2023/24     | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
| Fixed Meter Charges              |               |                |            |            |            |            |
| Monthly Fixed Service Charges:   |               |                |            |            |            |            |
| 5/8 inch                         | \$26.00       | \$30.06        | \$32.16    | \$34.41    | \$36.82    | \$39.40    |
| 3/4 inch                         | \$39.00       | \$37.09        | \$39.69    | \$42.47    | \$45.44    | \$48.62    |
| 1 inch                           | \$65.00       | \$51.14        | \$54.72    | \$58.55    | \$62.65    | \$67.04    |
| 1.5 inch                         | \$130.00      | \$86.29        | \$92.33    | \$98.79    | \$105.71   | \$113.11   |
| 2 inch                           | \$208.00      | \$128.46       | \$137.45   | \$147.07   | \$157.36   | \$168.38   |
| 3 inch                           | \$390.00      | \$578.30       | \$618.78   | \$662.09   | \$708.44   | \$758.03   |
| 4 inch                           | \$650.00      | \$894.60       | \$957.22   | \$1,024.23 | \$1,095.93 | \$1,172.65 |
| 6 inch                           | \$1,300.00    | \$1,773.19     | \$1,897.31 | \$2,030.12 | \$2,172.23 | \$2,324.29 |
| 8 inch                           | \$2,080.00    | \$2,827.51     | \$3,025.44 | \$3,237.22 | \$3,463.83 | \$3,706.30 |
| Commodity Charges                |               |                |            |            |            |            |
| Rate per Tgal of Water Consumed: |               |                |            |            |            |            |
| Residential Uniform Rate         | \$3.75        | \$4.17         | \$4.46     | \$4.77     | \$5.10     | \$5.46     |
| Non-Residential Uniform Rate     | \$4.48        | \$4.17         | \$4.46     | \$4.77     | \$5.10     | \$5.46     |
| Temporary Meter Uniform Rate     | \$4.48        | \$4.17         | \$4.46     | \$4.77     | \$5.10     | \$5.46     |

## Comparison of Current and Proposed Monthly Bills

### SINGLE-FAMILY WATER CUSTOMERS

**Figure** compares monthly water bills under the current and proposed rates, for single-family residential customers, in the first year of the rate adjustment plan. **Figure** compares current and proposed typical single-family monthly water bills to other communities.

FIGURE 10. MONTHLY WATER BILL COMPARISON FOR SFR CUSTOMERS

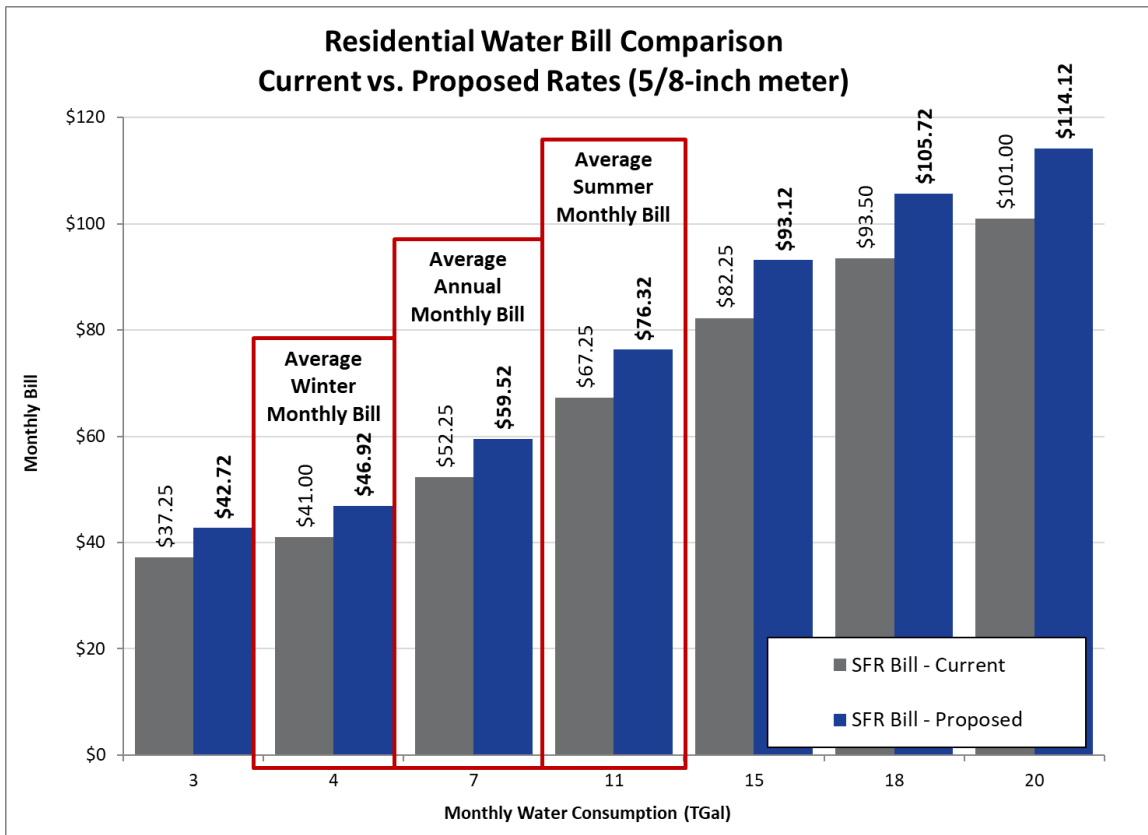
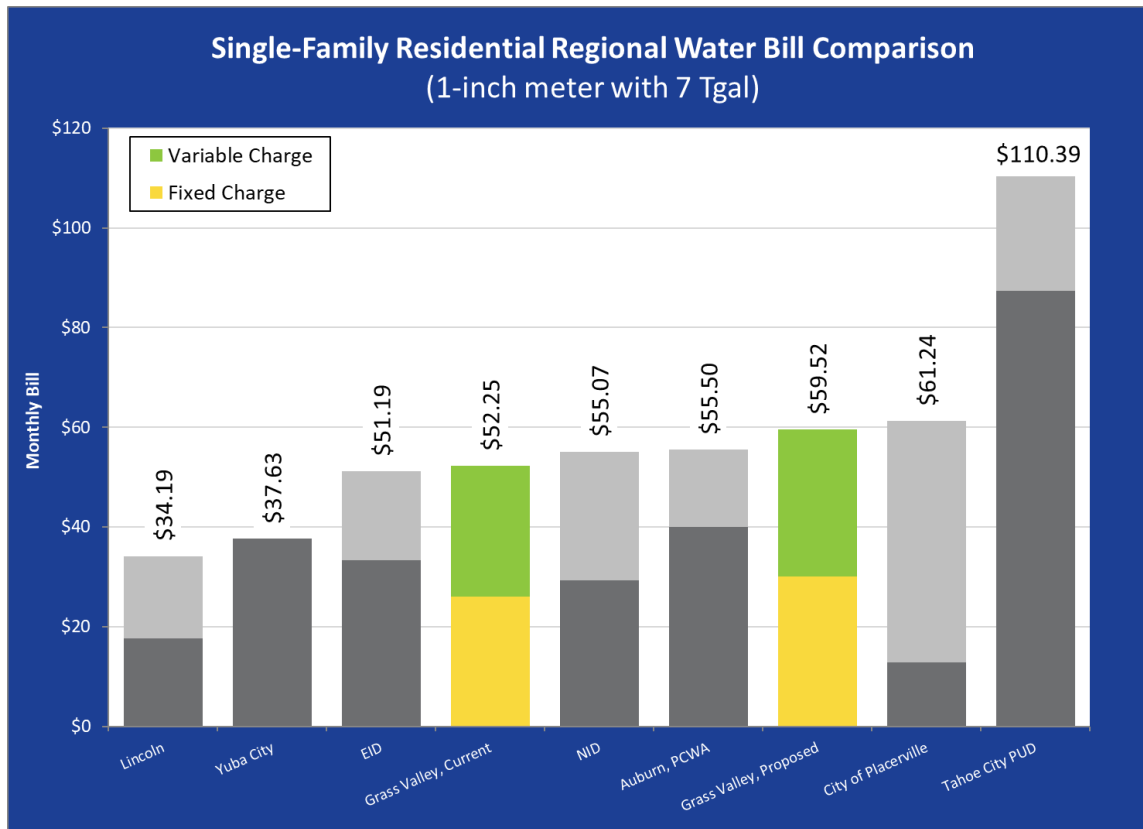


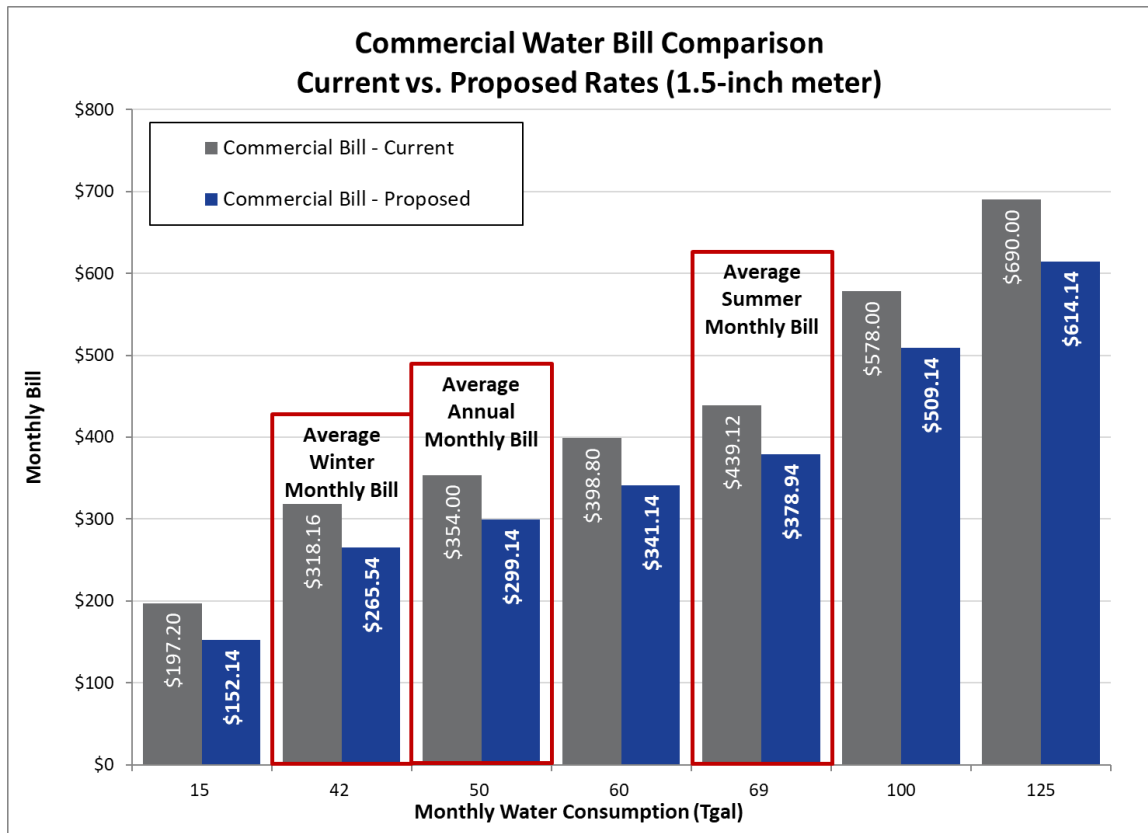
FIGURE 11. MONTHLY WATER BILL COMPARISON WITH OTHER COMMUNITIES



### COMMERCIAL WATER CUSTOMERS

Commercial customers are currently subject to the same fixed monthly charges by meter size and uniform volumetric rate as single-family customers. **Figure** compares current and proposed monthly bills for commercial customers with a 1.5-inch meter at various levels of consumption, in the first year of the rate adjustment plan.

FIGURE 12. MONTHLY WATER BILL COMPARISON FOR COMMERCIAL USERS



## Section 4. WASTEWATER RATE STUDY

### Developing Recommended Wastewater Rates

The wastewater rate study focused on key objectives similar to those considered in the water rate study, with the overriding concern being maintaining the financial health of the utility.

Similar wastewater rate tasks were performed, including (1) developing functional cost allocations, (2) developing revenue requirements by customer class, and (3) determining rates within customer classes. Detailed tables showing the step-by-step development of the analysis are presented in Appendix C – Wastewater Rate Summary Tables.

### Wastewater Utility Revenue Requirements

To identify the wastewater utility's long-term financial needs, including funding for capital improvement projects, NBS developed a 10-year financial plan that forecasts wastewater revenues, expenditures, and projected reserves. This plan is based on the City's current operating budget for the utility, discussions with City staff, and related information such as debt service schedules and capital improvement plans. This financial plan addresses four primary objectives:

- **Meeting Operating Costs:** The wastewater utility must generate enough revenue to cover the expenses of wastewater operations, including administration, maintenance, and the collection system.
- **Meeting Capital Improvement Costs:** The wastewater utility plans to adequately fund necessary capital improvements, which assumes roughly \$10 million in planned capital improvements for the current fiscal year through the end of FY 2027/28.
- **Maintaining Adequate Bond Coverage:** The City is required by its bond covenants to maintain a debt service coverage ratio of at least 1.20 for the outstanding debt obligations. This analysis assumes that the City will *be cash funding* the planned capital expenses. It is projected that, with the recommended rate increases, the City will meet the 1.20 debt coverage ratio for all existing and anticipated debt through Fiscal Year 2027/28.
- **Maintaining Reserve Funds:** Implementing annual rate increases builds target reserve fund levels to appropriate levels. Primarily to minimize impacts on ratepayers, City staff chose to use the following reserve targets:
  - **Operating Reserves** reserve target is equal to a three-month (or 90-day) cash cushion for normal operations. For Fiscal Year 2023/24, this is estimated to be \$731,000. This reserve is intended to preserve financial viability in the event of short-term fluctuations in revenues and/or expenditures, including those due to weather patterns, the natural billing cycle cash flows, variability in volume-based rates, and changes in the age of receivables.
  - **Capital Reserves** of 3 percent of net assets serve as a starting point for addressing longer-term capital needs. For Fiscal Year 2023/24, this is estimated to be \$1,053,000. If ratepayers can generate this level of revenues, the City will have reserved a partial cash resource that can be applied toward future capital replacement and rehabilitation needs.
  - **System Reinvestment Reserve** of \$300,000 annually for any unplanned maintenance the City may occur.

- **Emergency Reserve** of \$300,00 for any emergency situations.

For FY 2023/24, the net revenue requirement is approximately \$3.56 million. Current annual revenues are sufficient to cover annual operating expenditures, debt service payments and contribute to planned capital improvement costs. With the need to maintain healthy reserves, small rate increases are recommended.

**Figure** summarizes the sources and uses of funds and net revenue requirements for the next five years and includes the recommended annual rate increases. **Figure** summarizes the utility's projected reserve funds and target balances.

**FIGURE 13. SUMMARY OF WASTEWATER REVENUE REQUIREMENTS**

| Summary of Sources and Uses of Funds and Net Revenue Requirements | Prop 218 Rate Period |                     |                     |                     |                     |                     |
|-------------------------------------------------------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                                                   | FY 2022/23           | FY 2023/24          | FY 2024/25          | FY 2025/26          | FY 2026/27          | FY 2027/28          |
| <b>Sources of Sewer Funds</b>                                     |                      |                     |                     |                     |                     |                     |
| Rate Revenue Under Current Rates                                  | \$ 4,750,000         | \$ 4,750,000        | \$ 4,750,000        | \$ 4,750,000        | \$ 4,750,000        | \$ 4,750,000        |
| Non-Rate Revenues                                                 | 255,000              | 255,000             | 255,000             | 255,000             | 255,000             | 255,000             |
| Interest Earnings                                                 | 55,000               | 110,680             | 101,992             | 92,668              | 82,261              | 82,166              |
| <b>Total Sources of Funds</b>                                     | <b>\$ 5,060,000</b>  | <b>\$ 5,115,680</b> | <b>\$ 5,106,992</b> | <b>\$ 5,097,668</b> | <b>\$ 5,087,261</b> | <b>\$ 5,087,166</b> |
| <b>Uses of Sewer Funds</b>                                        |                      |                     |                     |                     |                     |                     |
| Operating Expenses                                                | \$ 2,894,678         | \$ 2,965,791        | \$ 3,038,846        | \$ 3,113,899        | \$ 3,191,011        | \$ 3,270,241        |
| Existing Debt Service                                             | 1,515,365            | 966,501             | 975,570             | 981,738             | 371,792             | 381,451             |
| New Debt Service                                                  | -                    | -                   | -                   | -                   | -                   | -                   |
| Rate Funded Capital Expenses                                      | 868,000              | -                   | -                   | 215,413             | 886,287             | 500,743             |
| <b>Total Use of Funds</b>                                         | <b>\$ 5,278,043</b>  | <b>\$ 3,932,292</b> | <b>\$ 4,014,416</b> | <b>\$ 4,311,050</b> | <b>\$ 4,449,089</b> | <b>\$ 4,152,435</b> |
| <b>Surplus (Deficiency) before Rate Increase</b>                  | <b>\$ (218,043)</b>  | <b>\$ 1,183,389</b> | <b>\$ 1,092,576</b> | <b>\$ 786,617</b>   | <b>\$ 638,172</b>   | <b>\$ 934,731</b>   |
| Additional Revenue from Rate Increases <sup>1</sup>               | -                    | 71,250              | 191,900             | 290,738             | 391,553             | 494,384             |
| <b>Surplus (Deficiency) after Rate Increase</b>                   | <b>\$ (218,043)</b>  | <b>\$ 1,254,639</b> | <b>\$ 1,284,476</b> | <b>\$ 1,077,355</b> | <b>\$ 1,029,725</b> | <b>\$ 1,429,115</b> |
| <b>Increase in Rate Revenue Needed to Avoid Deficit</b>           | <b>0.00%</b>         | <b>2.00%</b>        | <b>2.00%</b>        | <b>2.00%</b>        | <b>2.00%</b>        | <b>2.00%</b>        |
| <b>Cumulative Increases</b>                                       | <b>0.00%</b>         | <b>2.00%</b>        | <b>4.04%</b>        | <b>6.12%</b>        | <b>8.24%</b>        | <b>10.41%</b>       |
| <b>Net Revenue Requirement<sup>2</sup></b>                        | <b>\$ 4,968,043</b>  | <b>\$ 3,566,611</b> | <b>\$ 3,657,424</b> | <b>\$ 3,963,383</b> | <b>\$ 4,111,828</b> | <b>\$ 3,815,269</b> |

1. Assumes new rates are implemented October 1, 2023.

2. Total Use of Funds less non-rate revenues and interest earnings. This is the annual amount needed from rates.

**FIGURE 14. SUMMARY OF WASTEWATER RESERVE FUNDS**

| Beginning Reserve Fund Balances and Recommended Reserve Targets | Prop 218 Rate Period |                     |                     |                     |                     |                     |
|-----------------------------------------------------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                                                 | FY 2022/23           | FY 2023/24          | FY 2024/25          | FY 2025/26          | FY 2026/27          | FY 2027/28          |
| <b>Sewer Operating Reserve Fund</b>                             |                      |                     |                     |                     |                     |                     |
| Ending Balance                                                  | \$ 713,756           | \$ 731,291          | \$ 749,304          | \$ 767,811          | \$ 786,825          | \$ 806,361          |
| <i>Recommended Minimum Target</i>                               | <i>713,756</i>       | <i>731,291</i>      | <i>749,304</i>      | <i>767,811</i>      | <i>786,825</i>      | <i>806,361</i>      |
| <b>Working Capital Reserve Fund</b>                             |                      |                     |                     |                     |                     |                     |
| Ending Balance                                                  | \$ 3,736,807         | \$ 3,252,158        | \$ 2,732,820        | \$ 2,154,849        | \$ 2,130,711        | \$ 2,540,579        |
| <i>Recommended Minimum Target</i>                               | <i>1,033,000</i>     | <i>1,053,000</i>    | <i>1,074,000</i>    | <i>1,096,000</i>    | <i>1,120,000</i>    | <i>1,131,000</i>    |
| <b>System Reinvestment Reserve Fund</b>                         |                      |                     |                     |                     |                     |                     |
| Ending Balance                                                  | \$ 750,000           | \$ 750,000          | \$ 750,000          | \$ 750,000          | \$ 750,000          | \$ 750,000          |
| <i>Recommended Minimum Target</i>                               | <i>300,000</i>       | <i>300,000</i>      | <i>300,000</i>      | <i>300,000</i>      | <i>300,000</i>      | <i>300,000</i>      |
| <b>Emergency Reserve Fund</b>                                   |                      |                     |                     |                     |                     |                     |
| Ending Balance                                                  | \$ 750,000           | \$ 750,000          | \$ 750,000          | \$ 750,000          | \$ 750,000          | \$ 750,000          |
| <i>Recommended Minimum Target</i>                               | <i>300,000</i>       | <i>300,000</i>      | <i>300,000</i>      | <i>300,000</i>      | <i>300,000</i>      | <i>300,000</i>      |
| <b>Total Ending Balance (Unrestricted)</b>                      | <b>\$ 5,950,563</b>  | <b>\$ 5,483,449</b> | <b>\$ 4,982,125</b> | <b>\$ 4,422,660</b> | <b>\$ 4,417,535</b> | <b>\$ 4,846,940</b> |
| <b>Recommended Min. Target (Unrestricted)</b>                   | <b>\$ 2,346,756</b>  | <b>\$ 2,384,291</b> | <b>\$ 2,423,304</b> | <b>\$ 2,463,811</b> | <b>\$ 2,506,825</b> | <b>\$ 2,537,361</b> |

A summary of the entire 10-year financial plan, showing revenue requirements, revenue sources (including rate revenue), and necessary rate increases is presented in Appendix C, along with a summary of the City's capital improvement program detail.

## Cost of Service Analysis – Wastewater

The wastewater cost-of-service analysis is where annual revenue requirements are fairly and equitably allocated to customer classes. In contrast to the City's water customer classes, the wastewater customer classes are represented by type of customer: residential, multi-family, mobile home, and commercial.

The key factors used in the wastewater cost-of-service analysis include the estimated effluent (flow) going to the wastewater treatment plant, the effluent strengths (BOD and TSS), and customer-related costs (e.g., billing and administrative costs). Actual wastewater flow data from 2020 was used.

**Figure** shows how the volume allocation factors were developed, which are the percentages of annual consumption and estimated flow by various types of customers.

**FIGURE 15. SUMMARY OF ESTIMATED FLOW TO TREATMENT PLANT**

| Development of the VOLUME Allocation Factor <sup>1</sup> |                    |                                   |                               |                                            |                      |
|----------------------------------------------------------|--------------------|-----------------------------------|-------------------------------|--------------------------------------------|----------------------|
| Customer Class                                           | Number of Accounts | June 21-Jan 22 Consumption (Tgal) | Annualized Consumption (Tgal) | Adjusted Annual Volume <sup>2</sup> (Tgal) | Percentage of Volume |
| Single Family/Duplex                                     | 3,406              | 151,086                           | 226,630                       | 223,558                                    | <b>46.81%</b>        |
| Multi Family                                             | 207                | 26,633                            | 96,496                        | 95,188                                     | <b>19.93%</b>        |
| Mobile Home                                              | 2                  | 23                                | 78                            | 77                                         | <b>0.02%</b>         |
| Commercial                                               |                    |                                   |                               |                                            |                      |
| Class A Usage <sup>3</sup>                               | 562                | 68,599                            | 102,899                       | 101,504                                    | <b>21.25%</b>        |
| Class B Usage <sup>4</sup>                               | 14                 | 20,468                            | 30,702                        | 30,285                                     | <b>6.34%</b>         |
| Class C Usage <sup>5</sup>                               | 59                 | 10,919                            | 16,378                        | 16,156                                     | <b>3.38%</b>         |
| Class D Usage <sup>6</sup>                               | 33                 | 6,768                             | 10,152                        | 10,015                                     | <b>2.10%</b>         |
| GV FLAT                                                  | 37                 | 558                               | 838                           | 826                                        | <b>0.17%</b>         |
| NID FLAT                                                 | 51                 | 0                                 | 0                             | 0                                          | <b>0.00%</b>         |
| <b>Total</b>                                             | <b>4,371</b>       | <b>285,055</b>                    | <b>484,172</b>                | <b>477,610</b>                             | <b>100.00%</b>       |
|                                                          |                    |                                   |                               | 477,610                                    | Flow (Tgal/yr.)      |
|                                                          |                    |                                   |                               | 0.99                                       | Flow Adj. Factor     |

1. Source files for accounts: *Billed Consumption Excel Export\_manipulated.xlsx*

2. Adjusted annual volume based on wastewater treatment plant influent data for 2020 flow.

Source file: *Annual Flow totals.xlsx*

3. Standard strength commercial customers include general, theaters, laundries, fairgrounds & dumping at WWTP.

4. Moderate strength commercial customers include hotels & motels.

5. High strength commercial customers include restaurants.

6. Class D commercial customers include schools.

**Customer Class Effluent Strengths** – Effluent strength factors for individual customer classes are estimated using the general industry guidelines<sup>6</sup>. The estimated effluent strengths by customer class are described below.

- Residential customers, including single-family, multi-family and mobile homes, are estimated to have BOD and TSS strength factors of 175 mg/l.

<sup>6</sup> The State Water Resources Control Council (SWRCB) Revenue Program Guidelines, Appendix G, page G-21 "Commercial User Strength Characteristics," were used for this purpose.

- Commercial customers have strength factors ranging from lower to higher than residential users, reflecting four strength-related classes (A-, B-, C- and D-strength users).

**Figure** summarizes the strength characteristics and allocation percentages of the utility's wastewater customer classes.

**FIGURE 16. SUMMARY OF FLOW AND STRENGTH (BOD & TSS) CHARACTERISTICS BY CUSTOMER CLASS**

| Development of the STRENGTH Allocation Factor |                             |                                             |                           |                  |                                             |                           |                  |
|-----------------------------------------------|-----------------------------|---------------------------------------------|---------------------------|------------------|---------------------------------------------|---------------------------|------------------|
| Customer Class                                | Adjusted Annual Flow (Tgal) | Biochemical Oxygen Demand (BOD)             |                           |                  | Total Suspended Solids (TSS)                |                           |                  |
|                                               |                             | Average Strength Factor <sup>3</sup> (mg/l) | Calculated BOD (lbs./yr.) | Percent of Total | Average Strength Factor <sup>3</sup> (mg/l) | Calculated TSS (lbs./yr.) | Percent of Total |
| Single Family/Duplex                          | 223,558                     | 175                                         | 326,283                   | 40.8%            | 175                                         | 326,283                   | 50.0%            |
| Multi Family                                  | 95,188                      | 175                                         | 138,926                   | 17.4%            | 175                                         | 138,926                   | 21.3%            |
| Mobile Home                                   | 77                          | 175                                         | 113                       | 0.0%             | 175                                         | 113                       | 0.0%             |
| Commercial                                    |                             |                                             |                           |                  |                                             |                           |                  |
| Class A Usage <sup>4</sup>                    | 101,504                     | 130                                         | 110,051                   | 13.8%            | 80                                          | 67,724                    | 10.4%            |
| Class B Usage <sup>5</sup>                    | 30,285                      | 310                                         | 78,300                    | 9.8%             | 120                                         | 30,310                    | 4.6%             |
| Class C Usage <sup>6</sup>                    | 16,156                      | 1,000                                       | 134,742                   | 16.9%            | 600                                         | 80,845                    | 12.4%            |
| Class D Usage <sup>7</sup>                    | 10,015                      | 130                                         | 10,858                    | 1.4%             | 100                                         | 8,352                     | 1.3%             |
| <b>Total</b>                                  | <b>476,784</b>              |                                             | <b>799,274</b>            | <b>100.0%</b>    |                                             | <b>652,553</b>            | <b>100.0%</b>    |

3. Typical strength factors for BOD and TSS are from the State Water Resources Control Board Revenue Program Guidelines, Appendix G

4. Standard strength commercial customers include general, theaters, laundries, fairgrounds & dumping at WWTP.

5. Moderate strength commercial customers include hotels & motels.

6. High strength commercial customers include restaurants.

7. Class D commercial customers include schools.

**Figure** compares the total number of accounts and living units or EDUs (depending on how customers are billed) by customer class. **Figure** then summarizes the total rate revenue requirements by customer class resulting from the cost-of-service cost allocation process. Cost classification components include volume, strength-related (BOD and TSS) and customer-related costs and are represented both as a dollar amount and as a percentage of total net revenue requirements.



**FIGURE 17. SUMMARY OF WASTEWATER CUSTOMER ACCOUNTS AND EDU'S**

| Development of the CUSTOMER Allocation Factor |                                 |                        |                             |                     |
|-----------------------------------------------|---------------------------------|------------------------|-----------------------------|---------------------|
| Customer Class                                | Number of Accounts <sup>1</sup> | Percentage of Accounts | Number of EDUs <sup>1</sup> | Percentage of Units |
| Single Family/Duplex                          | 3,406                           | 77.9%                  | 3,542                       | 46.9%               |
| Multi Family                                  | 207                             | 4.7%                   | 2,465                       | 32.7%               |
| Mobile Home                                   | 2                               | 0.0%                   | 2                           | 0.0%                |
| Commercial                                    |                                 |                        |                             |                     |
| Class A                                       | 562                             | 12.9%                  | 1,015                       | 13.4%               |
| Class B                                       | 14                              | 0.3%                   | 223                         | 3.0%                |
| Class C                                       | 59                              | 1.3%                   | 98                          | 1.3%                |
| Class D                                       | 33                              | 0.8%                   | 35                          | 0.5%                |
| GV FLAT                                       | 37                              | 0.8%                   | 59                          | 0.8%                |
| NID FLAT                                      | 51                              | 1.2%                   | 109                         | 1.4%                |
| <b>Total</b>                                  | <b>4,371</b>                    | <b>100%</b>            | <b>7,548</b>                | <b>100%</b>         |

1. Source files for accounts: *Billed Consumption Excel Export\_manipulated.xlsx*

EDU - Equivalent Dwelling Unit

**FIGURE 18. SUMMARY OF ADJUSTED RATE REVENUE REQUIREMENTS BY CUSTOMER CLASS**

| Customer Class                              | Cost Classification Components |                   |                   |                     | Cost-of-Service Revenue Req't. | % of COS Revenue Req't. |
|---------------------------------------------|--------------------------------|-------------------|-------------------|---------------------|--------------------------------|-------------------------|
|                                             | Volume                         | Treatment         |                   | Customer Related    |                                |                         |
|                                             |                                | BOD               | TSS               |                     |                                |                         |
| <b>Net Revenue Requirements<sup>1</sup></b> | <b>\$ 1,797,892</b>            | <b>\$ 967,892</b> | <b>\$ 967,892</b> | <b>\$ 1,111,957</b> | <b>\$ 4,845,633</b>            | <b>--</b>               |
|                                             | 37.1%                          | 20.0%             | 20.0%             | 22.9%               | 100.0%                         |                         |
| Single Family/Duplex                        | 841,552                        | 395,117           | 483,956           | 521,779             | 2,242,404                      | 46.3%                   |
| Multi Family                                | 358,320                        | 168,235           | 206,061           | 363,124             | 1,095,740                      | 22.6%                   |
| Mobile Home                                 | 291                            | 136               | 167               | 295                 | 889                            | 0.0%                    |
| Commercial                                  | -                              |                   |                   |                     |                                |                         |
| Class A Usage <sup>2</sup>                  | 382,098                        | 133,268           | 100,450           | 149,522             | 765,338                        | 15.8%                   |
| Class B Usage <sup>3</sup>                  | 114,005                        | 94,819            | 44,957            | 32,851              | 286,631                        | 5.9%                    |
| Class C Usage <sup>4</sup>                  | 60,817                         | 163,168           | 119,913           | 14,437              | 358,335                        | 7.4%                    |
| Class D Usage <sup>5</sup>                  | 37,698                         | 13,148            | 12,388            | 5,156               | 68,391                         | 1.4%                    |
| GV FLAT                                     | 3,110                          | -                 | -                 | 8,737               | 11,847                         | 0.2%                    |
| NID FLAT                                    | -                              | -                 | -                 | 16,057              | 16,057                         | 0.3%                    |
| <b>Total</b>                                | <b>\$ 1,797,892</b>            | <b>\$ 967,892</b> | <b>\$ 967,892</b> | <b>\$ 1,111,957</b> | <b>\$ 4,845,633</b>            | <b>100%</b>             |

1. Revenue requirement for each customer class is determined by multiplying the revenue requirement from each cost classification by the allocation factors for each customer class.

2. Standard strength commercial customers include general, theaters, laundries, fairgrounds & dumping at WWTP.

3. Moderate strength commercial customers include hotels & motels.

4. High strength commercial customers include restaurants.

5. Class D commercial customers include schools.

As shown in Figure , the total rate revenue expected to be collected in FY 2023/24 would be approximately \$4.85 million. The cost allocation factors shown in Figure through Figure are used to calculate the amount of this revenue collected from fixed charges and volumetric rates.

How these costs are then collected from fixed and volumetric charges within each customer class is part of the rate design analysis, the third study component previously shown in Figure .

## Current vs. Proposed Wastewater Rates

Currently, the City's wastewater rates consist of a fixed monthly account charge for all customers, and a volumetric rate for commercial customers only (based on commercial class). The proposed rates collect 17 percent of revenue requirements from volumetric rates (commercial only) and 83 percent from fixed charges.

**Figure** shows the current and proposed wastewater rates through FY 2027/28.

**FIGURE 19. CURRENT AND PROPOSED WASTEWATER RATES**

| Sewer Rate Schedule                                       | Current Rates | Proposed Sewer Rates |            |            |            |            |
|-----------------------------------------------------------|---------------|----------------------|------------|------------|------------|------------|
|                                                           |               | FY 2023/24           | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
| FIXED MONTHLY CHARGES (per unit)                          |               |                      |            |            |            |            |
| Single Family/Duplex                                      | \$55.00       | \$52.76              | \$53.82    | \$54.90    | \$56.00    | \$57.12    |
| Multi Family                                              | \$43.19       | \$37.04              | \$37.78    | \$38.54    | \$39.31    | \$40.10    |
| Mobile Home                                               | \$31.66       | \$37.04              | \$37.78    | \$38.54    | \$39.31    | \$40.10    |
| Commercial                                                | \$21.73       | \$32.62              | \$33.28    | \$33.95    | \$34.63    | \$35.32    |
| NON-RESIDENTIAL VOLUMETRIC CHARGES PER T GAL <sup>1</sup> |               |                      |            |            |            |            |
| Commercial                                                |               |                      |            |            |            |            |
| Class A Usage <sup>2</sup>                                | \$4.43        | \$4.52               | \$4.61     | \$4.70     | \$4.79     | \$4.89     |
| Class B Usage <sup>3</sup>                                | \$5.34        | \$5.68               | \$5.79     | \$5.91     | \$6.03     | \$6.15     |
| Class C Usage <sup>4</sup>                                | \$9.42        | \$13.31              | \$13.58    | \$13.85    | \$14.13    | \$14.41    |
| Class D Usage <sup>5</sup>                                | \$3.96        | \$4.10               | \$4.18     | \$4.26     | \$4.35     | \$4.44     |

1. Tgal = thousand gallon, or 1,000 gallons

2. Standard strength commercial customers include general, theaters, laundries, fairgrounds & dumping at WWTP.

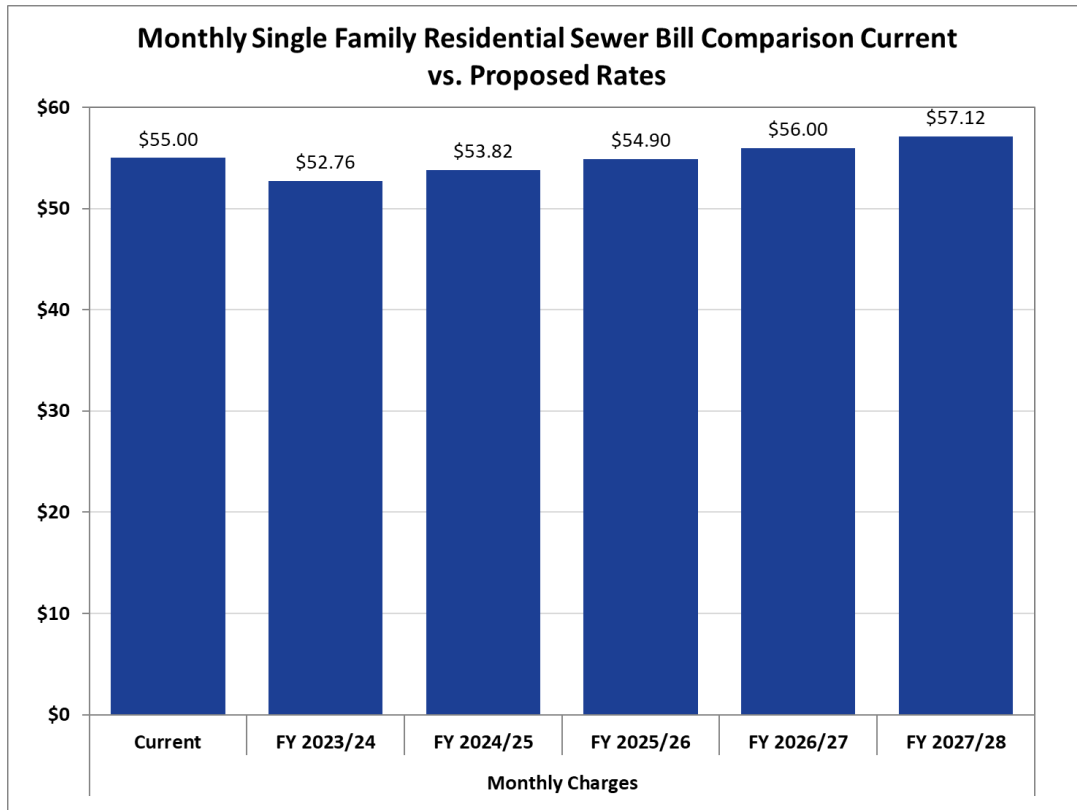
3. Moderate strength commercial customers include hotels & motels.

4. High strength commercial customers include restaurants.

5. Class D commercial customers include schools.

## SINGLE-FAMILY WASTEWATER CUSTOMERS

**Figure** compares typical single-family monthly wastewater bills in adjusted rate plan.



**Figure** compares typical single-family monthly wastewater bills with other communities.

**Figure 22** compares total water and wastewater bills for single-family monthly customers with other communities.

**FIGURE 20. MONTHLY SINGLE-FAMILY WASTEWATER BILL COMPARISON**

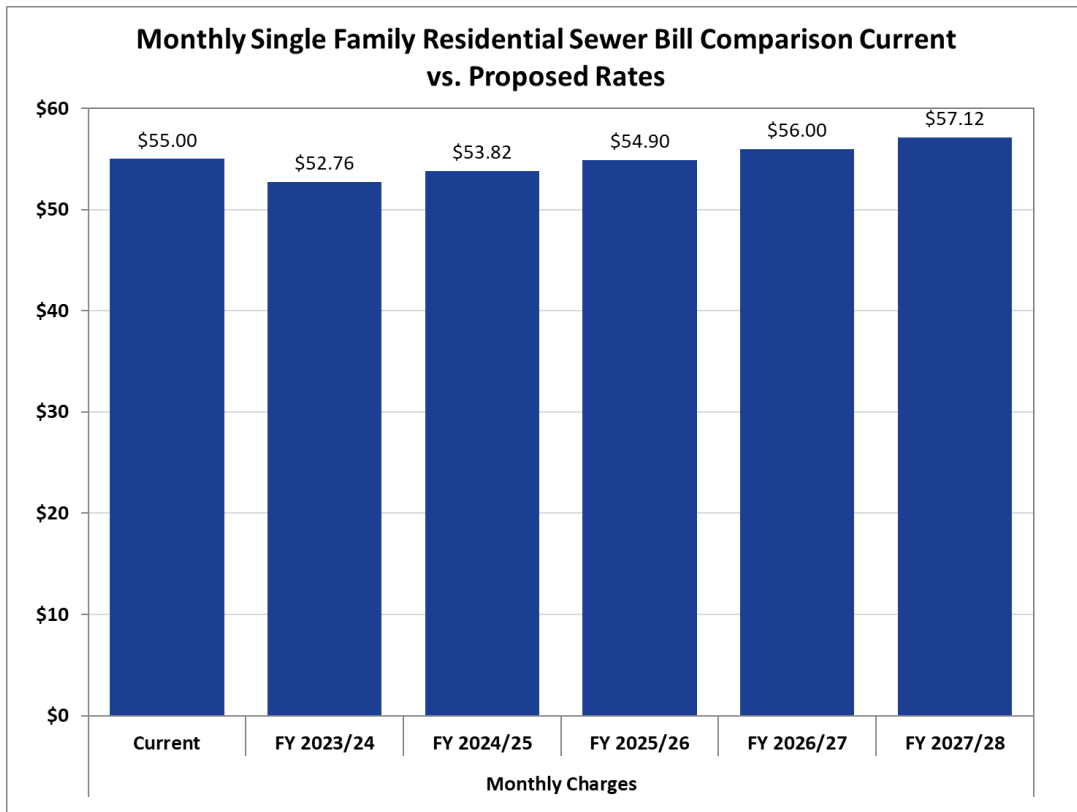


FIGURE 21. MONTHLY SINGLE-FAMILY WASTEWATER BILL COMPARISON WITH OTHER COMMUNITIES

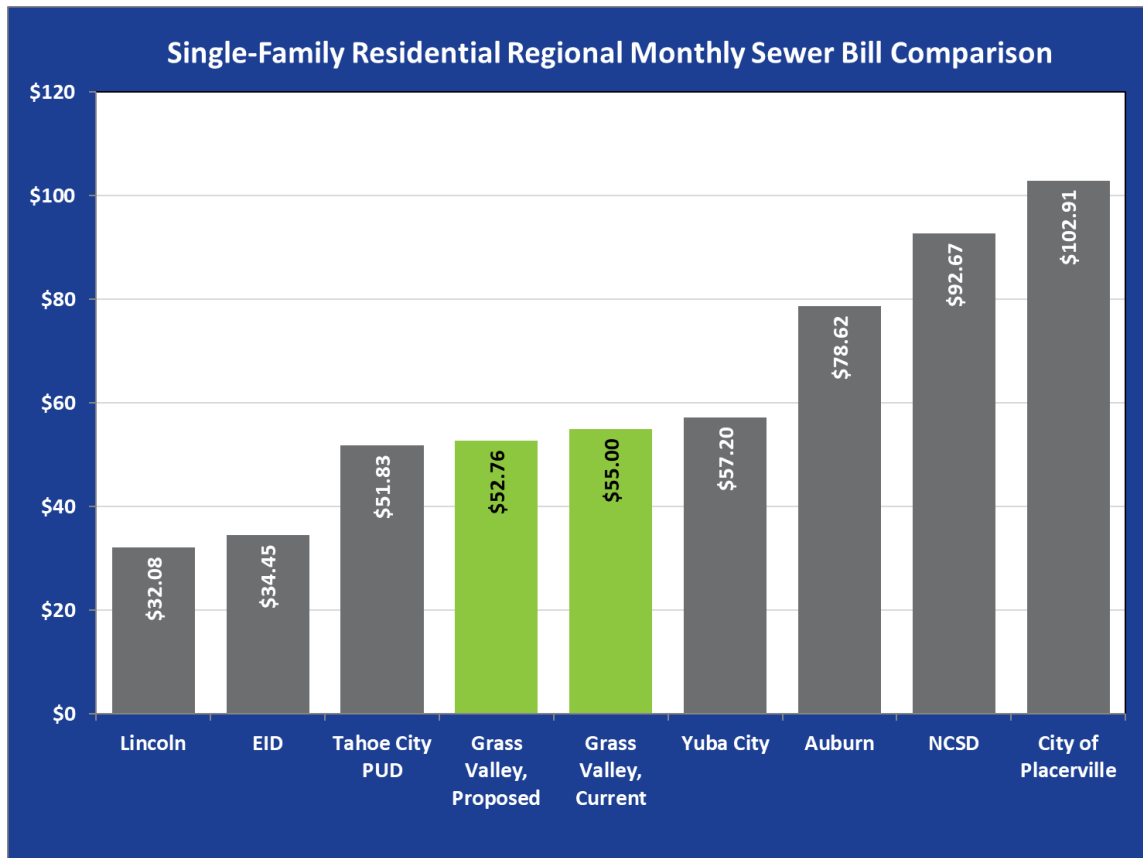
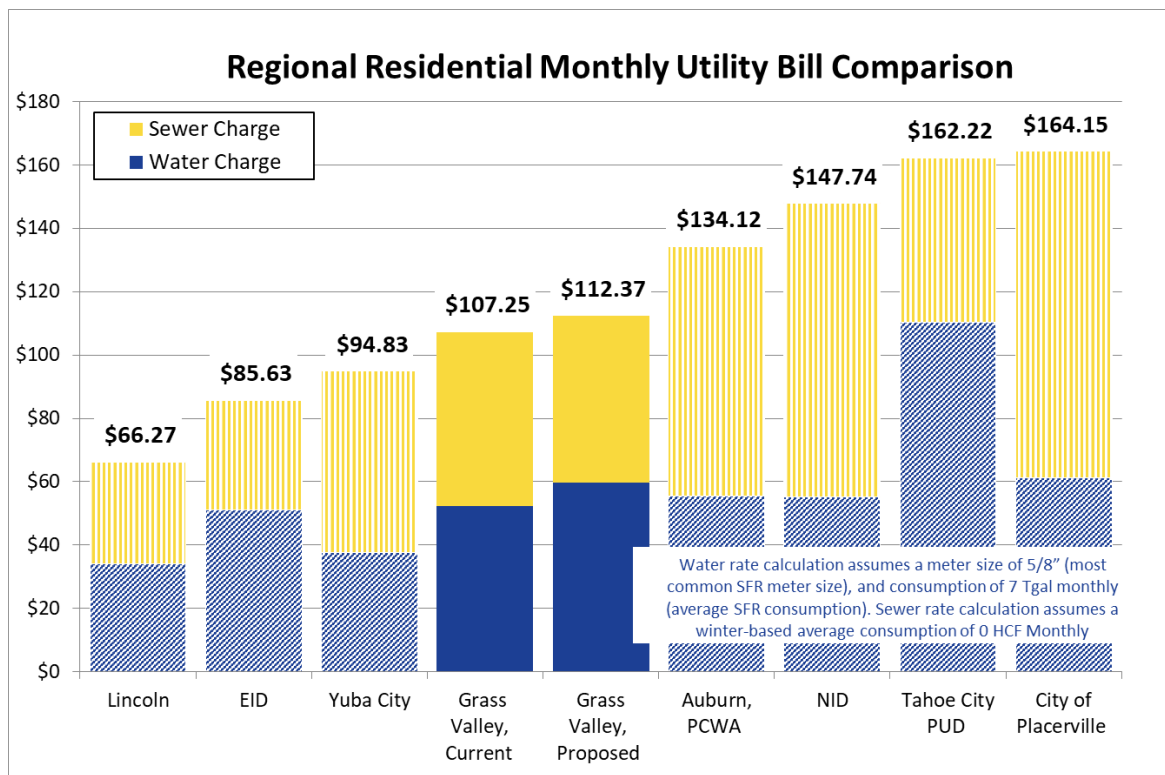


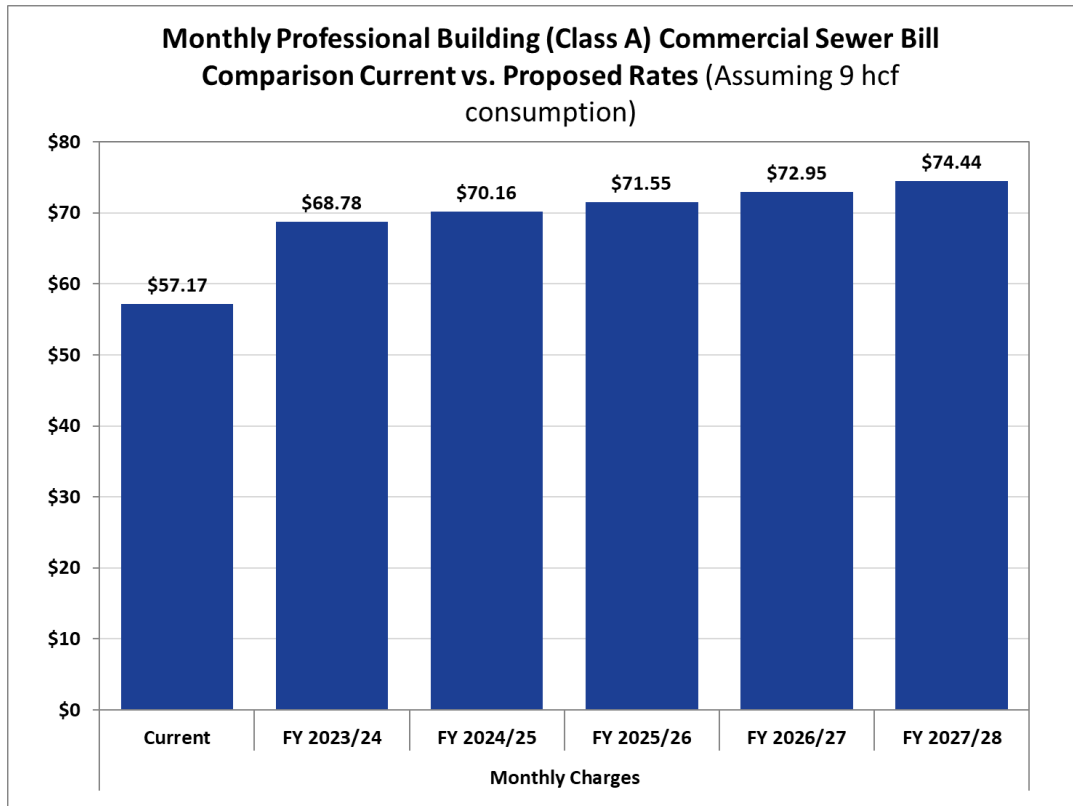
FIGURE 22. MONTHLY SINGLE-FAMILY WASTEWATER BILL COMPARISON WITH OTHER COMMUNITIES



## COMMERCIAL WASTEWATER CUSTOMERS

**Figure** compares typical class A-strength commercial monthly wastewater bills in year one of the adjusted rate plan, assuming the average 9 hcf monthly consumption.

**FIGURE 23. MONTHLY CLASS A-STRENGTH COMMERCIAL WASTEWATER BILL COMPARISON**



## Section 5. RECOMMENDATIONS AND NEXT STEPS

### Consultant Recommendations

This rate study reflects input from City staff and the City Council and is intended to comply with general industry standards and meet the requirements of Proposition 218. Public hearings and protest balloting requirements. Below are the next steps required to complete the adoption and implementation requirements. As a part of this process, NBS recommends the City take the following actions:

- **Implement Recommended Levels of Rate Increases and Proposed Rates:** Based on successfully meeting the Proposition 218 balloting requirements, the City Council should proceed with implementing the rate increases and rate structures recommended in this report for both utilities for the next five years. These rate increases are necessary to ensure the continued financial health of the City's water and wastewater utilities, although maintaining the financial health of the water and wastewater utilities will be an ongoing process.
- **Adopt Reserve Fund Targets:** NBS recommends the City Council adopt and strive to meet the recommended reserve fund targets described in this report for each utility. The City should periodically evaluate reserve fund levels with the intent of achieving long-term goals.

### Next Steps

#### ANNUALLY REVIEW RATES AND REVENUE

Any time an agency adopts new utility rates, particularly when facing significant capital costs and recent unforeseen expenditures, those new rates should be closely monitored over the next several years to ensure the revenue generated is sufficient to meet the annual revenue requirements. Changing economic and drought-related consumption patterns underscore the need for this review, as well as potential and unseen changing revenue requirements, particularly those related to capital improvement and repair and replacement costs that can significantly affect annual cash flows.

#### PRINCIPAL ASSUMPTIONS AND CONSIDERATIONS

In preparing this report and the recommendations included herein, NBS has relied on a number of principal assumptions and considerations with regard to financial matters, including the City's utility budgets, capital improvement plans, the number of customer accounts, water consumption records, and other conditions and events projected to occur in the future. This information and these assumptions were provided by sources we believe to be reliable, although NBS has not independently verified this data.

While we believe NBS' use of such information and assumptions is reasonable for the purpose of this report and its recommendations, some assumptions will invariably not materialize as stated herein or may vary significantly due to unanticipated events and circumstances. Therefore, the actual results can be expected to vary from those projected to the extent that actual future conditions differ from those assumed by us or provided to us by others.

## Section 6. APPENDIX A - ABBREVIATIONS & ACRONYMS<sup>7</sup>

|                 |                                                                                                                                                          |
|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| AAF             | Average Annual Flow                                                                                                                                      |
| AF              | Acre Foot, equal to 435.6 HCF/CCF or 325,851 gallons                                                                                                     |
| Alt.            | Alternative                                                                                                                                              |
| Avg.            | Average                                                                                                                                                  |
| AWWA            | American Water Works Association                                                                                                                         |
| BMP             | Best Management Practice                                                                                                                                 |
| BOD             | Biochemical Oxygen Demand                                                                                                                                |
| CA              | Customer                                                                                                                                                 |
| CAP             | Capacity                                                                                                                                                 |
| CCF             | Hundred Cubic Feet (same as HCF); equal to 748 gallons                                                                                                   |
| CCI             | Construction Cost Index                                                                                                                                  |
| COD             | Chemical Oxygen Demand                                                                                                                                   |
| COM             | Commodity                                                                                                                                                |
| Comm.           | Commercial                                                                                                                                               |
| COS             | Cost of Service                                                                                                                                          |
| COSA            | Cost of Service Analysis                                                                                                                                 |
| CPI             | Consumer Price Index                                                                                                                                     |
| CIP             | Capital Improvement Program                                                                                                                              |
| DU              | Dwelling Unit                                                                                                                                            |
| Excl.           | Exclude                                                                                                                                                  |
| ENR             | Engineering News Record                                                                                                                                  |
| EDU             | Equivalent Dwelling Unit                                                                                                                                 |
| Exp.            | Expense                                                                                                                                                  |
| FP              | Fire Protection                                                                                                                                          |
| FY              | Fiscal Year (e.g., July 1st to June 30th)                                                                                                                |
| FY 2022/23      | July 1, 2022 through June 30, 2023                                                                                                                       |
| GPD             | Gallons per Day                                                                                                                                          |
| GPM             | Gallons per Minute                                                                                                                                       |
| HCF             | Hundred Cubic Feet; equal to 748 gallons or 1 CCF                                                                                                        |
| Ind.            | Industrial                                                                                                                                               |
| Irr.            | Irrigation                                                                                                                                               |
| LAIF            | Local Agency Investment Fund                                                                                                                             |
| Lbs.            | Pounds                                                                                                                                                   |
| MFR             | Multi-Family Residential                                                                                                                                 |
| MGD             | Million Gallons per Day                                                                                                                                  |
| MG/L            | Milligrams per Liter                                                                                                                                     |
| Mo.             | Month                                                                                                                                                    |
| Muni.           | Municipal                                                                                                                                                |
| NH <sub>3</sub> | Ammonia                                                                                                                                                  |
| NPV             | Net Present Value                                                                                                                                        |
| N/A             | Not Available or Not Applicable                                                                                                                          |
| O&M             | Operational & Maintenance Expenses                                                                                                                       |
| Prop 13         | Proposition 13 (1978) – Article XIII A of the California Constitution which limits taxes on real property to 1% of the full cash value of such property. |
| Prop 218        | Proposition 218 (1996) – State Constitutional amendment expanded restrictions of local government revenue collections.                                   |
| Req't           | Requirement                                                                                                                                              |
| Res.            | Residential                                                                                                                                              |

<sup>7</sup> This appendix identifies abbreviations and acronyms that may be used in this report. This appendix has not been viewed, arranged, or edited by an attorney, nor should it be relied on as legal advice. The intent of this appendix is to support the recognition and analysis of this report. Any questions regarding clarification of this document should be directed to staff or an attorney specializing in this particular subject matter.



## Appendix A, continued

|               |                                       |
|---------------|---------------------------------------|
| Rev.          | Revenue                               |
| RTS           | Readiness-to-Serve                    |
| R&R           | Rehabilitation & Replacement          |
| SFR           | Single Family Residential             |
| SRF Loan      | State Revolving Fund Loan             |
| SWRCB         | State Water Resources Control Council |
| TSS / SS      | Total Suspended Solids                |
| V. / Vs. /vs. | Versus                                |
| WWTP          | Wastewater Treatment Plant            |

## Section 7. **APPENDIX B – WATER RATE SUMMARY TABLES**

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## Section 8.     **APPENDIX C – WASTEWATER RATE SUMMARY TABLES**

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**RESOLUTION NO. R2023-48****A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GRASS VALLEY AMENDING  
THE FEE SCHEDULE FOR WATER AND WASTEWATER USER RATES**

**WHEREAS**, Grass Valley Municipal Code Section 13.04.280 states that water rates shall be established and fixed from time to time by resolution of the City Council; and

**WHEREAS**, Grass Valley Municipal Code Section 13.04.290 defines the criteria for setting water rates as being at a level that will recover all costs of operating their respective systems; and

**WHEREAS**, Grass Valley Municipal Code Section 13.12.080 states that wastewater rates shall be established and fixed from time to time by resolution of the City Council and defines the criteria for setting wastewater rates as being at a level that will recover all costs of operating their respective systems; and

**WHEREAS**, the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, and other charges by this resolution are for the purpose of meeting operating expenses, including employee wage rates and fringe benefits; purchasing or leasing supplies, equipment, or materials; meeting financial reserve needs and requirements; or obtaining funds for capital projects necessary to maintain service within respective service areas (water and wastewater); and

**WHEREAS**, the City Council of the City of Grass Valley has established a Fee Schedule for fiscal year 2023/24 as part of the Fiscal Year Budget approval process, that includes all fees of the City and a policy for the review and approval of City fees and charges; and

**WHEREAS**, the City has completed a comprehensive review to calculate the costs of operating and maintaining the water and wastewater systems, as documented in the NBS Government Finance Group report titled "Water & Wastewater Rate Studies"; and

**WHEREAS**, on May 9, 2023, the City held a public meeting to discuss the Rate Studies and proposed adjustments to water and wastewater user rates; and

**WHEREAS**, on June 8 2023, the City mailed notices to all property owners and customers of record, notifying them of the proposed user rate adjustments and detailing the available protest procedures; and

**WHEREAS**, on July 25, 2023, the City held a noticed public hearing to consider an adjustment in its water and wastewater user fees. and proposed maximum fees scheduled for implementation over a five year period; and

**WHEREAS**, at the July 25, 2023 public hearing, the City considered public testimony and a tabulation of protests and a majority protest was absent; and

**NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GRASS VALLEY**, as follows:

1. That the foregoing statements are true and correct.
2. That the NBS "Water & Wastewater Rate Studies" reports are the basis for the fees.

3. That the Fee Schedule for fiscal year 2023/24 is hereby amended for the water user fees shown in Exhibit "A" and wastewater user fees as shown in Exhibit "B"
4. That the Fee Schedule for proposed maximum water and wastewater rates for fiscal years 2024/25 through 2027/28 are hereby adopted as shown in the respective Exhibits "A" and "B".
5. That this amendment to water and wastewater user fees shall be effective starting on October 1, 2023 and subsequently on July 1<sup>st</sup> for each fiscal year thereafter.

**PASSED AND ADOPTED** as a Resolution by the City Council of the City of Grass Valley at a regular meeting thereof held on the 25th day of July 2023, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

\_\_\_\_\_  
Jan Arbuckle, MAYOR

APPROVED AS TO FORM:

ATTEST:

\_\_\_\_\_  
Michael G. Colantuono, CITY ATTORNEY

\_\_\_\_\_  
Taylor Day, CITY CLERK

| Water Rate Schedule                                 | Proposed Maximum Rates |            |            |            |            |
|-----------------------------------------------------|------------------------|------------|------------|------------|------------|
|                                                     | FY 2023/24             | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
| <b>FIXED METER CHARGES</b>                          |                        |            |            |            |            |
| <u>Monthly Fixed Service Charges:</u>               |                        |            |            |            |            |
| 5/8 inch                                            | \$30.06                | \$32.16    | \$34.41    | \$36.82    | \$39.40    |
| 3/4 inch                                            | \$37.09                | \$39.69    | \$42.47    | \$45.44    | \$48.62    |
| 1 inch                                              | \$51.14                | \$54.72    | \$58.55    | \$62.65    | \$67.04    |
| 1.5 inch                                            | \$86.29                | \$92.33    | \$98.79    | \$105.71   | \$113.11   |
| 2 inch                                              | \$128.46               | \$137.45   | \$147.07   | \$157.36   | \$168.38   |
| 3 inch                                              | \$578.30               | \$618.78   | \$662.09   | \$708.44   | \$758.03   |
| 4 inch                                              | \$894.60               | \$957.22   | \$1,024.23 | \$1,095.93 | \$1,172.65 |
| 6 inch                                              | \$1,773.19             | \$1,897.31 | \$2,030.12 | \$2,172.23 | \$2,324.29 |
| 8 inch                                              | \$2,827.51             | \$3,025.44 | \$3,237.22 | \$3,463.83 | \$3,706.30 |
| <b>COMMODITY CHARGES</b>                            |                        |            |            |            |            |
| <u>Rate per Tgal<sup>1</sup> of Water Consumed:</u> |                        |            |            |            |            |
| Residential Uniform Rate                            | \$4.17                 | \$4.46     | \$4.77     | \$5.10     | \$5.46     |
| Non-Residential Uniform Rate                        | \$4.17                 | \$4.46     | \$4.77     | \$5.10     | \$5.46     |
| Temporary Meter Uniform Rate                        | \$4.17                 | \$4.46     | \$4.77     | \$5.10     | \$5.46     |

1. Tgal = thousand gallon, or 1,000 gallons

| Sewer Rate Schedule                                              | Proposed Maximum Rates |            |            |            |            |
|------------------------------------------------------------------|------------------------|------------|------------|------------|------------|
|                                                                  | FY 2023/24             | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
| <b>FIXED MONTHLY CHARGES (per unit)</b>                          |                        |            |            |            |            |
| Single Family/Duplex                                             | \$52.76                | \$53.82    | \$54.90    | \$56.00    | \$57.12    |
| Multi Family                                                     | \$37.04                | \$37.78    | \$38.54    | \$39.31    | \$40.10    |
| Mobile Home                                                      | \$37.04                | \$37.78    | \$38.54    | \$39.31    | \$40.10    |
| Commercial                                                       | \$32.62                | \$33.28    | \$33.95    | \$34.63    | \$35.32    |
| <b>NON-RESIDENTIAL VOLUMETRIC CHARGES PER T GAL <sup>1</sup></b> |                        |            |            |            |            |
| Commercial                                                       |                        |            |            |            |            |
| Class A Usage <sup>2</sup>                                       | \$4.52                 | \$4.61     | \$4.70     | \$4.79     | \$4.89     |
| Class B Usage <sup>3</sup>                                       | \$5.68                 | \$5.79     | \$5.91     | \$6.03     | \$6.15     |
| Class C Usage <sup>4</sup>                                       | \$13.31                | \$13.58    | \$13.85    | \$14.13    | \$14.41    |
| Class D Usage <sup>5</sup>                                       | \$4.10                 | \$4.18     | \$4.26     | \$4.35     | \$4.44     |

1. Tgal = thousand gallon, or 1,000 gallons

2. Standard strength commercial customers include general, theaters, laundries, fairgrounds & dumping at WWTP.

3. Moderate strength commercial customers include hotels & motels.

4. High strength commercial customers include restaurants.

5. Class D commercial customers include schools.





## City of Grass Valley City Council Agenda Action Sheet

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**Title:** A Public Hearing to discuss Fire Resiliency and Vegetation Management concerns and consider a Resolution No. 2023-49 of the City Council of the City of Grass Valley calling a special election on November 7, 2023, to consider a transactions and use tax

**CEQA:** Not a Project.

**Recommendation:** That Council 1) conduct a public hearing regarding Fire and Vegetation Management, as well as a possible sales tax; 2) declare a fiscal emergency due to the lack of necessary funding for fire personnel and land management required to combat wildfires and extreme weather conditions as stated in Resolution No. 2023-49; and adopt Resolution No. 2023-49 of the City Council of the City of Grass Valley calling a special election on November 7, 2023, to consider a transactions and use tax.

---

**Prepared by:** Timothy M. Kiser, City Manager

**Council Meeting Date:** July 25, 2023

**Date Prepared:** July 17, 2023

**Agenda:** Public Hearing

**Background Information:** The purpose of this gathering is to discuss Fire and Vegetation Management and the potential implementation of a general sales tax to support these areas. Additionally, the focus will be on addressing public safety risks that Grass Valley may face due to extreme weather events and wildfires.

During the hearing, three crucial topics will be discussed: Fire Resiliency, Vegetation Management, and Sales Tax. Fire Resiliency involves initiatives to improve the city's ability to handle fire incidents effectively. Proposed measures include increasing firefighter staffing and adding another fully staffed fire engine company. These efforts aim to enhance efficiency in operations, allow for simultaneous engagement in essential tasks, and provide resilience, flexibility, and adaptability during critical events. These measures are necessary to ensure the safety and well-being of our community in the face of fire-related challenges.

During the discussion, the topic of Vegetation Management will be emphasized as a crucial component in protecting our City against the devastating effects of wildland fires. This strategy encompasses a range of approaches, including fortifying the areas surrounding essential infrastructure such as schools, hospitals, and water treatment plants. The objective is to reduce fuel and vegetation loads throughout the City and its surrounding regions (sphere of influence), thereby safeguarding the City. Additionally, measures will be taken to prevent human-caused fires in the Wildland Urban Interface

(WUI), specifically those resulting from illegal camping activities. The discussion will also explore the creation of temporary refuge areas and other vegetation mitigations.

Finally, the discussion will center on a proposed ½ cent sales tax to fund fire resiliency and vegetation management. This would be in addition to the City's current sale tax (Measure E) that funds fire apparatuses (ladder truck, fire engines, etc.) and approximately a third of the current Fire Department. The proposed general Sales tax would generate approximately \$3.4 million and would sunset after ten years. If approved by the Council and voters, staff recommends the Council allocate 50% of the general tax revenue from the sales tax to Vegetation Management and 50% of the general tax revenue on Fire Resiliency.

If the City Council adopts the proposed Resolution, Council would be declaring a fiscal emergency and call for a special election on November 7, 2023, and to consider the following ½ cent transactions and use tax measure:

**Measure \_\_**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| Shall the measure for such purposes as reducing the risk of catastrophic wildfire and extreme weather by funding additional firefighters, vegetation management, and emergency evacuation planning, or for other general governmental uses, by adopting a general, 1/2-cent sales tax raising about \$3.4 million yearly, with annual audits and a citizens' oversight committee, effective for 10 years or until voters end it sooner, be adopted? | Yes <input type="checkbox"/> |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                     | No <input type="checkbox"/>  |

For the Council to call a special election on the proposed general sales tax for this November, it must declare the fiscal emergency and adopt the proposed resolution by a unanimous vote of the City Council. The proposed resolution and ordinance are attached for Council's review and consideration.

**Council Goals/Objectives:** The execution of this action attempts to achieve Strategic Goal #5 - High Performance Government and Quality Service.

**Fiscal Impact:** Fiscal Impact would be limited to paying for the Special Election, which could easily exceed \$100,000, but there are sufficient funds in City reserves if the City Council deems this issue to be a fiscal emergency.

**Funds Available:** Yes

**Account #:** General Fund Reserves

**Reviewed by:** Tim Kiser, City Manager

**Attachments:** Resolution 2023-49 and proposed Ordinance

**RESOLUTION No. 2023-49****A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GRASS VALLEY CALLING A SPECIAL ELECTION ON NOVEMBER 7, 2023 TO CONSIDER A TRANSACTIONS AND USE TAX**

**WHEREAS**, the City Council desires to submit a general transactions and use tax ordinance (the “Ordinance”) for voter approval; and

**WHEREAS**, the Ordinance imposes a general tax (“Tax”), the revenues from which can fund firefighting personnel, wildfire risk land management, other fire safety measures, or any lawful purpose of the City; and

**WHEREAS**, the City Council desires to hold a special municipal election on November 7, 2023 (the “Election”); and

**WHEREAS**, Article XI of the Grass Valley City Charter provides that all elections shall be governed by the provisions of the Elections Code for the holding of elections in general law cities except as otherwise provided by the City Charter; and

**WHEREAS**, the City Council requests services from the Nevada County Clerk for the conduct of that election.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GRASS VALLEY AS FOLLOWS:**

1. **CALL OF SPECIAL MUNICIPAL ELECTION.** Pursuant to Article XI of the City Charter and the laws of the State of California applicable to general law cities, the City Council of the City of Grass Valley hereby calls and notices a Special Municipal Election to be held on Tuesday, November 7, 2023, to consider the following measure:

**Measure \_\_**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| Shall the measure for such purposes as reducing the risk of catastrophic wildfire and extreme weather by funding additional firefighters, vegetation management, and emergency evacuation planning, or for other general governmental uses, by adopting a general, 1/2-cent sales tax raising about \$3.4 million yearly, with annual audits and a citizens’ oversight committee, effective for 10 years or until voters end it sooner, be adopted? | Yes <input type="checkbox"/> |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                     | No <input type="checkbox"/>  |

This question requires the approval of a simple majority (50% plus 1) of those voting and the referenced Ordinance is attached hereto as Exhibit 1 and incorporated in this Resolution by this reference.

**2. REQUEST TO CONDUCT ELECTION AND CANVASS**

**RETURNS.** The Nevada County Board of Supervisors is hereby requested to authorize the Nevada County Registrar of Voters to render services necessary for the conduct of the Special Municipal Election this Resolution calls. Pursuant to Elections Code section 10402, the City Council hereby requests that the Nevada County Board of Supervisors consolidate the Special Municipal Election with any other election the Registrar of Voters is to administer on November 7, 2023 and order the Special Municipal Election to be conducted by the Nevada County Registrar of Voters. The City Council acknowledges and requests that the consolidated election be held and conducted in the manner prescribed in Elections Code section 10418. The ballots to be used in the election shall be in form and content as required by law.

The City Clerk is authorized and directed to work with the Nevada County Registrar of Voters and to procure and furnish any and all official ballots, notices, printed matter and all supplies, equipment and paraphernalia as needed to properly and lawfully conduct the election. In all particulars not recited in this Resolution, the election shall be held and conducted as provided by law for holding municipal elections. Pursuant to Elections Code section 10002, the City will reimburse Nevada County for the actual cost incurred in conducting the election upon receipt of a bill stating the amount due.

The notice of the time and place of holding the election is hereby given, and the City Clerk and Nevada County Registrar of Voters are authorized to give further notice of the election, as required by law, and the City Clerk shall forward a certified copy of this resolution to the Clerk of the Nevada County Board of Supervisors not later than 88 days before November 7, 2023.

**3. IMPLEMENTATION.** The City Clerk is directed to file certified copies of this Resolution with the Nevada County Board of Supervisors, with a copy to the Nevada County Registrar of Voters, pursuant to Elections Code section 10402. The City Clerk is further authorized and directed to perform all other acts necessary or required by law to implement this Resolution and related to the Special Election.

**4. IMPARTIAL ANALYSIS.** That the City Council directs the City Clerk to transmit copies of the measures to the City Attorney. The City Attorney shall prepare an impartial analysis of each measure showing the effect of the measure on the existing law and the operation of the measure. The impartial analysis shall be filed by the date set by the City Clerk.

**5. BALLOT ARGUMENTS.** Members of the City Council are hereby authorized to prepare a written argument, not to exceed 300 words, in favor of the measure on behalf of the City Council, as specified in section 9282 of the California Elections Code.

Arguments against the Measure may not exceed 300 words and must be submitted to the City Clerk in compliance with sections 9282 and 9283 of the California Elections Code by the deadline established by the City Clerk.

Rebuttal arguments are authorized and may not exceed 250 words and must be submitted to the City Clerk as specified in section 9285 of the California Elections Code.

6. **FISCAL EMERGENCY.** The Council finds that unless it takes urgent action by placing this general tax measure on the ballot at the November 7, 2023 special election, the Grass Valley Fire Department will lack necessary funding for fire personnel and land management required to combat wildfires and extreme weather conditions and to fund other city services. Accordingly the City Council hereby declares an emergency pursuant to the California Constitution, article XIII C, section 2, subdivision (b).

7. **CEQA.** The adoption of this Resolution is exempt from the California Environmental Quality Act (Public Resources Code §§ 21000 et seq. (“CEQA”) and 14 Cal. Code Reg. §§ 15000 et seq. (“CEQA Guidelines”). The calling and noticing of a Special Municipal Election is not a project within the meaning of CEQA Guidelines section 15378, subsection (b)(4) [funding of unspecified projects] and section 15061, subsection (b)(3) [common sense exemption]. While some expenditures of the proceeds of the tax might have impacts on the environment, it would be unduly speculative to identify and evaluate those impacts now. That analysis will be more usefully done when the projects to be funded are selected and defined.

8. **CERTIFICATION.** The City Clerk of the City of Grass Valley shall certify to the passage and adoption of this resolution and its approval by the City Council and shall cause the same to be listed in the records of the City.

9. **SEVERABILITY.** If any section, subsection, sentence, clause, phrase or portion of this Resolution or its application to any person or circumstance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Resolution or its application to other persons and circumstances. The City Council of the City of Grass Valley hereby declares that it would have adopted this Resolution and each section, subsection, sentence, clause, phrase or portion thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, or portions be declared invalid or unconstitutional and, to that end, the provisions hereof are hereby declared to be severable.

10. **EFFECTIVE DATE.** This Resolution shall take effect immediately upon its adoption as a measure affecting an election.

PASSED AND ADOPTED by a unanimous vote of all members of the City Council of the City of Grass Valley present as required California Constitution, article XIII C, section 2, subdivision (b) and by a two-thirds vote of all its members as required by Revenue & Taxation Code section 7285.9, on this July 25, 2023, by the following vote:

AYES: Councilmembers  
NOES: Councilmembers:  
ABSENT: Councilmembers:  
ABSTAIN: Councilmembers:

---

Jan Arbuckle, Mayor

ATTEST:

---

Taylor Day, City Clerk

APPROVED AS TO FORM:

---

Michael G. Colantuono, City Attorney

## ORDINANCE NO. 826

### AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GRASS VALLEY IMPOSING A 1/2-CENT TRANSACTIONS AND USE TAX FOR GENERAL GOVERNMENTAL USE TO BE ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION, SUBJECT TO THE VOTER APPROVAL

THE PEOPLE OF GRASS VALLEY, CALIFORNIA, DO ORDAIN AS FOLLOWS:

#### **SECTION 1. TITLE.**

This ordinance shall be known as the 2023 Grass Valley Transactions and Use Tax Ordinance. The City of Grass Valley hereinafter shall be called "City." This ordinance shall be applicable in the incorporated territory of the City.

#### **SECTION 2. OPERATIVE DATE.**

"Operative date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of this ordinance.

#### **SECTION 3 PURPOSE.**

This ordinance is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.9 of Part 1.7 of Division 2 which authorizes the City to adopt this tax ordinance which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefore that can be administered and collected by the California Department of Tax and Fee Administration in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the California Department of Tax and Fee Administration in administering and collecting the California State Sales and Use Taxes.

D. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this ordinance.

#### **SECTION 4. CONTRACT WITH STATE.**

Prior to the operative date, the City shall contract with the California Department of Tax and Fee Administration to perform all functions incident to the administration and operation of this transactions and use tax ordinance; provided, that if the City shall not have contracted with the California Department of Tax and Fee Administration prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

#### **SECTION 5. TRANSACTIONS TAX RATE.**

For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the City at the rate of 0.5% of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this ordinance.

#### **SECTION 6. PLACE OF SALE.**

For the purposes of this ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the California Department of Tax and Fee Administration.

#### **SECTION 7. USE TAX RATE.**

An excise tax is hereby imposed on the storage, use or other consumption in the City of tangible personal property purchased from any retailer on and after the operative date of this ordinance for storage, use or other consumption in said territory at the rate of 0.5% of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.



## **SECTION 8. ADOPTION OF PROVISIONS OF STATE LAW.**

Item # 11.

Except as otherwise provided in this ordinance and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this ordinance as though fully set forth herein.

## **SECTION 9. LIMITATIONS ON ADOPTION OF STATE LAW AND COLLECTION OF USE TAXES.**

In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this City shall be substituted therefor. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Treasury, or the Constitution of the State of California;

2. The result of that substitution would require action to be taken by or against this City or any agency, officer, or employee thereof rather than by or against the California Department of Tax and Fee Administration, in performing the functions incident to the administration or operation of this Ordinance.

3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;

b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word “City” shall be substituted for the word “State” in the phrase “retailer engaged in business in this State” in Section 6203 and in the definition of that phrase in Section 6203.

1. “A retailer engaged in business in the District” shall also include any retailer that, in the preceding calendar year or the current calendar year, has total combined sales of tangible personal property in this state or for delivery in the State by the retailer and all persons related to the retailer that exceeds five hundred thousand dollars (\$500,000). For purposes of this section, a person is related to another person if both persons are related to each other pursuant to Section 267(b) of Title 26 of the United States Code and the regulations thereunder.

## **SECTION 10. PERMIT NOT REQUIRED.**

If a seller’s permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor’s permit shall not be required by this ordinance.

## **SECTION 11. EXEMPTIONS AND EXCLUSIONS.**

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the City which is shipped to a point outside the City, pursuant to the contract of sale, by delivery to such point by the retailer or his or her agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the City shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-City address and by a

declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

b. With respect to commercial vehicles, by registration to a place of business out-of-City and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this ordinance, the storage, use or other consumption in this City of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the City shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the City or participates within the City in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the City or through any representative, agent, canvasser, solicitor, subsidiary, or person in the City under the authority of the retailer.

7. "A retailer engaged in business in the City" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the City.

D. Any person subject to use tax under this ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for, a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

## **SECTION 12. TERM.**

The tax imposed by this ordinance shall be effective until 10 years after it is first collected, unless sooner repealed by voters.

## **SECTION 13. AMENDMENTS.**

All amendments subsequent to the effective date of this ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this ordinance, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this ordinance.

**SECTION 14. INDEPENDENT OVERSIGHT.**

A five-member Independent Citizens' Advisory Committee will be created and shall meet annually to review the expenditure of revenues generated by the tax imposed by this ordinance and to make recommendations to the City Council regarding those expenditures. Members of the committee will be appointed to terms of not more than 4 years by the City Council. The Independent Citizens' Advisory Committee shall meet publicly on at least a quarterly basis to review all revenues and expenditures of the transactions and use tax imposed by this ordinance, review annual audit reports related to the tax, and make at least one written annual report to the City Council at a public meeting summarizing the Independent Citizens' Advisory Committee's findings and including any appropriate recommendations. The minutes of the meetings of Independent Citizens' Advisory Committee shall be provided to the City Council and placed on the next available regular City Council meeting agenda for informational purposes.

**SECTION 15. AUDIT AND REVIEW.**

The proceeds of the tax imposed by this ordinance, as well as the expenditure thereof, shall be audited annually by an independent accounting firm. The City Council shall discuss the results of such audit at a meeting of the City Council that is open to the public. The report of such audit shall be posted on the City's website.

**SECTION 16. ENJOINING COLLECTION FORBIDDEN.**

No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the City, or against any officer of the State or the City, to prevent or enjoin the collection under this ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

**SECTION 17. SEVERABILITY.**

If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

**SECTION 18. EFFECTIVE DATE.**

This ordinance shall take effect 10 days after the date the vote is declared by the City Council.

**SECTION 19. CERTIFICATION; PUBLICATION.**

Item # 11.

Upon approval by the voters, the City Clerk shall certify to the passage and adoption of this ordinance and shall cause it to be published according to law and transmitted to the California Department of Tax and Fee Administration.

PASSED AND ADOPTED by the City Council of the City of Grass Valley, State of California, on [date], by the following vote:

AYES:

NOES:

ABSENT:

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Jan Arbuckle, Mayor

Attest:

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Taylor Day, Deputy City Clerk

Approved as to Form:

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Michael G. Colantuono, City Attorney