



GRASS VALLEY

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

Tuesday, May 09, 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

Web Site: 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, 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. 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. 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, 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. Poppy Day Proclamation

PUBLIC COMMENT - *Members of the public are encouraged to submit public comments via voicemail at (530) 274-4390 and email to 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).*

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 April 25, 2023

Recommendation: Council approve minutes as submitted.

3. Local Emergency Proclamation (Drought Conditions)

CEQA: Not a Project.

Recommendation: Drought Conditions proclamation declaring a Local State of Emergency

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. Grass Valley Professional Services Agreement for Consultant Services for Nevada Cemetery District (NCD)

CEQA: Not a Project

Recommendation: That City Council authorize the City Manager to sign a contract with Nevada Cemetery District to provide financial services.

6. Approve Resolution 2023-19 opposing Initiative No. 21-0042A1, The Taxpayer Protection and Government Accountability Act

CEQA: Not a Project.

Recommendation: That Council review and adopt Resolution 2023-19 opposing Initiative No. 21-0042A1, The Taxpayer Protection and Government Accountability Act.

7. Appointment of Historical Commissioner Terrance McAteer & Dyane Albrecht to the Historical Commission for a four-year term

CEQA: Not a Project

Recommendation: That the City Council appoint Historical Commissioners McAteer & Albrecht to a term ending July 1, 2026

8. Approval of City Planner Job Description, Salary Schedule, and Executive Service Contract with Appendix A

CEQA: Not a Project

Recommendation: That City Council approve new job description and salary range for the City Planner; and 2) approve the Contract Employees Agreement with Appendix A.

9. Mill Street Parking Lot Improvements Project - Authorization to Bid

CEQA: Exempt, Class 11 and 32

Recommendation: That Council authorize the advertisement for bids for the Mill Street Parking Lot Improvements Project

10. Update Municipal Code Section 8.16 Fire Control Regulations

CEQA: Not a project

Recommendation: That Council hold the second reading of Ordinance no. 824 to repeal Municipal Code Chapter - 8.16 Fire Control Regulations and Urgency Ordinance No. 823 and replace with new Municipal Code Chapter 8.16 Fire Control Regulations. Waive full reading.

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

REORGANIZATION RELATED ITEMS

PUBLIC HEARING

11. Introduction of an ordinance repealing and replacing Chapters 5.16 “Cable Television Franchise”, 5.18 “Cable Systems and Open Video Systems”, and 5.19 “State Video Franchises” of the Grass Valley Municipal Code.

CEQA: Not a Project.

Recommendation: That Council: 1) review the proposed ordinance to repeal and replace Municipal Code Chapters - 5.16 “Cable Television Franchise”, 5.18 “Cable Systems and Open Video Systems”, and 5.19 “State Video Franchises”; and 2) introduce Ordinance No. 825, waive full reading, and read by Title only.

ADMINISTRATIVE

[12.](#) Grass Valley Downtown Association 2022 Annual Review

CEQA: Not a project.

Recommendation: Informational item no action required

[13.](#) Development Impact Fees - Draft Capacity and Impact Fee Studies

CEQA: Not a project

Recommendation: That Council 1) receive a presentation on the Water and Wastewater Capacity Fee study process and findings, 2) receive a presentation on the Development Impact Fee study process and findings 3) set a public hearing for June 27, 2023 for the AB1600 update of Water, Wastewater and Development Impact Fees.

[14.](#) Water and Wastewater User Rates- Draft Rate Study

CEQA: Not a project

Recommendation: That Council 1) receive a presentation on the Water and Wastewater rate study process and findings, 2) review the Proposition 218 Notice for maximum rate adjustments for Water and Wastewater User Rates, 3) receive an informational update on the implementation process for the proposed Water and Wastewater User Rates adjustments.

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, May 9, 2023 at 7:00 PM was posted at city hall, easily accessible to the public, as of 5:00 p.m. Friday, May 5, 2023.

Taylor Day, City Clerk

PROCLAMATION

PROCLAIMING MAY 26 & 27, 2023

AS

AMERICAN LEGION AUXILIARY

VETERAN'S POPPY DAYS



WHEREAS, the American Legion and the Auxiliary annually celebrates **VETERAN'S POPPY DAYS** on behalf of the disabled veterans, widows and orphans of our country and by doing so, greatly help those veterans in hospitals to rehabilitate themselves; and

WHEREAS, these disabled veterans, totally confined to Veteran's Hospitals and the Yountville Veteran's Home of California, make these poppies as part of their rehabilitation program.

NOW THEREFORE BE IT RESOLVED, that the Mayor and City Council of the City of Grass Valley, County of Nevada, State of California, hereby declare May 26 & 27, 2023 as **AMERICAN LEGION AUXILIARY VETERAN'S POPPY DAYS**, and urge the citizens of Grass Valley to participate in this most worthy cause to help in the rehabilitation of the disabled veterans, widows and orphans of this country.

Dated this 9th Day of May 2023

Jan Arbuckle, Mayor

Hilary Hodge, Vice Mayor

Bob Branstrom, Council Member

Tom Ivy, Council Member

Haven Caravelli, Council Member



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MINUTES

CALL TO ORDER

Meeting called to order at 7:00 PM.

PLEDGE OF ALLEGIANCE

Pledge of allegiance led by Mayor Arbuckle.

ROLL CALL

PRESENT

Councilmember Bob Branstrom

Councilmember Haven Caravelli

Councilmember Tom Ivy

Mayor Jan Arbuckle

ABSENT

Vice Mayor Hilary Hodge

AGENDA APPROVAL

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

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

REPORT OUT OF CLOSED SESSION

INTRODUCTIONS AND PRESENTATIONS

PUBLIC COMMENT

In person comment: Mayor Arbuckle, Maryjane Huenergardt, Paula Newman, Penny Short, Wrynna Kohler.

CONSENT ITEMS

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

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

1. Approval of the Regular Meeting Minutes of April 11, 2023.
Recommendation: Council approve minutes as submitted.
2. Local Emergency Proclamation (Drought Conditions)
CEQA: Not a Project.
Recommendation: Drought Conditions proclamation declaring a Local State of Emergency
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. Second Reading of Ordinance #822, amending section 8.24.260 of chapter 8.24 of Title 8 of the Grass Valley Municipal Code regarding Garbage Collection and Recycling.
CEQA: Not a project
Recommendation: Hold a second reading by Title Only and adopt Ordinance #822, amending section 8.24.260 of chapter 8.24 of Title 8 of the Grass Valley Municipal Code regarding Garbage Collection and Recycling.
5. 2022 Annual Measure E Street Rehabilitation Project - Budget Amendment
CEQA: Exempt - Not a Project
Recommendation: That Council authorize the Finance Director to execute a budget amendment to reallocate \$150,000 in Grass Valley Traffic Impact Fee (GVTIF) funds to the 2022 Annual Measure E Street Rehabilitation Project
6. Scotten Field Access Improvements Project - Authorize Contract
CEQA: Exempt - Class 11 "Accessory Structures"
Recommendation: That Council authorize the City Engineer to execute a construction contract with Hansen Bros. Enterprises for the paving of the Scotten School field access road and parking lot, for an amount not to exceed \$90,500.
7. Authorize travel for Administrative Services Director Andy Heath to the annual Tyler Connect Conference
CEQA: Not a project.
Recommendation: It is recommended that the City Council approve travel and related expenses for Administrative Services Director Andy Heath to attend the Tyler Connect Conference
8. Direction to file annual reports for Landscape and Lighting Districts (LLD) and Benefit Assessment Districts (BAD) for Fiscal Year 2023-24
CEQA: Not a project
Recommendation: It is recommended that the City Council adopt five Resolutions (2023-11, 2023-12, 2023-13, 2023-14, 2023-15) directing the filing of annual reports for Landscaping and Lighting Districts (LLD) - Annual Assessment for Fiscal Year 2023-

24 and Benefit Assessment Districts (BAD) - Annual Assessments for Fiscal Year 2023-24.

9. Approve Resolution Authorizing Submission of Applications for Local Housing Trust Funds and Certifying Future Awards of Funding Shall Comply with Applicable State and Federal Laws.

CEQA: Not a Project.

Recommendation: That Council review and approve Resolution 2023-17 authorizing submission of applications for Local Housing Trust Funds (LHTF), certifying future awards of LHTF and associated contracts shall comply with applicable State, Federal, and California Department of Housing and Community Development (HCD) requirements, and authorize the Western Nevada County Regional Housing Trust Fund to act as the trustee in connection with LHTF funds and eligible projects.

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

ADMINISTRATIVE

10. Wolf Creek Trail Project - Project Update

CEQA: Initial Study - Mitigated Negative Declaration

Recommendation: That Council 1) receive an update on the project, 2) accept the contract engineering and environmental work performed by Surf to Snow Environmental Resource Management, Inc. as complete.

Bjorn Jones, City Engineer, gave presentation with Derek Hitchcock with Surf to Snow Environmental Resource Management Inc, Erik Stromberg and Matt Thomas with Restoration Design Group.

In person comment: Jonathan Kehey, Bruce Harring.

Motion made to accept the contract engineering and environmental work performed by Surf to Snow Environmental Resource Management, Inc. as complete by Councilmember Branstrom, Seconded by Councilmember Caravelli.

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

11. Adoption of Resolution 2023-16 Delegating Authority to Execute the Proposition 64 Public Health and Safety Grant Agreement

CEQA: Not a project.

Recommendation: Staff recommends that the City Council adopt Resolution No. 2023-16, which includes the following actions (**Attachment 1 - Resolution No. 2023-16**): Authorizes the City Manager to submit the grant proposal for awarded funding and sign the Grant Agreement with the Board of State and Community Corrections (BSCC), including any amendments thereof.

Tim Kiser, City Manager, gave presentation to the Council.

In Person Comment: Bella

Virtual Comment: Cameron Brady

Motion made to authorizes the City Manager to submit the grant proposal for awarded funding and sign the Grant Agreement with the Board of State and Community Corrections (BSCC), including any amendments thereof by Councilmember Caravelli, Seconded by Councilmember Branstrom.

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

12. Approve a Resolution Authorizing a Joint Application to and Participation in the Homekey Program.

CEQA: Not a Project.

Recommendation: That Council review and approve Resolution 2023-18 authorizing a joint application with Foothill House of Hospitality dba Hospitality House (HH) and the participation in the HomeKey Program.

Tim Kiser, City Manger, gave introduction to the Council.

Nancy Baglietto, Director of Hospitality House and Mike Dent, Nevada County Director of Housing & Support Services gave presentation to the Council.

Council asked about who would be benefiting from this project, revenue, liability for the City as the applicant, success rate of this kind of housing, commented on housing first and that Hospitality House is a good partner.

Alex Gammelgard, Chief of Police, and Mark Buttron, Fire Chief, gave brief presentations on potential impacts to their departments.

Motion made to approve Resolution 2023-18 authorizing a joint application with Foothill House of Hospitality dba Hospitality House (HH) and the participation in the HomeKey Program by Councilmember Branstrom, Seconded by Councilmember Ivy.
Voting Yea: Councilmember Branstrom, Councilmember Caravelli, Councilmember Ivy, Mayor Arbuckle

13. Update Municipal Code Section 8.16 Fire Control Regulations

CEQA: Not a project

Recommendation: That Council: 1) review the proposed ordinance to repeal Municipal Code Chapter - 8.16 Fire Control Regulations and replace with new Municipal Code Chapter 8.16 Fire Control Regulations. Waive full reading and adopt Urgency Ordinance No. 823; 2) waive full reading and introduce Ordinance No. 824.

Mark Buttron, Fire Chief, gave presentation to the Council.

Council asked about specifics on State codes, public outreach, and asked for clarification on if it is a complaint driven system.

Motion made to review the proposed ordinance to repeal Municipal Code Chapter - 8.16 Fire Control Regulations and replace with new Municipal Code Chapter 8.16 Fire Control Regulations. Waive full reading and adopt Urgency Ordinance No. 823 by Councilmember Caravelli, Seconded by Councilmember Branstrom.

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

Motion made to waive full reading and introduce Ordinance No. 824 by Councilmember Caravelli, Seconded by Councilmember Branstrom.
Voting Yea: Councilmember Branstrom, Councilmember Caravelli, Councilmember Ivy, Mayor Arbuckle

BRIEF REPORTS BY COUNCIL MEMBERS

Councilmember Caravelli attended the ERC meeting and mentioned the upcoming Tour of Nevada City. Councilmember Ivy attended the first Pioneer CCA board meeting. Councilmember Branstrom attended SNMH's Annual Award Ceremony and the LAFCO meeting in Rough and Ready. Mayor Arbuckle sat on the Homelessness Issue Panel in Sacramento, attended league of California cities board meeting, and met with Post Master regarding mail delivery on Mill St.

ADJOURN

Meeting adjourned at 9:11PM.

Jan Arbuckle, Mayor

Taylor Day, City Clerk

Adopted on: _____

Public Comment: 2/25/23

Cameron Brady [REDACTED] >

Tue 4/25/2023 6:49 PM

To: Public Comments <public@cityofgrassvalley.com>

[You don't often get email from [REDACTED]. Learn why this is important at <https://aka.ms/LearnAboutSenderIdentification>]

Good Evening Mayor Arbuckle and council members:

My name is Cameron Brady, my business address is 110 Bank Street.

I'd like to congratulate the City on the proposition 64 grant. I've reviewed the report and believe the City has outlined excellent uses for these funds.

A job well done by all involved.

Thank you,
Cameron



**City of Grass Valley
City Council
Agenda Action Sheet**

Title: Local Emergency Proclamation (Drought Conditions)

CEQA: Not a Project.

Recommendation: Drought Conditions proclamation declaring a Local State of Emergency

Prepared by: Timothy M. Kiser, City Manager

Council Meeting Date: 5/9/2023

Date Prepared: 5/4/2023

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: 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

Prepared by: Timothy M. Kiser, City Manager

Council Meeting Date: 5/9/2023

Date Prepared: 5/4/2023

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 24th, 2023 to March 1st, 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 2nd, Tim Kiser, the Emergency Services Director, proclaimed an existence of a local emergency. On March 8th, 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

Title: Grass Valley Professional Services Agreement for Consultant Services for Nevada Cemetery District (NCD)

CEQA: Not a Project

Recommendation: That City Council authorize the City Manager to sign a contract with Nevada Cemetery District to provide financial services.

Prepared by: Catrina Olson, Deputy Administrative Services Director

Council Meeting Date: 05/09/23

Date Prepared: 04/19/23

Agenda: Consent

Background Information: Nevada Cemetery District is a California Municipal Corporation in Nevada City that provides a variety of affordable interment services. NCD has determined that it requires professional accounting services. Grass Valley staff were approached by NCD with the idea that Grass Valley Finance and Administrative Staff provide these necessary services.

February 1, 2023, the City provided a proposal to begin providing the District these services on February 27, 2023. The City will provide a variety of professional accounting services for time and materials at the rate of \$95.95 per hour for the Deputy Administrative Director, \$60.44 per hour for the Senior Accountant and \$44.04 for the Accounting Specialist. The term of the agreement initially begins at two years with the option to extend services for two additional one-year terms based on need and performance. Professional fees not to exceed \$18,000 annually. More specific details are outlined in exhibit A, Scope of Services.

The finance staff has commenced providing the District with professional accounting services which has thus far been extremely successful and helpful to the District.

Council Goals/Objectives: Executing a contract to provide financial consulting professional services with Nevada Cemetery District executes portions of work tasks towards achieving and maintaining Strategic Plan Goal - High Performance Government and Quality Service and Community Leadership in communicating and collaborating with other agencies.

Fiscal Impact: None.

Funds Available: N/A

Account #: N/A

Reviewed by: City Manager

Attachments:

1. Grass Valley Professional Services Agreement to Provide Consultant Services for the Nevada Cemetery District

PROFESSIONAL SERVICES AGREEMENT FOR CONSULTANT SERVICES

(Nevada Cemetery District / *City of Grass Valley*)

1. IDENTIFICATION

This PROFESSIONAL SERVICES AGREEMENT (“Agreement”) is entered into by and between the Nevada Cemetery District, a California Independent Special District under Section 9007 of the Health and Safety Code (District), and City of Grass Valley, a California municipal corporation (“Consultant”).

2. RECITALS

- 2.1. District has determined that it requires the following professional services from a consultant for: **accounting and services enumerated herein or attached herewith.**
- 2.2. Consultant represents that it is fully qualified to perform such professional services by virtue of its experience and the training, education and expertise of its principals and employees. Consultant further represents that it is willing to accept responsibility for performing such services in accordance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions herein contained, District and Consultant agree as follows:

3. DEFINITIONS

- 3.1. “Scope of Services”: Such professional services as are set forth in Consultant’s February 1, 2023, proposal to District attached hereto as Exhibit A and incorporated herein by this reference.
- 3.2. “Agreement Administrator”: The Agreement Administrator for this project is the District General Manager, under the auspices of its Board of Trustees. The Agreement Administrator shall be the principal point of contact at the District for this project. All services under this Agreement shall be performed at the request of the Agreement Administrator. The Agreement Administrator will establish the timetable for completion of services and any interim milestones. District reserves the right to change this designation upon written notice to Consultant.
- 3.3. “Approved Fee Schedule”: Consultant’s compensation rates are set forth in the fee schedule attached hereto as Exhibit A and incorporated herein by this reference. This fee schedule shall remain in effect for the duration of this Agreement unless modified in writing by mutual agreement of the parties.

Professional Services Agreement – Consultant Services (No Federal Funding)

- 3.4. “Maximum Amount”: The highest total compensation and costs payable to Consultant by District under this Agreement. The not to exceed contract amount annually is eighteen thousand dollars (\$18,000.00) annually.
- 3.5. “Commencement Date”: February 27, 2023, irrespective of the date(s) executed.
- 3.6. “Termination Date”: January 31, 2025, with the option of two, one-year extensions. Contract to automatically renew at the end of the first service period. The contract will continue to automatically renew if the extension options are not-terminated, in written form, prior to, or on the termination date.

4. TERM

The term of this Agreement shall commence at 12:00 a.m. on the Commencement Date and shall expire at 11:59 p.m. on the Termination Date unless extended by written agreement of the parties or terminated earlier under Section 15 (“Termination”) below. Notwithstanding, Consultant may request extensions of time to perform the services required hereunder. Such extensions shall be effective if authorized in advance by District in writing and incorporated in written amendments to this Agreement.

5. CONSULTANT’S DUTIES

- 5.1. **Services.** Consultant shall perform the services identified in the Scope of Services. District shall have the right to request, in writing, changes in the Scope of Services. Any such changes mutually agreed upon by the parties, and any corresponding increase or decrease in compensation, shall be incorporated by written amendment to this Agreement.
- 5.2. **Coordination with District.** In performing services under this Agreement, Consultant shall coordinate all contact with District through its Agreement Administrator. Comment; Hereafter I note there is a constant interchange of Agreement Administrator and District. I think once the all contact with District is established in this 5.2. through its Agreement Administrator, items approved should refer to the District, or such other items as necessary, should refer to the District for ease of understanding?
- 5.3. **Budgetary Notification.** Consultant shall notify the Agreement Administrator, in writing, when fees and expenses incurred under this Agreement have reached eighty percent (80%) of the Maximum Amount. Consultant shall concurrently inform the Agreement Administrator, in writing, of Consultant’s estimate of total expenditures required to complete its current assignments before proceeding, when the remaining work on such assignments would exceed the Maximum Amount.
- 5.4. **Professional Standards.** Consultant shall perform all work to the standards of Consultant’s profession and in a manner reasonably satisfactory to District. Consultant

Professional Services Agreement – Consultant Services (No Federal Funding)

- shall keep itself fully informed of and in compliance with all local, state, and federal laws, rules, and regulations in any manner affecting the performance of this Agreement, including all Cal/OSHA requirements, the conflict-of-interest provisions of Government Code § 1090 and the Political Reform Act (Government Code § 81000 et seq.).
- 5.5. **Avoid Conflicts.** During the term of this Agreement, Consultant shall not perform any work for another person or entity for whom Consultant was not working at the Commencement Date if such work would present a conflict interfering with performance under this Agreement. However, District may consent in writing to Consultant's performance of such work.
- 5.6. **Appropriate Personnel.** Consultant has, or will secure at its own expense, all personnel required to perform the services identified in the Scope of Services. All such services shall be performed by Consultant or under its supervision, and all personnel engaged in the work shall be qualified to perform such services. Catrina Olson shall be Consultant's project administrator and shall have direct responsibility for management of Consultant's performance under this Agreement. No change shall be made in Consultant's project administrator without District's prior written consent.
- 5.7. **Substitution of Personnel.** Naming any persons in the proposal or Scope of Services constitutes a promise to the District that those persons will perform and coordinate their respective services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of District. If District and Consultant cannot agree as to the substitution of key personnel, District may terminate this Agreement for cause.
- 5.8. **Permits and Approvals.** Consultant shall obtain, at its sole cost and expense, all permits and regulatory approvals necessary for Consultant's performance of this Agreement. This includes, but shall not be limited to, professional licenses, encroachment permits, and building and safety permits and inspections.
- 5.9. **Notification of Organizational Changes.** Consultant shall notify the Agreement Administrator, in writing, of any change in name, ownership or control of Consultant's firm or of any subcontractor. Change of ownership or control of Consultant's firm may require an amendment to this Agreement.
- 5.10. **Records.** Consultant shall maintain all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services or expenditures and disbursements charged to District under this Agreement for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to Consultant under this Agreement. All such documents shall be made available for inspection, audit, and/or copying at any time during regular business hours, upon oral or written request of District. In addition, pursuant to Government

Code § 8546.7, if the amount of public funds expended under this Agreement exceeds \$10,000, all such documents and this Agreement shall be subject to the examination and audit of the State Auditor, at the request of District or as part of any audit of District, for a period of three (3) years after final payment under this Agreement.

6. SUBCONTRACTING

- 6.1. **General Prohibition.** This Agreement covers professional services of a specific and unique nature. Except as otherwise provided herein, Consultant shall not assign or transfer its interest in this Agreement or subcontract any services to be performed other than by an amendment to this Agreement.
- 6.2. **Consultant Responsible.** Consultant shall be responsible to District for all services to be performed under this Agreement.
- 6.3. **Identification in Fee Schedule.** All subcontractors shall be specifically listed, and their billing rates identified in the Approved Fee Schedule, Exhibit A. Any changes must be approved by the Agreement Administrator in writing.
- 6.4. **Compensation for Subcontractors.** District shall pay Consultant for work performed by its subcontractors, if any, only at Consultant's actual cost plus an approved mark-up as set forth in the Approved Fee Schedule, Exhibit A. Consultant shall be liable and accountable for all payments, compensation, and federal and state taxes to all subcontractors performing services under this Agreement. District shall not be liable for any payment, compensation, or federal and state taxes to or for any subcontractors.

Notwithstanding, any subcontractors not set forth in the Approved Fee Schedule, the Consultant shall first obtain the written approval of the Agreement Administrator for such work to be performed.

7. COMPENSATION

- 7.1. **General.** District agrees to compensate Consultant for the services provided under this Agreement, and Consultant agrees to accept payment in accordance with the Fee Schedule in full satisfaction for such services. Compensation shall not exceed the Maximum Amount. Consultant shall not be reimbursed for any expenses unless provided for in this Agreement or authorized in writing by the Agreement Administrator in advance.
- 7.2. **Invoices.** Consultant shall submit to District an invoice, on a monthly basis or as otherwise agreed to by the Agreement Administrator, for services performed pursuant to this Agreement. Each invoice shall identify the Maximum Amount, the services rendered during the billing period, the amount due for the invoice, and the total amount previously invoiced. All labor charges shall be itemized by employee name and

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classification or position with the firm, the corresponding hourly rate, the hours worked, a description of each labor charge, and the total amount due for labor charges.

- 7.3. **Taxes.** District shall not withhold applicable taxes or other payroll deductions from payments made to Consultant except as otherwise required by law. Consultant shall be solely responsible for calculating, withholding, and paying all taxes.
- 7.4. **Disputes.** The parties agree to meet and confer at mutually agreeable times to resolve any disputed amounts in an invoice submitted by Consultant.

- 7.4.1. **Construction Clause.** The parties acknowledge and agree that the terms and provisions of this Agreement have been negotiated and discussed between the parties and their attorney(s), and this Agreement reflects their mutual agreement regarding the same. As a result of the nature of such negotiations and discussions, it would be inappropriate to deem any party to be the drafter of this Agreement, and therefore, no presumption for or against validity, or as to any interpretation hereof, based upon the identity of the drafter shall be applicable in interpreting or enforcing this Agreement.

Mediation-Arbitration Clause. The Parties hereto agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration. Mediation fees shall be divided equally among the parties involved. If any party commences an action based on a dispute or claim to which this paragraph applies, without first attempting to resolve the matter through mediation, then that party shall not be entitled to recover attorney fees, even if fees would otherwise be available to the party in any such action.

Arbitration of Disputes. THE PARTIES AGREE THAT ANY DISPUTE OR CLAIM IN LAW OR EQUITY ARISING BETWEEN THEM OUT OF THIS AGREEMENT, OR ANY RESULTING TRANSACTION, WHICH IS NOT SETTLED BY MEDIATION, SHALL BE DECIDED BY NEUTRAL, BINDING ARBITRATION. THE ARBITRATION SHALL BE UNDER THE RULES OF THE JUDICIAL ARBITRATION AND MEDIATION SERVICES (JAMS). THE ARBITRATOR SHALL BE AN IMPARTIAL RETIRED JUDGE OR JUSTICE, WITH AT LEAST 15 YEARS OF FULL TIME LAW EXPERIENCE, UNLESS THE PARTIES MUTUALLY AGREE TO A DIFFERENT ARBITRATOR, WHO SHALL RENDER AN AWARD WITH DETAILED REASONED FINDINGS AND CONCLUSIONS IN ACCORDANCE WITH THE SUBSTANTIVE CALIFORNIA LAW. IN ALL OTHER RESPECTS, THE ARBITRATION SHALL BE CONDUCTED IN ACCORDANCE WITH PART III, TITLE 9 OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. JUDGMENT UPON THE AWARD OF THE ARBITRATOR(S) MAY BE ENTERED IN ANY COURT HAVING JURISDICTION. THE PARTIES SHALL HAVE THE RIGHT TO DISCOVERY IN ACCORDANCE WITH CODE OF CIVIL PROCEDURE

§1283.05. EXCEPT THAT EACH PARTY SHALL BE ENTITLED AS A MATTER OF RIGHT TO TAKE ONE DEPOSITION OF THE OTHER PARTY WITHOUT THE REQUIREMENT OR CONSENT OF THE ARBITRATOR. IN ANY CONTROVERSY OR DISPUTE REQUIRING LEGAL LITIGATION/ATTORNEYS, THE PREVAILING PARTY SHALL BE ENTITLED TO REASONABLE ATTORNEY FEES AND COSTS.

CONSULTANT INITIALS: DISTRICT INITIALS:
CONSULTANT INITIALS: DISTRICT INITIALS:

- 7.5. **Additional Work.** Consultant shall not be reimbursed for any expenses incurred for work performed outside the Scope of Services unless prior written approval is given by the District through a fully executed written amendment to this Agreement. Consultant shall not undertake any such work without prior written approval of the Project Administrator.
- 7.6. **District Satisfaction as Precondition to Payment.** Notwithstanding any other terms of this Agreement, no payments shall be made to Consultant until District is satisfied that the services are satisfactory.
- 7.7. **Right to Withhold Payments.** If Consultant fails to provide a deposit or promptly satisfy an indemnity obligation described in Section 12, District shall have the right to withhold payments under this Agreement to offset that amount.

8. OWNERSHIP OF WRITTEN PRODUCTS

All reports, documents or other written material, and all electronic files, including computer-aided design files, developed by Consultant in the performance of this Agreement (such written material and electronic files are collectively known as “written products”) shall be and remain the property of District without restriction or limitation upon its use or dissemination by District except as provided by law. Consultant may take and retain copies of such written products as desired, but no such written products shall be the subject of a copyright application by Consultant.

9. RELATIONSHIP OF PARTIES

- 9.1. **General.** Consultant shall be a wholly independent contractor to the District under this Agreement.
- 9.2. **No Agent Authority.** Consultant shall have no power to incur any debt, obligation, or liability on behalf of District or to otherwise act on behalf of District as an agent. Neither District nor any of its agents shall have control over the conduct of Consultant or any of Consultant’s employees, except as set forth in this Agreement. Consultant

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shall not represent in any manner that it is, or that any of its agents or employees are, employees of District.

- 9.3. **Independent Contractor Status.** Under no circumstances shall Consultant or its employees look to the District as an employer. Consultant shall not be entitled to any benefits. District makes no representation as to the effect of this independent contractor relationship on Consultant's previously earned California Public Employees Retirement System ("CalPERS") retirement benefits, if any, and Consultant specifically assumes the responsibility for making such a determination. Consultant shall be responsible for all reports and obligations including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation, and other applicable federal and state taxes.
- 9.4. **Indemnification of CalPERS Determination.** If Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement claims or is determined by a court of competent jurisdiction or CalPERS to be eligible for enrollment in CalPERS as an employee of the District, Consultant shall indemnify, defend, and hold harmless District for the payment of any employee and/or employer contributions for CalPERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of District.

10. INDEMNIFICATION

- 10.1. **Definitions.** For purposes of this Section, "Consultant" shall include Consultant, its officers, employees, servants, agents, or subcontractors, or anyone directly or indirectly employed by either Consultant or its subcontractors, in the performance of this Agreement. "District" shall include District, its officers, agents, employees and volunteers.
- 10.2. **Consultant to Indemnify District.** To the fullest extent permitted by law, Consultant shall indemnify, hold harmless, and defend District from and against all claims, losses, costs or expenses for any personal injury or property damage arising out of or in connection with Consultant's alleged negligence, recklessness or willful misconduct or other wrongful acts, errors or omissions of Consultant or failure to comply with any provision in this Agreement.
- 10.3. **Scope of Indemnity.** Personal injury shall include injury or damage due to death or injury to any person, whether physical, emotional, consequential or otherwise. Property damage shall include injury to any personal or real property. Consultant shall not be required to indemnify District for such loss or damage as is caused by the sole active negligence or willful misconduct of the District.

- 10.4. **Attorney Fees.** Such costs and expenses shall include reasonable attorney' fees for counsel of District's choice, expert fees, and all other costs and fees of litigation. Consultant shall not be entitled to any refund of attorney' fees, defense costs, or expenses if it is adjudicated to have been non-negligent.
- 10.5. **Defense Deposit.** The District may request a deposit for defense costs from Consultant with respect to a claim. If the District requests a defense deposit, Consultant shall provide it within 15 days of the request.
- 10.6. **Waiver of Statutory Immunity.** The obligations of Consultant under this Section are not limited by the provisions of any workers' compensation act or similar act. Consultant expressly waives its statutory immunity under such statutes or laws as to District.
- 10.7. **Indemnification by Subcontractors.** Consultant agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this Section from every subcontractor or any other person or entity involved in the performance of this Agreement on Consultant's behalf.
- 10.8. **Insurance Not a Substitute.** District does not waive any indemnity rights by accepting any insurance policy or certificate required pursuant to this Agreement. Consultant's indemnification obligations apply whether or not any insurance policies are determined to be applicable to the claim, demand, damage, liability, loss, cost or expense.

11. INSURANCE

- 11.1. **Insurance Required.** Consultant shall maintain insurance as described in this Section and shall require its subcontractors, consultants, and other agents to do the same. Approval of the insurance by the District shall not relieve or decrease any liability of Consultant. Any requirement for insurance to be maintained after completion of the work shall survive this Agreement.
- 11.2. **Documentation of Insurance.** District will not execute this Agreement until it has received a complete set of all required documentation of insurance coverage. However, failure to obtain the required documents prior to the work beginning shall not waive the Consultant's obligation to provide them. Consultant shall file with District:
- Certificate of Insurance, indicating companies acceptable to District, with a Best's Rating of no less than A:VII showing. The Certificate of Insurance must include the following reference: Nevada Cemetery Accounting Consulting Services
 - Documentation of Best's rating acceptable to the District.
 - Original endorsements effecting coverage for all policies required by this Agreement.

- Complete, certified copies of all required insurance policies, including endorsements affecting the coverage.

11.3. **Coverage Amounts.** Insurance coverage shall be at least in the following minimum amounts:

- Professional Liability Insurance: \$1,000,000 per occurrence,
\$2,000,000 aggregate
- General Liability:
 - General Aggregate: \$2,000,000
 - Products Comp/Op Aggregate \$2,000,000
 - Personal & Advertising Injury \$1,000,000
 - Each Occurrence \$1,000,000
 - Fire Damage (any one fire) \$ 50,000
 - Medical Expense (any 1 person) \$ 5,000
- Workers' Compensation:
 - Workers' Compensation Statutory Limits
 - EL Each Accident \$1,000,000
 - EL Disease - Policy Limit \$1,000,000
 - EL Disease - Each Employee \$1,000,000
- Automobile Liability
 - Any vehicle, combined single limit \$1,000,000

Any available insurance proceeds broader than or in excess of the specified minimum insurance coverage requirements or limits shall be available to the additional insured. Furthermore, the requirements for coverage and limits shall be the greater of (1) the minimum coverage and limits specified in this Agreement, or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured.

11.4. **General Liability Insurance.** Commercial General Liability Insurance shall be no less broad than ISO form CG 00 01. Coverage must be on a standard Occurrence form. Claims-Made, modified, limited or restricted Occurrence forms are not acceptable.

11.5. **Worker's Compensation Insurance.** Consultant is aware of the provisions of Section 3700 of the Labor Code which requires every employer to carry Workers' Compensation (or to undertake equivalent self-insurance), and Consultant will comply with such provisions before commencing the performance of the work of this Agreement. If such insurance is underwritten by any agency other than the State Compensation Fund, such agency shall be a company authorized to do business in the

State of California. If Consultant is an individual and has no employees, the Project Administrator may accept an affirmation of that fact in lieu of proof of workers compensation insurance.

- 11.6. **Automobile Liability Insurance.** Covered vehicles shall include owned, if any, non-owned, and hired automobiles and trucks.
- 11.7. **Professional Liability Insurance or Errors & Omissions Coverage.** The deductible or self-insured retention may not exceed \$50,000. If the insurance is on a Claims-Made basis, the retroactive date shall be no later than the commencement of the work. Coverage shall be continued for two years after the completion of the work by one of the following: (1) renewal of the existing policy; (2) an extended reporting period endorsement; or (3) replacement insurance with a retroactive date no later than the commencement of the work under this Agreement.

The Project Administrator may, in his or her sole discretion, waive the requirement for Professional Liability Insurance by initialing here:

Initials: _____

Name: _____

- 11.8. **Claims-Made Policies.** If any of the required policies provide coverage on a claims-made basis, the Retroactive Date must be shown and must be before the date of this Agreement or the beginning of work under this Agreement. Claims-Made Insurance must be maintained, and evidence of insurance must be provided for at least five (5) years after completion of work under this Agreement. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the effective date of this Agreement, the Consultant must purchase “extended reporting” coverage for a minimum of five (5) years after completion of work under this Agreement.
- 11.9. **Additional Insured Endorsements.** The District, its Council, Commissions, officers, and employees must be endorsed as additional insureds for each policy required herein, other than Professional Errors and Omissions and Worker’s Compensation, for liability arising out of ongoing and completed operations by or on behalf of the Consultant. Consultant’s insurance policies shall be primary as respects any claims related to or as the result of the Consultant’s work. Any insurance, pooled coverage or self-insurance maintained by the District, its elected or appointed officials, officers, agents, employees, volunteers, or consultants shall be non-contributory. All endorsements shall be signed by a person authorized by the insurer to bind coverage on its behalf. General liability coverage can be provided using an endorsement to the Consultant’s insurance at least as broad as ISO Form CG 20 10 11 85 or both CG 20 10 and CG 20 37.

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- 11.10. **Failure to Maintain Coverage.** In the event any policy is canceled prior to the completion of work under this Agreement and the Consultant does not furnish a new certificate of insurance prior to cancellation, District has the right, but not the duty, to obtain the required insurance and deduct the premium(s) from any amounts due the Consultant under this Agreement. Failure of the Consultant to maintain the insurance required by this Agreement, or to comply with any of the requirements of this Section, shall constitute a material breach of this Agreement.
- 11.11. **Notices.** Consultant shall provide immediate written notice if (1) any of the required insurance policies is terminated; (2) the limits of any of the required policies are reduced; (3) or the deductible or self-insured retention is increased. Consultant shall provide no less than 30 days' notice of any cancellation or material change to policies required by this Agreement. Consultant shall provide proof that cancelled or expired policies of insurance have been renewed or replaced with other policies providing at least the same coverage. Such proof will be furnished at least two weeks before expiration of the coverages. The name and address for Additional Insured Endorsements, Certificates of Insurance and Notices of Cancellation is: Nevada Cemetery District, Attn: General Manager, 10523 Willow Valley Road, Nevada City, CA 95959.
- 11.12. **Consultant's Insurance Primary.** The insurance provided by Consultant, including all endorsements, shall be primary to any coverage available to District. Any insurance or self-insurance maintained by District and/or its officers, employees, agents or volunteers, shall be in excess of Consultant's insurance and shall not contribute with it.
- 11.13. **Waiver of Subrogation.** Consultant hereby waives all rights of subrogation against the District. Consultant shall additionally waive such rights either by endorsement to each policy or provide proof of such waiver in the policy itself.
- 11.14. **Report of Claims to District.** Consultant shall report to the District, in addition to the Consultant's insurer, all insurance claims submitted to Consultant's insurer in connection with the services under this Agreement.
- 11.15. **Premium Payments and Deductibles.** Consultant must disclose all deductibles and self-insured retention amounts to the District. The District may require the Consultant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within retention amounts. Ultimately, District must approve all such amounts before execution of this Agreement.

District has no obligation to pay any premiums, assessments, or deductibles under any policy required in this Agreement. Consultant shall be responsible for all premiums and deductibles in all of Consultant's insurance policies.

11.16. **Duty to Defend and Indemnify.** Consultant's duties to defend and indemnify District under this Agreement shall not be limited by the foregoing insurance requirements and shall survive the expiration of this Agreement or its early termination.

12. MUTUAL COOPERATION

12.1. **District Cooperation in Performance.** District shall provide Consultant with all pertinent data, documents and other requested information as are reasonably available for the proper performance of Consultant's services under this Agreement.

12.2. **Consultant Cooperation in Defense of Claims.** If any claim or action is brought against District relating to Consultant's performance in connection with this Agreement, Consultant shall render any reasonable assistance that District may require in the defense of that claim or action.

13. NOTICES

Any notices, bills, invoices, or reports required by this Agreement shall be deemed received on: (i) the day of delivery if delivered by hand, facsimile or overnight courier service during Consultant's and District's regular business hours; or (ii) on the third business day following deposit in the United States mail if delivered by mail, postage prepaid, to the addresses listed below (or to such other addresses as the parties may, from time to time, designate in writing).

If to District:

General Manager
Nevada Cemetery District
PO Box 2400
10523 Willow Valley Rd
Nevada City, CA 95959-2400
Telephone: (530) 265-3461
Email:

If to Consultant:

Catrina Olson
125 E Main St
Grass Valley, CA 95945
Telephone: 530-274-4302
Facsimile: 530-274-4399
Email:

With courtesy copy to:

Michael G. Colantuono, Esq.
See comments 17.3 below;
Colantuono, Highsmith & Whatley, PC
420 Sierra College Drive, Suite 140
Grass Valley, CA 95945
Telephone: (530) 432-7357
Facsimile: (530) 432-7356
Email:

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14. SURVIVING COVENANTS

The parties agree that the covenants contained in Section 6.11 (Records), Section 11.4 (Indemnification of CalPERS Determination), Section 12 (Indemnification), Section 13.8 (Claims-Made Policies), Section 14.2 (Consultant Cooperation in Defense of Claims), and Section 19.1 (Confidentiality) of this Agreement shall survive the expiration or termination of this Agreement.

15. TERMINATION

- 15.1. **District Termination.** District may terminate this Agreement for any reason on five calendar days' written notice to Consultant. Consultant agrees to cease all work under this Agreement on or before the effective date of any notice of termination. All District data, documents, objects, materials or other tangible things shall be returned to District upon the termination or expiration of this Agreement.
- 15.2. **Consultant or District Termination.** Notwithstanding Section 15.1., Consultant or District may terminate this Agreement for a material breach of this Agreement upon ~~30~~ 90 days' notice to allow District time to procure replacement services.
- 15.3. **Compensation Following Termination.** Upon termination, Consultant shall be paid based on the work satisfactorily performed at the time of termination. In no event shall Consultant be entitled to receive more than the amount that would be paid to Consultant for the full performance of the services required by this Agreement. The District shall have the benefit of such work as may have been completed up to the time of such termination.
- 15.4. **Remedies.** District retains all available legal and equitable remedies for Consultant's breach of this Agreement.

16. INTERPRETATION OF AGREEMENT

- 16.1. **Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the State of California.
- 16.2. **Integration of Exhibits.** All documents referenced as exhibits in this Agreement are hereby incorporated into this Agreement. In the event of any material discrepancy between the provisions of this Agreement and its exhibits, the provisions of this Agreement shall prevail. This instrument contains the entire Agreement between District and Consultant with respect to the transactions contemplated herein. No other prior oral or written agreements are binding upon the parties. Amendments hereto or deviations from this Agreement shall be effective and binding only if made in writing and executed by District and Consultant.

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- 16.3. **Headings.** The headings and captions appearing at the commencement of the sections hereof, and in any paragraph thereof, are for convenience of reference to this Agreement. Should there be any conflict between such heading, and the section or paragraph thereof at the head of which it appears, the language of the section or paragraph shall govern in the construction of this Agreement.
- 16.4. **Pronouns.** Masculine or feminine pronouns shall be substituted for the neuter form and vice versa, and the plural shall be substituted for the singular form and vice versa, in any place or places herein in which the context requires such substitution(s).
- 16.5. **Severability.** If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, then such term or provision shall be amended to, and solely to the extent necessary to, cure such invalidity or unenforceability, and shall be enforceable in its amended form. In such event, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.
- 16.6. **No Presumption Against Drafter.** Each party had an opportunity to consult with an attorney in reviewing and drafting this agreement. Any uncertainty or ambiguity shall not be construed for or against any party based on attribution of drafting to any party.

17. GENERAL PROVISIONS

- 17.1. **Confidentiality.** All data, documents, discussion, or other information developed or received by Consultant for performance of this Agreement are deemed confidential and Consultant shall not disclose them without prior written consent by the Project Administrator. District shall grant such consent if disclosure is legally required. Consultant shall return all District data to District upon the termination or expiration of this Agreement.
- 17.2. **Conflicts of Interest.** Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid, nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. Consultant further agrees to file, or shall cause its employees or subcontractors to file, a Statement of Economic Interest under the Political Reform Act with the District's Filing Officer if required under state law in the performance of the services. For breach or violation of this warranty, District shall have the right to rescind this Agreement without liability. No District board member, officer, or employee of District, during the term of his or her service to District, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising from it.

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- 17.3. **Non-assignment.** Consultant shall not delegate, transfer, subcontract or assign its duties or rights hereunder, either in whole or in part, without District's prior written consent, and any attempt to do so shall be void and of no effect. District shall not be obligated or liable under this Agreement to any party other than Consultant.
- 17.4. **Binding on Successors.** This Agreement shall be binding on the successors and permitted assigns of the parties.
- 17.5. **No Third-Party Beneficiaries.** Except as expressly stated herein, there is no intended third-party beneficiary of any right or obligation assumed by the parties under this Agreement.
- 17.6. **Time of the Essence.** Time is of the essence for every provision of this Agreement.
- 17.7. **Non-Discrimination.** Consultant shall not discriminate against any employee or applicant for employment because of race, sex (including pregnancy, childbirth, or related medical condition), creed, national origin, color, disability as defined by law, disabled veteran status, Vietnam veteran status, religion, age (40 and above), medical condition (cancer-related), marital status, ancestry, or sexual orientation or any other unlawful basis. Employment actions to which this provision applies shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; or in terms, conditions or privileges of employment, and selection for training. Consultant shall post this nondiscrimination clause in conspicuous places, available to employees and applicants for employment.
- 17.8. **Waiver.** No provision, covenant, or condition of this Agreement shall be deemed to have been waived by District or Consultant unless in writing signed by one authorized to bind the party asserted to have consented to the waiver. The waiver by District or Consultant of any breach of any provision, covenant, or condition of this Agreement shall not be deemed to be a waiver of any subsequent breach of the same or any other provision, covenant, or condition.
- 17.9. **Excused Failure to Perform.** Consultant shall not be liable for any failure to perform if Consultant presents acceptable evidence, in District's sole judgment, that such failure was due to causes beyond the control and without the fault or negligence of Consultant.
- 17.10. **Remedies Non-Exclusive.** Each right, power and remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise shall be cumulative and shall be in addition to every other right, power, or remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise. The exercise, the commencement of the exercise, or the forbearance from the exercise by either party of

any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by such party of any or all such other rights, powers or remedies.

- 17.11. **Attorneys' Fees.** If legal action shall be necessary to enforce any term, covenant or condition contained in this Agreement, the prevailing party shall be entitled to an award of reasonable and actual attorneys' fees and costs expended in the action.

We need to address Michael G. Colantuono as currently both parties General Counsel: How about both parties give consent to preparation of the agreement by Colantuono, and both appoint Colantuono as Arbitrator, under an Arbitration Clause?

Then the above sub-section (17.11.) needs to address each parties right and expense to hire independent attorneys for any Arbitration or review of this Agreement?

- 17.12. **Venue.** The venue for any litigation shall be Nevada County, California, and Consultant and District hereby consents to jurisdiction there for purposes of resolving any dispute or enforcing any obligation arising under this Agreement.

- 17.13. **Counterparts; Electronic Signatures.** This Agreement may be signed in one or more counterparts, each of which shall be deemed an original, but all of which together shall be deemed one and the same instrument. The parties acknowledge and agree that this Agreement may be executed by electronic signature, which shall be considered as an original signature for all purposes. Without limitation, "electronic signature" shall include faxed or emailed versions of an original signature, electronically scanned and transmitted versions (e.g., via pdf) of an original signature, or a digital signature.

[Signature Page Follows]

TO EFFECTUATE THIS AGREEMENT, the parties have caused their duly authorized representatives to execute this Agreement on the dates set forth below.

“District”
Nevada Cemetery District

“Consultant”
City of Grass Valley

By: _____
Signature

By: _____
Signature

Printed: _____

Printed: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT A
SCOPE OF SERVICES

SCOPE OF WORK:

Nevada Cemetery District (NCD) is seeking support with the District's accounting functions. The City of Grass Valley (GV) has agreed to provide NCD with the necessary accounting services for the cost of time and materials at the rates listed below. The service period to begin February 1, 2023, through January 31, 2025. Two additional one-year service extensions based on performance. It is estimated the services to be provided will require on average 15-25 hours per month. Work performed will be logged and provided with a monthly invoice to NCD.

SERVICES TO BE PROVIDED BY:

- 1) GV Deputy Administrative Services Director @ \$95.95/hour
- 2) GV Senior Accountant @ \$60.44
- 3) GV Accounting Technician @ \$44.04

REQUIRE SERVICES – typical services include but are not limited to:

- 1) Perform Accounting Services
 - a) Processing payroll monthly including tax and benefits payments and reporting. CalPERS retirement payment and reporting.
 - b) Invoicing and recording of deposits.
 - c) Processing accounts payable.
 - d) Reconciling all cash accounts.
 - e) Provide monthly financial statements and monthly financial reports to the District Manager.
 - f) Update the financial system as needed to improve performance and to accommodate changing requirements.
 - g) Quarterly payroll tax reporting and sales tax reporting.
 - h) Other duties as necessary.

- 2) Prepare for and participate in NCD's Annual Audit
 - a) Assemble and prepare documents required the auditor.
 - b) Verify and, if necessary, reconcile revenues and expenses.
 - c) Reconcile year end expenses and bank statements.
 - d) Reconcile payroll taxes with reporting.
 - e) Update fixed asset inventory.
 - f) Provide support for updating depreciation schedule.
 - g) Prepare list of year-end accounts payable accrued expenses and deferred revenues.
 - h) Participate in audit field work and response to questions and requests from the auditor.
 - i) Complete other duties as necessary.

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3) Other Services

- a) Perform conversion of Quickbooks from the desktop version to the cloud version.
- b) Provide input into documentation of administrative procedures as they relate to financial system management.
- c) Work with Nevada County in providing all of the financial information into the FinPlus system timely.

The City of Grass Valley will agree to provide payment processing services for payroll and accounts payable for the flat rate of \$800 per month, upon NCD's request. If requested the cost to set the payment processing services will be charged at the time and materials rate.



City of Grass Valley City Council Agenda Action Sheet

Title: Approve Resolution 2023-19 opposing Initiative No. 21-0042A1, The Taxpayer Protection and Government Accountability Act

CEQA: Not a Project.

Recommendation: That Council review and adopt Resolution 2023-19 opposing Initiative No. 21-0042A1, The Taxpayer Protection and Government Accountability Act.

Prepared by: Tim Kiser, City Manager

Council Meeting Date: May 9, 2023

Date Prepared: May 3, 2023

Agenda: Consent

Background Information: The Taxpayer Protection and Government Accountability Act would amend the California Constitution with provisions that limit voters' authority and input, adopt new and stricter rules for raising taxes and fees, and may make it more difficult to impose fines and penalties for violations of state and local laws.

The measure puts billions of local government tax and fee revenues at risk statewide and will result in core public service impacts, including significant negative impacts on the City's operations and service delivery.

On Jan. 4, 2022, the California Business Roundtable filed the "Taxpayer Protection and Government Accountability Act" or AG# 21-0042A1. On Feb. 1, 2023, the measure qualified for the November 2024 ballot. This initiative is strongly opposed by The League of California Cities, a broad coalition of local governments, labor and public safety leaders, infrastructure advocates, and businesses.

Local government revenue-raising authority is currently substantially restricted by state statute and constitutional provisions, including the voter-approved provisions of Proposition 13 of 1978, Proposition 218 of 1996, and Proposition 26 of 2010. The Taxpayer Protection and Government Accountability Act adds and expands restrictions on voters and local government tax and fee authority.

Local governments levy a variety of fees and other charges to provide core public services. Some examples of affected fees and charges are:

- Nuisance abatement charges, such as for weeds, rubbish, and general nuisance abatement to fund community safety, code enforcement, and neighborhood cleanup programs.
- Commercial franchise fees.
- Emergency response fees, such as in connection with DUI's.
- Document processing and duplication fees.
- Transit fees, tolls, parking fees, and other use fees.

- Facility use charges, fees for parks and recreation services, garbage disposal tipping fees.

Every city, county, and special district must routinely adopt increases in fees and revise fee rate schedules to accommodate new users and activities, changes which would now be subject to new standards and limitations under threat of legal challenge. Based on the current volume of fees and charges imposed by local agencies, including council-adopted increases to accommodate inflation, Cal Cities estimates the amount of local government fee and charge revenue at risk is approximately \$2 billion per year, including increases adopted since Jan. 1, 2022. Over ten years, \$20 billion of local government fee revenues will be at heightened legal peril.

Reductions in local government tax revenues have impacts on core services and infrastructure including fire and emergency response, law enforcement, streets and roads, drinking water, sewer sanitation, parks, public schools, affordable housing, homelessness prevention, and mental health services.

Under existing law, cities are required to provide due process before imposing a penalty or fine for violation of its municipal code:

1. A local agency must adopt administrative procedures that govern imposing fines and penalties, including providing a reasonable period of time for a person responsible for a continuing violation to correct or remedy the violation [Gov't Code 53069.4].
2. Notice must be given to the violating party before imposing the penalty; and give the party an opportunity to be heard and present any facts or arguments [*Merco Construction Engineers v. Los Angeles Unified School District* (1969) 274 CA 2d 154, 166].
3. The fine may not be "excessive" [U.S. Constitution amendments VIII and XIV].

The new initiative converts administratively imposed fines and penalties into taxes unless a new, undefined, and ambiguous "adjudicatory due process" is followed. This provision may put the City's authority to impose fines for violations of the law at risk.

The proposed constitutional initiative is sponsored by the California Business Roundtable.

The following are some of the major provisions of the proposed initiative:

Fees and Charges¹:

- Except for licensing and other regulatory fees, fees and charges may not exceed the "actual cost" of providing the product or service for which the fee is charged. "Actual cost" is the "minimum amount necessary." The burden to prove the fee or charge does not exceed "actual cost" is changed to "clear and convincing" evidence.
- Requires fees and charges paid for the use of local and state government property and the amount paid to purchase or rent government property to be

¹ Initiative No. 21-0042A1 (pgs.4-6; Section 1 (a)-(j))

“reasonable.” These fees and charges are currently allowed to be market-based. Whether the amount is “reasonable” (introducing a new legal standard aiming to force below market fee and charge amounts) must be proved by “clear and convincing evidence.”² The standard may significantly reduce the amount large companies (e.g., oil, utilities, gas, railroads, garbage/refuse, cable, and other corporations) will pay for the use of local public property.

- Prohibits fees on new development based on vehicle miles traveled.

Taxes³:

- Taxes and fees adopted after Jan. 1, 2022, that do not comply with the new rules, are void unless reenacted⁴.
- Invalidates *Upland* decision that allows a majority of local voters to pass special taxes. The measure specifies that taxes proposed by the initiative are subject to the same rules as taxes placed on the ballot by a city council.
- Expressly prohibits local advisory measures which allow local voters to express a preference for how local general tax dollars should be spent.⁵
- Requires voter approval to expand existing taxes (e.g., Utility, Transient Occupancy) to new territory (e.g., annexations) or to expand the tax base (e.g., new utility service)
- New taxes can only be imposed for a specific time period.
- City charters may not be amended to include a tax or fee.
- All state taxes require majority voter approval.

Fines and Penalties⁶:

- May require voter approval of fines, penalties, and levies for corporations and property owners that violate state and local laws unless a new, undefined adjudicatory process is used to impose the fines and penalties.

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

Fiscal Impact: The Taxpayer Protection and Government Accountability Act will take billions of dollars of revenue away from local government services statewide.

Funds Available: N/A

Account #: N/A

Reviewed by: Tim Kiser, City Manager

Attachments: Resolution 2023-19

² Initiative No. 21-0042A1 (pg.5; (3))

³ Initiative No. 21-0042A1 (pgs.4-6; Section 1 (a)-(j))

⁴ Initiative No. 21-0042A1 (pg.7; Section 6 (Sec. 2)(g))

⁵ Initiative No. 21-0042A1 (pg.6 (3))

⁶ Initiative No. 21-0042A1 (pg. 5 (4))

RESOLUTION NO. 2023-19

A RESOLUTION OF THE GOVERNING BODY OF THE CITY COUNCIL OF THE CITY OF GRASS VALLEY OPPOSING INITIATIVE 21-0042A1

WHEREAS, an association representing California's wealthiest corporations and developers is spending millions to push a deceptive proposition aimed for the November 2024 statewide ballot; and

WHEREAS, the measure includes undemocratic provisions that would make it more difficult for local voters to pass measures needed to fund local services and infrastructure, and would limit voter input by prohibiting local advisory measures where voters provide direction on how they want their local tax dollars spent; and

WHEREAS, the measure creates new constitutional loopholes that allow corporations to pay far less than their fair share for the impacts they have on our communities, including local infrastructure and our environment; and

WHEREAS, the measure may make it much more difficult for state and local regulators to issue fines and levies on corporations that violate laws intended to protect our environment, public health and safety, and our neighborhoods; and

WHEREAS, the measure puts billions of dollars currently dedicated to local services at risk and could force cuts to fire and emergency response, law enforcement, public health, parks, libraries, affordable housing, services to support homeless residents, mental health services, and more; and

THEREFORE, BE IT RESOLVED that the City of Grass Valley opposes Initiative 21-0042A1;

BE IT FURTHER RESOLVED, that the City of Grass Valley will join the No on Initiative 21-0042A1 coalition, a growing coalition of public safety, education, labor, local government, and infrastructure groups throughout the state.

We direct staff to email a copy of this adopted resolution to the League of California Cities at BallotMeasures@calcities.org.

PASSED AND ADOPTED at the regular meeting of the City Council of the City of Grass Valley held on the 9th day of May, 2023 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jan Arbuckle, Mayor

ATTEST:

APPROVED AS TO FORM:

Taylor Day, City Clerk

Michael G. Colantuono, City Attorney



**City of Grass Valley
City Council
Agenda Action Sheet**

Title: Appointment of Historical Commissioner Terrance McAteer & Dyane Albrecht to the Historical Commission for a four-year term

CEQA: Not a Project

Recommendation: That the City Council appoint Historical Commissioners McAteer & Albrecht to a term ending July 1, 2026

Prepared by: Taylor Day, City Clerk

Council Meeting Date: 05/09/2023

Date Prepared: 05/04/2023

Agenda: Consent

Background Information: The Historical Commission By-Laws requires the Commission to consist of five regular voting members and one alternate member selected and appointed by a majority vote of the City Council. The term of office of each Commission member shall be four (4) years.

The Mayor Arbuckle assigned Councilmembers Caravelli and Branstrom to serve on the interview panel for the Historical Commission. Interviews were conducted and Councilmembers Caravelli and Branstrom recommend that Mr. McAteer & Mrs. Albrecht be appointed to the Historical Commission.

Notice of vacancy for the Historical Commission has been on-going and presently consists of five members with the addition of Mr. McAteer & Mrs. Albrecht.

Council Goals/Objectives: The Historic Commission fulfills the Community & Sense of Place goals and objectives of the City's Strategic Plan

Fiscal Impact: No fiscal impact will occur

Funds Available: N/A

Account #: N/A

Reviewed by: __ City Manager

Attachments: None



City of Grass Valley City Council Agenda Action Sheet

Title: Approval of City Planner Job Description, Salary Schedule, and Executive Service Contract with Appendix A

CEQA: Not a Project

Recommendation: That City Council approve new job description and salary range for the City Planner; and 2) approve the Contract Employees Agreement with Appendix A.

Prepared by: Tim Kiser, City Manager/Catrina Olson, Deputy Administrative Services Director

Council Meeting Date: 05/09/23

Date Prepared: 05/04/23

Agenda: Consent

Background Information: The recent retirement of the Community Development Director (CDD) has left a vacancy in the Community Development Department. A recruitment process was initiated prior to the retirement of the CDD. Several applicants applied and were interviewed. After careful consideration of the applicants' staff decided to consider an alternative direction to filling the vacancy.

Staff discussed, based on applications received, that a City Planner position would fulfill the needs of the City to provide the necessary services to the public and community, while creating the internal opportunity for potential growth and advancement of the position into a Community Development Director (which will be left vacant being while being backfilled with the City Planner position). Staff performed an analysis of comparable jurisdictions and are proposing a salary range of \$105,500.00 with a maximum of \$134,650.00.

Under the administrative direction of the City Manager, this position plans, directs, manages, and evaluates the activities, operations, and staff of the Community Development Department; provides expert professional assistance and support to the City Manager, City Council, Planning Commission and Department Heads. The City Planner coordinates activities with other City officials, departments, outside agencies, contractors, organizations, and the public; establishes department goals, objectives, policies and procedures; performs other related duties as required. Staff went through the interview process and found an ideal candidate for this position, Employee Contract and Appendix A are attached.

Council Goals/Objectives: Approving the City Planner job description, salary range and Employee Contract executes portions of work tasks towards achieving/maintaining Strategic Plan objectives of High-Performance Government and Quality Service.

Fiscal Impact: This position will generate a salary savings of approximately \$66,405.00 for the first year.

Funds Available: N/A

Account #: N/A

Reviewed by: City Manager

Attachments:

1. City Planner Job Description
2. City Planner Contract Agreement with Appendix A and salary range

City of Grass Valley
JOB DESCRIPTION



CITY PLANNER

Department: Community Development

FLSA Status: Exempt

Reports To: City Manager

Unit: Contract (At Will)

SUMMARY OF JOB PURPOSE *Class specifications are intended to present a descriptive list of the range of duties performed by employees in the class. Specifications are **not** intended to reflect all duties performed within the job.*

This is a full-time, salaried, executive level position in the Community Development Department. The City Planner is the manager of the Community Development Department, serving at the pleasure of the City Manager on a contract basis (at will), and receives administrative direction from the City Manager.

Under the administrative direction of the City Manager, this position plans, directs, manages and evaluates the activities, operations, and staff of the Community Development Department; provides expert professional assistance and support to the City Manager, City Council, Planning Commission and Department Heads. The City Planner coordinates activities with other City officials, departments, outside agencies, contractors, organizations and the public; establishes department goals, objectives, policies and procedures; performs other related duties as required.

DISTINGUISHING CHARACTERISTICS

The City Planner is a single incumbent management level class with responsibility for developing and implementing planning policies and programs and for the management of the City's planning and planning related activities. The incumbent implements all aspects of the City General Plan and Zoning Ordinance and enforces and implements the Subdivision Map Act and the California Environmental Quality Act. Additionally, the incumbent is responsible for accomplishing the City's planning goals and objectives and for ensuring that these goals and objectives are provided to the community in an effective, cost-efficient manner.

SUPERVISION RECEIVED AND EXERCISED

Receives administrative direction from the City Manager. Exercises direct and indirect supervision over management, professional, technical and office support personnel.



CITY PLANNER

ESSENTIAL FUNCTIONS *The following duties are typical for this classification. Incumbents may not perform all of the listed duties and/or may be required to perform additional or different duties from those set forth below to address business needs and changing business practices.*

1. Coordinates the organization, staffing, and operational activities for the City's planning operations including the Community Development Department's current and advanced planning functions.
2. Participates in the development and implementation of goals, objectives, policies, and priorities; recommends and implements resulting policies and procedures.
3. Identifies opportunities for improving service delivery methods and procedures; identifies resource needs; reviews with appropriate management staff; implements improvements.
4. Directs, coordinates, and reviews the work plan for assigned services and activities; assigns work tasks, activities, and projects to staff; monitors workflow and work activities; reviews and evaluates work products, methods, and procedures; meets with staff to identify and resolve problems.
5. Maintains a physical presence in the office in order to supervise staff, perform administrative duties and meet with developers and the public.
6. Selects, trains, motivates, and evaluates assigned staff; provides or coordinates staff training; works with employees to correct deficiencies; implements discipline and termination procedures.
7. Participates in the development and administration of assigned program budget; forecasts funds needed for staffing, equipment, materials, and supplies; monitors and approves expenditures; recommends adjustments as necessary.
8. Analyzes planning and planning-related development projects; determines project priorities and scheduling; estimates and establishes guidelines for personnel, resources, and time required for planning project completion; monitors standards and schedules to ensure project completion concise written technical reports and correspondence including staff reports.
9. Ensures that development proposals conform to the City General Plan and other applicable plans and regulations.

**City of Grass Valley
JOB DESCRIPTION**



CITY PLANNER

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10. Maintains and updates General Plan elements on a regular basis.
 11. Oversees and participates in interpreting planning and planning-related ordinances and advises citizens.
 12. Provides public relations concerning community issues; responds to and resolves citizen inquiries and complaints.
 13. Oversees and participates in reviewing and making recommendations on zoning and permits; prepares and assists in the preparation of new or revised ordinances.
 14. Ensures the proper administration and enforcement of the City's zoning and related codes.
 15. Completes special projects as assigned; prepares statistical analysis and reports and presents these analysis reports to the City Manager and Planning Commission.
 16. Provides professional assistance on a variety of City matters to Planning Commission.
 17. Assists property owners, developers, builders, attorneys, and special interest groups to process applications and meet planning requirements as necessary.
 18. Reviews, processes, and approves, where authorized, planning applications, agreements, development plans and enforcement actions; negotiates, arbitrates, and resolves program, project and policy issues and conflicts internally and with community stakeholders and businesses.
 19. Processes applications for a variety of planning projects including zoning, subdivisions, conditional use permits, variances, maps and other planning for review, input, recommendation and/or action by the planning commission.
 20. Engages with the public to ensure effective communication to/from community stakeholders; develops and maintains cooperative professional relationships.
 21. Administer code enforcement and prepares and administers grants.
 22. Coordinates assigned activities with those of other departments and outside agencies and organizations.



CITY PLANNER

- 23. Prepare and present verbal and written reports to the City Council and Planning Commission.
- 24. Attends and participates in professional group meetings; maintains awareness of new trends and developments in the field of planning.
- 25. Reviews legislation and assures compliance with appropriate laws, rules, regulations, and policies related to land use planning matters, including environmental laws.
- 26. Develops policies, procedures and ordinances to ensure compliance with applicable laws and regulations. (e.g. California Environmental Quality Act (CEQA), Subdivision Ordinance)
- 27. Interprets laws, regulations, policy, and procedures relating to land use and environmental planning.
- 28. Prepares RFPs (Request for Proposal) and RFQs (Request for Qualification) for services.
- 29. Identifies grant and other funding opportunities; prepares grant applications and administers grant program.
- 30. Performs related duties as required.

KNOWLEDGE, SKILLS AND ABILITIES: *The following generally describes the knowledge and ability required to enter the job and/or be learned within a short period of time in order to successfully perform the assigned duties.*

Knowledge of:

- 1. Functions and responsibilities of a public planning agency.
- 2. Administrative principles and methods, including goal setting, program and budget development and implementation, personnel management, and supervision.
- 3. Principles, practices, trends, theory, and programs relating to community and urban development, land use planning and environmental analysis and protection, zoning regulation, building safety and code enforcement.

**City of Grass Valley
JOB DESCRIPTION**



CITY PLANNER

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4. Federal, state, and local laws, rules and regulations relating to planning, zoning, housing, subdivision and environmental review and assessment.
 5. Federal and state historic preservation.
 6. Case law (federal and state) related to the regulations of land use.
 7. Housing and economic development programs.
 8. Familiarity with code compliance programs.
 9. Techniques used in the development, amendment and update of general plans and other planning documents including zoning ordinances, design guidelines, specific plans, and historic preservation documents.
 10. Principles and practices of contract administration and evaluation.
 11. Function, organization, and operation of California local government.
 12. Ralph M. Brown Act.
 13. English usage, grammar, and public speaking skills.
 14. Operation of all standard office equipment with emphasis on computer work processing and virtual meeting arrangements.
 15. Records management procedures
 16. Format and content for notices, ordinances, resolutions, and other documents
 17. Principles, practices, and skills to provide excellent customer service.

Ability to:

1. Coordinate and direct current and advanced planning activities and operations.
2. Supervise, direct, and coordinate the work department staff.



CITY PLANNER

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3. Select, supervise, train, and evaluate staff.
 4. Recommend and implement goals, objectives, policies and procedures for providing wastewater treatment activities and operations.
 5. Understand the organization and operation of the City and of outside agencies as necessary to assume assigned responsibilities.
 6. Policies and procedures as well as applicable federal, state, and local policies, laws, and regulations.
 7. Participate in the preparation and administration of assigned budgets.
 8. Plan and organize work to meet changing priorities and deadlines.
 9. Effectively represent the City to outside individuals and agencies to accomplish the goals and objectives of the Department.
 10. Work cooperatively with other departments, City officials, and outside agencies.
 11. Respond tactfully, clearly, concisely, and appropriately to inquiries from the public, City staff, or other agencies on sensitive issues in area of responsibility.
 12. Identify, coordinate, and resolve a wide variety of interests in the development of the land use policy.
 13. Ensure program compliance with federal, state, and local rules, laws, and regulations.
 14. Interpret, analyze, apply, implement, and explain pertinent federal, state, and local laws, codes, and regulations including City codes and departmental policies and administrative directives.
 15. Effectively present information and respond to questions from groups of managers, council members, committee and commission members, and the general public.
 16. Read, analyze, and interpret information from professional journals, technical procedures, or governmental regulations.
 17. Read, understand, and evaluate plans, maps, and blueprints.



CITY PLANNER

18. Interpret and explain City policies and procedures.
19. Prepare clear and concise reports.
20. Operate modern office equipment and computers including specialized computer applications.
21. Communicate clearly and concisely, both orally and in writing.
22. Establish and maintain effective working relationships with those contacted in the course of work.

Minimum Qualifications:

Any combination of training and experience that would provide the required knowledge, skills and abilities is qualifying. A typical way to obtain the required qualifications would be:

1. Equivalent to a bachelor's degree from an accredited college or university with major course work in public or business administration, urban or urban planning or a closely related field.
2. Five years of supervisory or administrative experience in city, urban or regional planning and/or related community development activities with broad and extensive experience directly involving municipal services such as current and advance planning, architectural and design review, building inspection, code compliance, economic development and business retention
3. AICP (American Institute of Certified Planners) Membership/Certification preferred.

GENERAL QUALIFICATIONS

License Requirements

A valid California Class C driver license or higher is required at the time of appointment. Individuals who do not meet this requirement due to a disability will be reviewed on a case-by- case basis.

**City of Grass Valley
JOB DESCRIPTION**



CITY PLANNER

Physical Requirements

Incumbents appointed to this class must have the mobility to work in a standard office or field environment, use standard office equipment and attend off-site meetings; intermittently operate a motor vehicle on surface streets with occasional exposure to weather conditions, and construction and traffic hazards; mobility to traverse uneven terrain, periodically standing, stooping, bending, climbing and kneeling to perform fieldwork; intermittently sit at desk for long periods of time; lift light to moderately heavy weights; vision to read handwritten and printed materials and a computer screen; hearing and speech to communicate in person and by telephone; manual dexterity to operate small equipment, tools and standard office equipment and supplies, and to manipulate both single sheets of paper and large document holders (binders, manuals, etc.).

Working Conditions

Employees work in an office environment with moderate noise levels, controlled temperature conditions and no direct exposure to hazardous physical substances, and in the field and are occasionally exposed to loud noise levels, cold and hot temperatures, inclement weather conditions, road hazards, substantial heights, vibration, confined workspaces, chemicals, mechanical and/or electrical hazards, and hazardous physical substances and fumes. Employees may interact with upset staff and/or public and private representatives, and contractors in interpreting and enforcing departmental policies and procedures. The incumbent may be occasionally required to work on evenings, weekends and holidays, and participate in after-hours on-call assignments.

GENERAL

The City reserves the right to revise or change classification duties and responsibilities as the need arises. This description does not constitute a written or implied contract of employment.

I have read and understand the contents of this job description, and I have received a copy of this job description for my records.

Print Name: _____

Signature: _____

Date: _____

Adopted:

**City of Grass Valley
JOB DESCRIPTION**

Item # 8.



CITY PLANNER

Revised:

**EMPLOYMENT AGREEMENT BETWEEN THE CITY OF GRASS VALLEY
AND AMY WOLFSON
CITY PLANNER**

1. Effective Date

This Agreement shall become effective when it has been executed by “Director”, hereinafter referred to as “City Planner” or Employee, and the City Manager, as duly approved by Resolution of the City Council, has executed it.

2. Term of Employment

City Planner shall serve at the pleasure of the City Manager and on an “at will” basis during the term of this Agreement, subject to the terms and provision of this Agreement as set forth below.

3. Duties; Hours of Work

A. City Planner shall perform those functions and duties as specified in job classification and by direction of the City Manager. City Planner shall perform such duties in accordance with the highest professional and ethical standards of the City Planner position. City Planner shall not engage in any activity that is, or which may become, incompatible with the City of Grass Valley, as provided by federal, state, and local law. During the term of this Agreement, City Planner shall be exclusively employed by the City, unless prior written authorization otherwise is received from the City Manager.

B. City Planner shall maintain a regular work schedule consistent with that approved for other-Directors of the City. City Planner’s duties may involve expenditures in time in excess of eight (8) hours per day and/or forty (40) hours per week and may also include time outside normal office hours such as attendance at City Council and Commission meetings. City Planner shall not be entitled to additional compensation for this time.

4. Compensation

A. City Planner shall receive an annual base salary of \$110,000.00, payable in equal bi-weekly payments to be made at the same time as other employees are paid.

B. City Planner’s compensation shall be reviewed with the City Manager at least annually in connection with the annual review or at any other times as may be determined by the City Manager. Compensation may be increased as determined by the City Manager within the salary range (Compensation and Benefits - Appendix A) for the City Planner.

C. Salary may be reduced in the event City Planner receives an unsatisfactory evaluation, either at the annual evaluation or at any additional evaluation completed by the City Manager. Compensation may be reduced as determined by the City Manager within the salary range (Compensation and Benefits - Appendix A) for the City Planner.

D. As consideration for the annual opportunity to be considered for increased compensation pursuant to sub-paragraph B above, Employee specifically waives any right to a 4/5 vote of the City Council prior to removal from his or her position, as may be provided

under City Charter Article IX, Section 2. Employee acknowledges that the City Manager is the appointing authority and may also remove Employee from this position without action of the City Council.

5. Health Insurance

The City shall pay the full premium for health insurance for the City Planner, including their dependents, for health coverage (medical, dental, and vision) benefit options as provided to other employees.

Employees waiving medical insurance coverage shall receive two hundred fifty dollars (\$250) per month less the costs of any elected dental or vision insurance per month. Employees waiving health care coverage must produce evidence of insurance through another source. Any payment due Employees for waiving medical insurance coverage shall be paid in a lump sum once per month and shall be considered taxable compensation; however, such compensation is not PERSable.

6. Annual Leave

City Planner shall receive vacation benefits equal to those of Department Heads, as set forth in the "Compensation and Benefits - Appendix A". City Planner may cash out up to four weeks of Annual Leave and/or vacation each Calendar Year upon City Manager's prior approval and consistent with Internal Revenue Service rules governing constructive receipt. Vacation and/or Annual Leave time cashed out pursuant to this provision shall be subtracted from the accumulated Vacation and/or Annual Leave balances when paid.

7. Retirement

Employees designated as local public safety (Police) "classic" employees by the City are currently provided retirement benefits under the Public Employee's Retirement System's Local Safety (Police) 3% at age 50 formula with a 9% employee contribution. Employees are also provided retirement benefits under Social Security.

"Classic" public safety (Police) designated employees will pay a pre-tax contribution for retirement for the employee share under CalPERS retirement plan of 9%. The employee shall pay the full amount of the employee's contribution rate to Social Security.

Employees designated as local public safety (Fire) "classic" employees by the City are provided retirement benefits under the Public Employees Retirement System's (PERS) Local Public Safety (Fire) 3% at 55 formula. Employees are also provided retirement benefits under Social Security.

"Classic" public safety (Fire) designated employees will pay a pre-tax contribution for retirement for the employee share under CalPERS retirement plan of 9%. The employee shall pay the full amount of the employee's contribution rate to Social Security.

New public safety employees hired after January 1, 2013 or "Non Classic" public safety (Fire or Police) designated employees, upon placement in a full-time employment status shall have the PERS 2.7% @ 57 formula, as provided by the terms of the contract in effect between

the City and PERS. The employee contribution rate shall be 50 percent of the “normal cost” rounded to the nearest quarter of 1 percent, as determined by PERS.

Miscellaneous employees who are considered “classic” members by PERS will be responsible for paying the full employee contribution to the California Employees Retirement System, which is currently 8%. Miscellaneous employees who are considered “new” members by PERS will be responsible for paying 50 percent of the “normal cost” pursuant to the Pension Reform Act of 2013. The employee shall pay the full amount of the employee’s contribution rate to Social Security.

8. Deferred Compensation

Subsequent to the first year of employment under this contract, City will deposit to City Planner’s deferred compensation account via bi-weekly payroll a performance bonus contribution of up to \$4,000 annually.

The City’s contribution amount shall be based upon job performance and be dependent upon receipt of City Planner’s performance evaluation. The City’s contribution amount shall be determined in the sole discretion of the City Manager and may be less than \$4,000.

In the event this agreement terminates or is not renewed, City Planner shall be entitled to retain the amount of deferred compensation accumulated as of the date of termination or non-renewal.

After such time as City Planner resigns or is terminated, City shall transfer ownership of any deferred amount on deposit in a deferred compensation plan to succeeding employers upon City Planner’s written request.

9. Annual Performance Evaluation

The City Manager and/or their designee shall evaluate City Planner’s performance at least once annually. The City Manager and City Planner shall annually develop mutually agreeable performance goals and criteria which the City Manager shall use in reviewing City Planner’s performance in the following year. It shall be City Planner’s responsibility to initiate this review each year.

10. Indemnification

City shall defend, hold harmless and indemnify City Planner against any claim, demand, judgment, or action of any type or kind arising within the course and scope of City Planner’s employment to the extent required by Government Code Sections 825 and 995. Notwithstanding anything to the contrary in this section, pursuant to Government Code Section 53243.1, if the City provides funds for the legal criminal defense of Employee, any funds provided for that purpose shall be fully reimbursed by Employee to the City if Employee is convicted of a crime involving an abuse of office or position. Employee recognizes that City shall have the right to compromise and settle all actions or proceedings in which City is providing Employee a defense, even if Employee objects to such compromise or settlement.

11. Other Terms and Conditions of Employment

A. The City Council may from time to time fix other terms and conditions of employment relating to the performance of City Planner, provided such terms and conditions are not inconsistent with or in conflict with the provision of this Agreement, the Grass Valley Charter or Municipal Code, or other applicable law.

B. The provisions of the City's Civil Service Rules and Regulations ("Rules") shall apply to City Planner to the extent they explicitly apply to the position of City Planner, except that if the specific provisions of this Agreement conflict with the Rules, the terms of this Agreement shall prevail. Without limiting the generality of the exception noted in the previous sentence, however, no provision of the Rules or this Agreement shall confer upon City Planner a property right in his or her employment or a right to be discharged only upon cause. City Planner is not a member of the competitive/ classified service and is an "at will" employee serving at the pleasure of the City Manager and may be dismissed at any time with or without cause, subject only to the provisions of this Agreement. The provisions of Article IX, Section 2, requiring a 4/5 vote of the City Council to remove a Department Head do not apply to this Agreement and are specifically waived by Employee as provided in Section 4(D) of this Agreement. Notwithstanding any other provision of this Agreement, City Planner shall not violate any policy prohibiting discrimination, harassment, retaliation, workplace violence, or other similar misconduct as set forth in the Rules and in federal, state law, and local law.

C. City Planner shall be exempt from paid overtime compensation.

12. Termination

A. City Planner is not part of the competitive (classified) service and therefore is an "at will" employee. As an "at will" employee, City Planner may be terminated by the City Manager with or without cause, without right of appeal, and without advance notice or City Council action.

B. If City Planner is terminated by the City Manager without cause, City Planner after termination will be entitled to up to three months of severance pay at City Planner's base salary rate plus payment in a lump sum of the following: 1) 100% of any accrued, but unused Personal Leave and vacation leave, if any; and 2) 50% of the value of unused sick leave, if applicable, to the extent not used for PERS Service Credit, if any. City Planner shall be entitled to severance pay under this subsection only upon execution of a claim waiver and release of liability. Severance pay, if any, shall be paid monthly until Employee is gainfully employed or the 3-month limit has been reached, whichever is less. Employee shall provide notification of gainful employment to City immediately upon commencing such employment if such employment commences within three months of Employee's termination from City. Notwithstanding anything to the contrary in this subsection, pursuant to Government Code Section 53243.2, if the Agreement is terminated, any cash settlement related to the termination that Employee may receive from City shall be fully reimbursed to City if Employee is convicted of a crime involving an abuse of his or her office or position.

C. If City Planner is terminated by the City for cause, City Planner is not entitled to any severance pay whether or not advance notice of termination is provided; however, payment for accrued, unused Personal Leave, sick leave and/or vacation leave, if applicable, shall be paid as provided in sub-paragraph B above. If City Planner is terminated for cause, City Planner must be given notice of the cause and supporting evidence. City Planner is entitled to meet with the City Manager at which time City Planner may reply orally and/or in writing to the cause and supporting evidence. The meeting is not an evidentiary hearing. There is no right to appeal the City Manager's decision. The City Manager's decision is final, and nothing in this subsection shall be deemed to impose a "for cause" requirement to terminate Employee's employment with City. The specification of causes for termination below is solely for the purpose of determining whether Employee is entitled to severance pay. For purposes of this Agreement, the term "for cause" shall include, but is not limited to, any of the following:

- (a) use of alcohol or drugs that impedes performance of duties;
- (b) conviction of a felony or misdemeanor involving moral turpitude (a plea or verdict of guilty or a conviction following a plea of nolo contendere is deemed a conviction for this purpose);
- (c) a proven claim of either sexual harassment or abuse of employees in violation of law or adopted City policy;
- (d) failure to maintain licenses and professional certifications required of the City Planner by the job description;
- (e) willful and repeated failure to carry out the lawful directives or policy decisions of the City Council; or
- (f) willful abandonment of the position or continued and unexcused absence from duty.

D. City Planner may voluntarily terminate his or her employment, by resignation or retirement or some other similar manner, upon at least one-month notice. In this circumstance, City Planner is not entitled to any severance pay.

E. In the event an Employee dies while employed by the City, his/her beneficiary or those entitled to his/her estate shall be paid for any earned salary and any in lieu payments for personal leave and any banked vacation or sick leave at the rates established in this Agreement to which the Employee is entitled as of the final day on City payroll. City may request appropriate documentation to ensure such persons are beneficiaries or otherwise entitled to participate in Employee's estate.

13. Compliance With Law

This Agreement is subject to all applicable provisions of federal, state, and local laws, including the Grass Valley Municipal Code, except for the application of specific provisions of the City Charter which are waived as set forth herein.

14. General Provisions

- A. This Agreement constitutes the entire agreement between the parties. City and City Planner hereby acknowledge that they have neither made nor accepted any other promise or obligation with respect to the subject matter of this Agreement.
- B. If any provision or any portion of this Agreement is held to be unconstitutional, invalid or unenforceable, the remainder of the Agreement shall be deemed severable and shall not be affected and shall remain in full force and effect.
- C. Any notice to City pursuant to this Agreement shall be given in writing, either by personal service or by registered or certified mail, postage prepaid, addressed as follows:

Tim Kiser, City Manager
 City of Grass Valley
 125 East Main Street
 Grass Valley, CA 95945

Any notice to City Planner shall be given in a like manner, and, if mailed, shall be addressed to City Planner at the address shown in City’s personnel records. For the purpose of determining compliance with any time limit stated in this Agreement, a notice shall be deemed to have duly given (a) on the date of delivery, if served personally, or (b) on the second (2nd) calendar day after mailing, if mailed.

- D. If an action at law or in equity is necessary to enforce or interpret this Agreement, the prevailing party in that action shall be entitled to reasonable and actual attorneys’ fees and costs with respect to the prosecution or defense of the action.
- E. A waiver of any of the terms and conditions of this Agreement shall not be construed as a general waiver and either party shall be free to enforce any term or condition of this Agreement with or without notice to the other notwithstanding any prior waiver of that term or condition.

15. Amendments

This represents the entire agreement between the parties. Amendments to this agreement may be made at such times as approved by the City Manager and City Planner and shall be in writing.

Dated: _____

Tim Kiser, City Manager

Dated: _____

Amy Wolfson, City Planner

Approved as to form:

Dated: _____

Michael G. Colantuono, City Attorney

Appendix A - Compensation and Benefits

Life Insurance and Long-Term Disability, EAP, Retiree Health Plan, other Benefits, and Special Provisions

A. EMPLOYEE CONTRIBUTIONS

Employee contributions towards health benefits are on a pre-tax basis and subject to IRS rules.

B. LIFE INSURANCE

The City shall provide term Life insurance benefits for the Employee, without cost to the Employee, of 1.5 times their annual salary up to two hundred thousand dollars (\$200,000) for the Employee, five thousand dollars (\$5,000) for the Employee's spouse and fifteen hundred dollars (\$1,500) for eligible dependent children without cost to the employee.

C. LONG TERM DISABILITY INSURANCE

The City shall provide without cost to the Employee an income protection insurance program that shall insure an Employee's income to a maximum of sixty-six and two thirds (66 2/3%) of monthly earnings with a ceiling of six thousand dollars (\$6,000) in calculated base. Conditions of coverage shall be controlled by the master agreement with the insurance company.

D. EMPLOYEE ASSISTANCE PROGRAM

The City has an established Employee Assistance Program. This program provides confidential counseling help for employees and their families. The Employee Assistance program provides for up to 3 visits.

E. RETIREE HEALTH PLAN BENEFIT

Employees who become subject to this Plan on or before July 1, 2011, who retire from the City in good standing, who have at least five years of Grass Valley service, who elect to retain CalPERS medical coverage and who are of full retirement age shall be entitled to payment of up to \$500 towards the CalPERS premium for a single party until such time as the Employee is eligible to receive Medicare or is hired and has healthcare coverage available from the new employment.

Employees who become subject to this Plan after July 1, 2011, who retire from the City in good standing, who have at least ten years of Grass Valley service, who elect to retain CalPERS medical coverage and who are of full retirement age shall be entitled to payment

Appendix A - Compensation and Benefits

of up to \$250 towards the CalPERS premium for a single party until such time as the Employee is eligible to receive Medicare or is hired and has healthcare coverage available from the new employment.

If the Employee so desires, his/her spouse may be added at the additional cost difference of the Employee plus one and the Employee pays the difference. If the Employee retiree selects a health plan that costs less than the City's contribution, they will not be eligible to receive the cash difference. All premium contributions must be received one month in advance and it is the responsibility of the Employee retiree to ensure that the City receives payment. Failure to pay the retiree's contribution in a timely manner (i.e., within 30 days of due date) will result in the loss of the benefit.

Employees waiving health care coverage shall receive two hundred fifty dollars (\$250) per month less the cost of any elected dental or vision insurance per month until eligible for Medicare or is hired and has healthcare coverage available from the new employment. Employees waiving health care coverage must produce evidence of insurance through another source. Any payment due Employees for waiving medical insurance coverage shall be paid in a lump sum per month.

Personal Leave

The purpose of Personal Leave is to provide Employees the ability to accrue time for vacation, sick leave and personal leave situations.

Employees shall accrue Personal Leave hours at a rate of no less than 256 hours and no more than 336 hours per year based on years of service as set forth below. One twenty-sixth (1/26) of such Personal Leave amount shall accrue each pay period.

No Employee may carry a balance of more than 520 hours of their Personal Leave. Employees who have accumulated 520 hours of Personal Leave will accrue no further Personal Leave until they have used Personal Leave in an amount sufficient to bring their accumulated Personal Leave balance below 520 hours. Employees may convert up to 160 hours of accrued Personal Leave to salary compensation once each year. Personal Leave conversion of a maximum of 160 hours to salary must be submitted by December 20th of each year. 100% of Personal Leave hours in excess of the maximum accrual amount may be converted to banked PERS service credit in accordance with CalPERS regulations.

Employees who become subject to this Plan after July 1, 2011, must convert all accumulated Vacation Leave, Sick Leave to "Personal Leave". Those hours of Sick Leave or Vacation Leave combined in excess of 520 hours will be placed in a Sick Leave and Vacation Leave bank account to be utilized by the Employee, or paid out upon separation from service as set forth herein, or converted to banked PERS service credit in accordance with CalPERS regulations. Upon separation from service, the City shall pay employee a one-time lump sum calculated on Fifty (50%) Percent of the employee's banked unused Sick Leave and one hundred (100%) percent of the employee's banked Vacation Leave. (For example, if an employee is compensated for 450 hours of sick leave at the 50% rate, the uncompensated 225 hours would go to PERS service credit as allowed by PERS.)

Appendix A - Compensation and Benefits

Employees will accrue Personal Leave time at the following rates:

1 to 2 years of city service = 256 hours
 2 plus years to 5 years = 272 hours (10.46 hours biweekly)
 5 plus years to 10 years = 296 hours (11.38 hours biweekly)
 10 plus years to 20 years = 316 hours (12.15 hours biweekly)
 20 plus years = 328 hours (12.62 hours biweekly)

After 2 plus years of city service, credit for prior public service may be included for purposes of calculating annual time subject to the City Manager approval. Prior public service shall be similar in nature to the duties being performed by the Employee for City to be eligible for this benefit.

Certifications

The City shall pay the costs associated with obtaining and maintaining special certificates that are required by the State of California, the City of Grass Valley or any governmental agency to obtain and maintain as a condition of employment.

Holidays

Employees are entitled to 12 paid holidays as listed below.

Recognized Holidays shall include:

New Year's Eve	New Year's Day
Presidents Day	Veterans Day
Martin Luther King Day	Thanksgiving Day
Memorial Day	The Day After Thanksgiving
July 4 th	Christmas Eve
Labor Day	Christmas Day

A paid holiday is equivalent to eight hours, for a total of 96 hours per year. Holiday hours are accrued outside of Personal Leave, must be used within the calendar year accrued. Unused holiday hours may not be carried over into any subsequent calendar year or "cashed out."

Special Provisions

A. PUBLIC SAFETY UNIFORM ALLOWANCE

The Police Chief and Fire Chief shall be provided a uniform and cleaning allowance. The amount of the benefit will be the same as established under Unit 6 for the Police Chief and under Unit 8 for the Fire Chief.

Appendix A - Compensation and Benefits

B. VEHICLE ALLOWANCE

The Police Chief, Fire Chief and Public Works Director shall be provided a vehicle. Other Employees may be granted a car allowance subject to the City Manager's approval and in accordance with City adopted policies. Employees will have access to City "Pool" vehicles for conducting City business or will be eligible for mileage reimbursement for personal vehicle use when conducting City business in accordance with City adopted policies.

C. TRAINING/MEMBERSHIPS

Employees shall be entitled to training, travel, workshops, and professional memberships, for the purpose of personal growth and enrichment subject to the annual amounts budgeted each year in the respective department for this purpose. City agrees to reimburse Employee for reasonable expenses for training, travel, workshops and professional memberships which have been authorized by the City Budget and approved in advance by the City Manager. Employee must submit expense receipts, statements or personal affidavits, and audit thereof in like manner as other demands against the City.

D. PUBLIC EMPLOYEES RETIREMENT SYSTEM

All Employees will be members of the California Public Employees Retirement System as provided by the terms of the contracts between the City of Grass Valley and the California Public Employees Retirement System.

Appendix A - Compensation and Benefits

Salary Schedule			
<i>Position</i>	<i>Annual Salary</i>		
	<i>Min</i>	<i>Mid</i>	<i>Max</i>
Police Chief	\$ 147,717.78	\$ 168,820.31	\$ 203,962.50
Administrative Services Director	\$ 135,056.25	\$ 154,350.00	\$ 187,425.00
Fire Chief	\$ 135,056.25	\$ 154,350.00	\$ 187,425.00
Community Development Director	\$ 126,615.24	\$ 144,703.13	\$ 176,400.00
City Engineer	\$ 126,615.24	\$ 144,703.13	\$ 176,400.00
Utilities Director	\$ 126,615.24	\$ 144,703.13	\$ 176,400.00
Public Works Director of Operations	\$ 126,615.24	\$ 144,703.13	\$ 176,400.00
City Planner	\$ 105,500.00	\$ 120,075.00	\$ 134,650.00
Deputy Police Chief	\$ 135,056.25	\$ 154,350.00	\$ 187,425.00
Deputy Administrative Services Director	\$ 101,291.09	\$ 116,795.54	\$ 132,300.00
City Clerk	\$ 84,409.61	\$ 97,329.80	\$ 110,250.00
Deputy City Clerk/Management Services Analyst	\$ 75,969.14	\$ 87,597.08	\$ 99,225.00



City of Grass Valley City Council Agenda Action Sheet

Title: Mill Street Parking Lot Improvements Project - Authorization to Bid

CEQA: Exempt, Class 11 and 32

Recommendation: That Council authorize the advertisement for bids for the Mill Street Parking Lot Improvements Project

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

Council Meeting Date: 5/9/2023

Date Prepared: 5/3/2023

Agenda: Consent

Background Information: The Mill Street Parking Lot Improvements Project involves the construction of an outdoor parking lot containing 32 parking spaces (2 accessible), located on a City owned lot at 309 Mill Street. The Mill Street Parking Lot is intended to provide vehicle parking for the downtown area and will help to offset the loss of on-street parking spaces resulting from the closure of Mill Street. Due to the steep topography of the property, significant grading and retaining wall construction is required. The project plans incorporate concrete and asphalt concrete surfacing of the parking lot and include lighting and landscaping elements.

A notice of exemption was filed for the project in August 2021 in accordance with the California Environmental Quality Act. Subsequently, City staff have been working with an environmental consultant to prepare an Aquatic Resource Delineation Report and evaluate any additional permitting requirements for the project. The City's application for a 401 permit with the State Water Resources Control Board is under review and proposes payment of a nominal In-Lieu fee as compensatory mitigation for disturbance of a small aquatic resource area discovered on the site.

Plans and specifications for the Mill Street Parking Lot Improvement Project are available for review with the Engineering Division. The Engineer's Estimate of probable construction costs is \$500,000. Staff requests that Council authorize the bidding process for construction of this project.

Council Goals/Objectives: Construction of the Mill Street Parking Lot Improvement Project executes portions of work tasks towards achieving/maintaining Strategic Plan Goal #1 - Community and Sense of Place and Goal #4 - Economic Development and Vitality.

Fiscal Impact: The project is funded in the Fiscal Year 22/23 CIP Budget with the use of remaining Regional Circulation Funds

Funds Available: Yes

Account #: 300-406-63440

Reviewed by: __ City Manager



**City of Grass Valley
City Council
Agenda Action Sheet**

Title: Update Municipal Code Section 8.16 Fire Control Regulations

CEQA: Not a project

Recommendation: That Council hold the second reading of Ordinance no. 824 to repeal Municipal Code Chapter - 8.16 Fire Control Regulations and Urgency Ordinance No. 823 and replace with new Municipal Code Chapter 8.16 Fire Control Regulations. Waive full reading.

Prepared by: Mark Buttron -Fire Chief

Council Meeting Date: 05/09/2023

Date Prepared: 05/04/2023

Agenda: Consent

Background Information: In August of 2017, the Council approved repealing Municipal Code Chapter 8.16, Fire Control Regulations and 8.36, Weed Abatement. These repealed chapters were replaced with updated Municipal Code Chapter 8.16, Fire Control Regulations, which includes vegetation management and yard debris removal. Based on our experience and observations over the years in implementing the code, the Fire Department believes the vegetation management process needs to be amended. To ensure the City's vegetation management ordinance appropriately addresses potential fire hazards, we recommend the following changes:

1. Define Fuel Modification Area, City, and Spark Arrester.
2. Separate and define requirements for Improved Properties of Less than One Acre, One to Five Acres, and Greater than Five acres.
3. Separate and define requirements for Unimproved Properties of Less than One Acre, One to Five Acres, and Greater than Five acres.
4. Better define Emergency Vehicle Access based on property size for Less than One Acre, One to Five Acres, and Greater than Five Acres.
5. Raise minimum height of Emergency Vehicle Access to 15'.
6. Provide for a Special Permit to authorize burning for professional entertainment purposes.
7. Update code to reference Fire Marshal or authorized representative.

On April 25th, 2023, Council adopted Urgency Ordinance 823. The standard ordinance is identical to the urgency ordinance but does not contain the specific findings of

urgency. To make these amendments permanent without needing to defend urgency findings indefinitely, Council did simultaneously consider a standard ordinance first reading and now staff is recommending the second reading. After which will take effect 30 days after adoption. Upon becoming effective, the ordinance will repeal the urgency ordinance. This is the City Attorney’s standard procedure with respect to urgency ordinances that address long-term issues.

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

Fiscal Impact: None

Funds Available: N/A

Account #: N/A

Reviewed by:

Attachments:

- Grass Valley Municipal Code Section 8.16
- Urgency Ordinance No. 823 Amending Grass Valley Municipal Code Section 8.16
- Non-Urgency Ordinance No. 824 Amending Grass Valley Municipal Code Section 8.16

ORDINANCE NO. 824**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GRASS VALLEY REPEALING AND REPLACING ARTICLE II (“MISCELLANEOUS FIRE CONTROL REGULATIONS”), ARTICLE III (“PROHIBITIONS”), AND ARTICLE V (“VIOLATIONS – PENALTY”) OF CHAPTER 8.16 OF THE GRASS VALLEY MUNICIPAL CODE REGARDING FIRE CONTROL REGULATIONS AND REPEALING URGENCY ORDINANCE NO. 823**

Be it ordained by the Council of the City of Grass Valley:

SECTION 1. CODE AMENDMENT. Article II – Miscellaneous Fire Control Regulations, Article III – Prohibitions, and Article V – Violations – Penalty of Chapter 8.16 – Fire Control Regulations, are hereby repealed and replaced as set forth in Exhibit A attached to this Ordinance and incorporated by such reference.

SECTION 2. REPEAL. URGENCY ORDINANCE No 823 is hereby repealed.

SECTION 3. CEQA FINDINGS. As a purely administrative and regulatory action, this Ordinance will not affect the physical environment. This Ordinance is not a project within the meaning of California Environmental Quality Act (CEQA) Guidelines, California Code of Regulations, title 14, section 15378 because it has no potential to result in physical change in the environment, directly or indirectly. Additionally and independently, it is exempt from CEQA review under CEQA Guidelines, California Code of Regulations, title 14, section 15061(b)(3) because it can be seen with certainty that there is no possibility that the Ordinance may have a significant effect on the environment.

SECTION 4. SEVERABILITY. If any section, subsection, sentence, clause, phrase or portion of this Ordinance 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 Ordinance 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 Ordinance 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.

SECTION 5. EFFECT OF AMENDMENTS. It is the intent of the City Council of the City of Grass Valley that the Grass Valley Municipal Code sections affected by this Ordinance shall not be considered repealed and reenacted in their amended form; that the portions which are not altered are to be considered as having been the law from the time when they were enacted; that the new provisions are to be considered as having been enacted at the time of the amendment; and that the omitted portions are to be considered as having been repealed at the time of the amendment.

SECTION 6. EFFECTIVE DATE. This Ordinance shall be in full force and effect thirty (30) days after its adoption pursuant to Article VII, § 2 of the Grass Valley City Charter.

SECTION 7. PUBLICATION. The City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same to be published once in The Union, a newspaper of general circulation printed, published, and circulated within the City.

INTRODUCED and first read at a regular meeting of the City Council on the 25th day of April 2023.

FINAL PASSAGE AND ADOPTION by the City Council was at a meeting thereof held on the 9th day of May, 2023, by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAINING:

Jan Arbuckle, Mayor

APPROVED AS TO FORM:

Michael G. Colantuono, City Attorney

ATTEST

Taylor Day, City Clerk

Published on: _____

EXHIBIT A

Chapter 8.16. - FIRE CONTROL REGULATIONS

Article II. - Miscellaneous Fire Control Regulations.

8.16.200 - Vegetation Management and Yard Debris Removal.

It shall be the duty of the fire marshal of the fire department or an authorized representative and/or the director of the community development department or an authorized representative to enforce the requirements of the "vegetation management and yard debris removal" section(s).

8.16.210 - Definitions.

1. "City" shall mean the City of Grass Valley, a municipal corporation of the State of California.
2. Improved Property: Any property with a building or structure.
3. Unimproved Property: Any property without a building or structure.
4. Building or structure: Any structure used for support or shelter of any use or occupancy.
5. APN: Assessor's parcel number as assigned by the County of Nevada.
6. Fuel Modification Area: "Fuel Modification Area" shall mean a strip of land in which the following fuel reduction activities are required to occur. – Area is mowed/cleared so that "flammable vegetation" is no higher than 4" above mineral soil, free of "refuse piles" and "combustible materials", and trees shall be free of branches 6' up from the ground. If shrubs are located under tree branches an additional clearance equal to 3 times the height of the shrub shall be required. If the height of the tree does not allow the 6' and/or 3 times the shrub height of clearance, clearance shall not exceed one-third (1/3) of the overall tree height.
7. Ladder Fuels: Fuels that can carry a fire vertically between or within a fuel type.
8. Heavy Fuels: Materials of large diameter such as snag logs and tree limbs that ignite and are consumed more slowly than flash fuels such as tree needles, leaves, and grasses.

9. Flammable Vegetation: Includes, but not limited to, dead/dry tree needles and leaves, dead/dry grasses of over 4" in height, tree limbs, bushes/shrubs, trees less than 6" diameter at breast height (Dbh), manzanita, dense berry thickets, or other invasive or noxious plants, that constitute a fire hazard and/or endanger people or property.
10. Combustible Materials: Heavy fuels, slash, refuse piles, dead trees, or tree branches (either standing or downed), that constitute a fire hazard and/or endanger people or property.
11. Refuse Piles: Accumulations of flammable vegetation and/or combustible materials, rubbish and/or scrap materials, including but not limited to, wastepaper, wood, straw/hay, litter, or other flammable or combustible waste.
12. Spark Arrester: Any device which prevents the emission of flammable debris from combustion sources, such as fireplaces and woodstoves.
13. Approved Warming Device: A portable or fixed, outdoor, solid-fuel-burning fireplace that may be constructed of steel, concrete, clay, or other noncombustible material. It may be open in design or may be equipped with a small hearth opening and a short chimney or chimney opening in the top. All devices shall be equipped with a spark arrester.

8.16.220 - Abatement Procedures.

To reduce fire hazards and nuisances associated with flammable vegetation, refuse piles, and/or combustible materials upon or in front of private improved or unimproved property, the city council may conduct proceedings pursuant to Chapter 9.28 of this Code. Such proceedings may include requiring abatement of fire hazards throughout the city, entering upon private property, and performing abatement where the private property owner does not abate. The cost of such abatement will be assessed upon the nuisance property under Chapter 1.14 of this Code, and such costs will constitute a lien upon the land until paid and will be collected upon the next tax roll upon which real property taxes are collected.

8.16.230 - Duty to Abate Flammable Vegetation and Combustible Material.

It shall be the duty of every owner, occupant, or person in control of any private land, whether improved or unimproved, within the City of Grass Valley, to abate therefrom on such property, at his or her own expense, all flammable vegetation, refuse piles, and/or other combustible materials that constitute a fire hazard. The obligation to abate all flammable vegetation, refuse piles, and/or other combustible materials shall comply with the following, shall be completed by May 1 of each year, and shall be maintained through October 31 or the end of fire season as declared by the California Department of Forestry and Fire Protection (CAL FIRE) whichever comes first.

1. **IMPROVED PROPERTY:**

A. **Less Than One Acre:**

- a) The entire property shall be mowed/cleared so that "flammable vegetation", as defined in Section 8.16.210, is no higher than 4" above mineral soil.
- b) The entire property shall be free of dead and/or dry leaves and tree needles.
- c) The entire property shall be free of "refuse piles", as defined in Section 8.16.210.
- d) All plants, trees, or shrubs shall be free of dead or dying material.
- e) Maintain large shrubs and hedges exceeding 6' in height such that limbs are not within 4' of the ground or one-third (1/3) of its overall height, whichever is less.
- f) Vegetation under windows shall be kept to below 18".
- g) The roof of every building and/or structure shall be free of dead and/or dry leaves, tree needles, tree branches, and any other "flammable vegetation" as defined in Section 8.16.210.
- h) No portion of any tree shall be within 10' of the roof surface at any point, outlet of a chimney, stovepipe and/or electrical power service drop of any building and/or structure. All chimneys and stove pipes shall have a spark arrester.
- i) Trees shall be free of branches 6' up from the ground. If shrubs are located under tree branches an additional clearance equal to 3 times the height of the shrub shall be required. If the height of the tree does not allow the 6' and/or 3 times the shrub height of clearance, clearance shall not exceed one-third (1/3) of the overall tree height.
- j) Dead, dying, or diseased trees shall be removed. An evaluation by a licensed arborist with recommendations on removal of dying or diseased trees shall be required by the City.
- k) Remove all flammable vegetation, refuse piles, and/or combustible materials from under decks, balconies, and/or stairs.
- l) All waste material that is the result of vegetation management work shall be composted or hauled off site. Burning of waste material is prohibited.

B. One to Five Acres:

- a) A 30' Fuel Modification Area, as defined in Section 8.16.210, shall be provided around the entire property. The 30' Fuel Modification Area shall be measured from the property line and from the edge of the sidewalk, or from the street line if there is no sidewalk, where the property abuts any public or private rights-of-way, or fire apparatus access road.
- b) Vegetation under windows shall be kept to below 18".
- c) The roof of every building and/or structure shall be free of dead and/or dry leaves, tree needles, tree branches, and any other "flammable vegetation" as defined in Section 8.16.210.
- d) No portion of any tree shall be within 10' of the roof surfaces at any point, outlet of a chimney, stovepipe and/or electrical power service drop of any building and/or structure. All chimneys and stove pipes shall have a spark arrester.
- e) All plants, trees, or shrubs located 0'-30' from a building and/or structure shall be free of dead or dying material.
- f) Maintain large shrubs and hedges exceeding 6' in height located 0'-30' from a building and/or structure such that limbs are not within 4' of the ground or one-third (1/3) of its overall height, whichever is less.
- g) All trees located 0'-30' from a building and/or structure shall be free of branches 6' up from the ground. If shrubs are located under tree branches an additional clearance equal to 3 times the height of the shrub shall be required. If the height of the tree does not allow the 6' and/or 3 times the shrub height of clearance, clearance shall not exceed one-third (1/3) of the overall tree height.
- h) Dead, dying, or diseased trees located 0'-30' from a building and/or structure shall be removed. An evaluation by a licensed arborist with recommendations on removal of dying or diseased trees shall be required by the City.
- i) Remove all flammable vegetation, refuse piles, and/or combustible materials from under decks, balconies, and/or stairs.
- j) All waste material that is the result of vegetation management work shall be chipped and spread or hauled off site. Burning of waste material is prohibited.

C. Greater Than Five Acres:

- a) A 100' Fuel Modification Area, as defined in Section 8.16.210, shall be provided around the entire property. The 100' Fuel Modification Area shall be measured

- from the property line and from the edge of the sidewalk, or from the street line if there is no sidewalk, where the property abuts any public or private rights-of-way, or fire apparatus access road.
- b) Vegetation under windows shall be kept to below 18".
 - c) The roof of every building and/or structure shall be free of dead and/or dry leaves, tree needles, tree branches, and any other "flammable vegetation" as defined in Section 8.16.210.
 - d) No portion of any tree shall be within 10' of the roof surfaces at any point, outlet of a chimney, stovepipe and/or electrical power service drop of any building and/or structure. All chimneys and stove pipes shall have a spark arrester.
 - e) All plants, trees, or shrubs located 0'-30' from a building and/or structure shall be free of dead or dying material.
 - f) Maintain large shrubs and hedges exceeding 6' in height located 0'-30' from a building and/or structure such that limbs are not within 4' of the ground or one-third of its height, whichever is less.
 - g) All trees located 0'-30' from a building and/or structure shall be free of branches 6' up from the ground. If shrubs are located under tree branches an additional clearance equal to 3 times the height of the shrub shall be required. If the height of the tree does not allow the 6' and/or 3 times the shrub height of clearance, clearance shall not exceed one-third (1/3) of the overall tree height.
 - h) Dead, dying, or diseased trees located 0'-30' from a building and/or structure shall be removed. An evaluation by a licensed arborist with recommendations on removal of dying or diseased trees shall be required by the City.
 - i) Remove all flammable vegetation, refuse piles, and/or combustible materials from under decks, balconies, and/or stairs.
 - j) All waste material that is the result of vegetation management work shall be chipped and spread or hauled off site. Burning of waste material is prohibited.

2. **UNIMPROVED PROPERTY:**

A. **Less Than One Acre:**

- a) The entire property shall be mowed/cleared so that "flammable vegetation", as defined in Section 8.16.210, is no higher than 4" above mineral soil.
- b) The entire property shall be free of dead and/or dry leaves and tree needles.
- c) The entire property shall be free of "refuse piles", as defined in Section 8.16.210.
- d) All plants, trees, or shrubs shall be free of dead or dying material.

- e) Trees shall be free of branches 6' up from the ground. If shrubs are located under tree branches an additional clearance equal to 3 times the height of the shrub shall be required. If the height of the tree does not allow the 6' and/or 3 times the shrub height of clearance, clearance shall not exceed one-third (1/3) of the overall tree height.
- f) Dead, dying, or diseased trees shall be removed. An evaluation by a licensed arborist with recommendations on removal of dying or diseased trees shall be required by the City.
- g) All waste material that is the result of vegetation management work shall be hauled off site. Burning of waste material is prohibited.

B. One to Five Acres:

- a) A 30' Fuel Modification Area, as defined in Section 8.16.210, shall be provided around the entire property. The 30' Fuel Modification Area shall be measured from the property line and from the edge of the sidewalk, or from the street line if there is no sidewalk, where the property abuts any public or private rights-of-way, or fire apparatus access road.
- b) All waste material that is the result of vegetation management work shall be chipped and spread or hauled off site. Burning of waste material is prohibited.

C. Greater Than Five Acres:

- a) A 100' Fuel Modification Area, as defined in Section 8.16.210, shall be provided around the entire property. The 100' Fuel Modification Area shall be measured from the property line and from the edge of the sidewalk, or from the street line if there is no sidewalk, where the property abuts any public or private rights-of-way, or fire apparatus access road.
- b) All waste material that is the result of vegetation management work shall be chipped and spread or hauled off site. Burning of waste material is prohibited.

8.16.240 - Emergency Vehicle Access.

1. No property owner may allow any portion of any vegetation on his or her property to interfere with street and emergency vehicle access, regardless of whether the access is along a public street or along a private residential access road. Vegetation shall be trimmed back from the edge of the sidewalk, or from the street line if there is no sidewalk, a minimum distance of; 3' for properties less than 1 acre, 30' for properties 1-5 acres, and 100' for properties greater than 5 acres. Vegetation must also be trimmed to a minimum height of 15' – 0" above the street and emergency

vehicle access roads. The fire marshal of the fire department or an authorized representative may provide written notice to the property owner requiring vegetation to be trimmed for a specified additional distance when the fire marshal determines the vegetation would otherwise interfere with emergency vehicle access. If the property owner fails to maintain these clearance requirements, the city may abate this nuisance without further notice and at the property owner's expense. This subsection shall not apply to cultivated groundcover such as green grass, ivy, succulents, or similar plants used as groundcovers, provided they do not constitute a fire hazard.

2. Without notice, the fire marshal of the fire department or an authorized representative may also summarily abate weeds or hazardous growth on private property that in any way hinders emergency vehicle access and may charge the property owner for the costs of the abatement.

8.16.250 - City Abatement of Hazardous Vegetation and/or Yard Debris Condition(s)—Lien.

Hazardous vegetation and/or yard debris shall be abated under Chapters 1.10 and 1.11 of this Code, and costs of abatement may be recovered under Chapter 1.14 of this Code.

Article III. - Prohibitions

8.16.300 - Open Burning.

It shall be unlawful for any person to ignite, permit, or maintain an open fire within the city limits of the City of Grass Valley.

This prohibition is not intended to prohibit fires in approved warming devices, as defined in Section 8.16.210, or devices used for cooking such as barbeques that are located on property that the individual using such device has legal authority to occupy.

8.16.310 - Authorized Burning.

1. Training Burns. Fire department training burns may be permitted with the prior written approval of the chief of the fire department or an authorized representative and Northern Sierra Air Quality Management District.

2. Special Permits. The fire marshal of the fire department or an authorized representative may issue special permits to authorize burning for the health and safety of the public.
3. Special Permit. The fire marshal of the fire department or an authorized representative may issue special permits to authorize burning for professional entertainment purposes.
4. Special Permit. The fire marshal of the fire department or an authorized representative may issue special permits to authorize burning for ceremonial purposes.
5. Burning may be permitted in improved designated areas, including, but not limited to, city-provided fire pits or barbeques in parks and other public areas.

8.16.320 - Fire Protection Requirements.

To provide and maintain fire protection during the use of approved warming devices or during authorized special permit burning, the following shall be required:

1. During use/operation an area within ten feet of the device shall be free and clear of flammable vegetation, refuse piles, and/or combustible materials as defined in Section 8.16.210.
2. Responsible person, 18 years of age or older, in attendance with shovel until fire is dead out.
3. Water hose connected to an operational water supply shall be present at use/operation site.
4. Operation site shall be within 250' of an operational fire hydrant.
5. Operation site shall be within one 150' of a California Fire Code compliant fire access road.

Exception: Special permit ceremonial operations only. If an operational water supply is not present the fire marshal of the fire department or an authorized representative will determine an appropriate alternative method of fire protection.

Article V. - Violations – Penalty

8.16.500 - Penalty.

Any person who violates any of the provisions of this chapter is guilty of a misdemeanor punishable under Chapter 1.12 of this Code. Each separate day or any portion thereof during which any violation occurs or continues is a separate offense. The application of the afore-mentioned penalty shall not be held to prevent the enforced removal of the prohibited conditions.



City of Grass Valley City Council Agenda Action Sheet

Title: Introduction of an ordinance repealing and replacing Chapters 5.16 “Cable Television Franchise”, 5.18 “Cable Systems and Open Video Systems”, and 5.19 “State Video Franchises” of the Grass Valley Municipal Code.

CEQA: Not a Project.

Recommendation: That Council: 1) review the proposed ordinance to repeal and replace Municipal Code Chapters - 5.16 “Cable Television Franchise”, 5.18 “Cable Systems and Open Video Systems”, and 5.19 “State Video Franchises”; and 2) introduce Ordinance No. 825, waive full reading, and read by Title only.

Prepared by: Timothy M. Kiser, City Manager

Council Meeting Date: May 9, 2023

Date Prepared: May 3, 2022

Agenda: Public Hearing

Background Information: The California State Legislature adopted the Digital Infrastructure and Video Competition Act of 2006 which became effective as of January 1, 2007. The Digital Infrastructure and Video Competition Act (DIVCA) established a regulatory structure for the State to issue franchises to video service providers and made the California Public Utilities Commission (CPUC) the sole franchising authority for cable television video service providers. DIVCA also converted local cable franchises to State franchises upon expiration of existing local franchise agreements. Under DIVCA, the City is responsible for the administration and implementation of certain provisions of the act and is permitted to establish financial support provisions for Public, Educational, and Governmental Access (PEG) channel facilities.

The proposed ordinance modifies the City’s current ordinance to comply with DIVCA and is attached for City Council consideration.

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

Fiscal Impact: None.

Funds Available: N/A

Account #: N/A

Reviewed by: Tim Kiser, City Manager

Attachments: Ordinance No. 825 repealing and replacing Municipal Code Chapters - 5.16 “Cable Television Franchise”, 5.18 “Cable Systems and Open Video Systems”, and 5.19 “State Video Franchises”

ORDINANCE NO. 825

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GRASS VALLEY REPEALING AND REPLACING CHAPTERS 5.16 (“CABLE TELEVISION FRANCHISE”), 5.18 (“CABLE SYSTEMS AND OPEN VIDEO SYSTEMS”), AND 5.19 (“STATE VIDEO FRANCHISES”) OF THE GRASS VALLEY MUNICIPAL CODE REGULATING CABLE FRANCHISES AND VIDEO SERVICE PROVIDERS

WHEREAS, the Legislature of the State of California (the State) has adopted the Digital Infrastructure and Video Competition Act of 2006 (DIVCA) (Public Utilities Code section 5800, *et seq.*); and

WHEREAS, DIVCA became effective on January 1, 2007; and

WHEREAS, DIVCA establishes a regulatory structure for the State to issue franchises to video service providers; and

WHEREAS, DIVCA makes the California Public Utilities Commission the sole franchising authority for cable television video service providers and preemptively converts local cable franchises to State franchises upon expiration of existing local franchises; and

WHEREAS, DIVCA establishes that local entities, such as the City of Grass Valley, are responsible for administration and implementation of certain provisions of DIVCA; and

WHEREAS, DIVCA permits the City to establish, by ordinance, financial support provisions for Public, Educational, and Governmental Access (PEG) channel facilities; and

WHEREAS, DIVCA requires that the City adopt, by ordinance or resolution, a schedule of penalties for any material breach by a State video franchise holder for violation of customer service and protection standards that the City is permitted to enforce; and

WHEREAS, the City Council of the City of Grass Valley now finds it necessary and desirable to update its Municipal Code to conform with state law.

Be it ordained by the council of the City of Grass Valley as follows:

SECTION 1. CODE ADOPTION. Chapters 5.16 (“Cable Television Franchise”), 5.18 (“Cable Systems and Open Video Systems”), and 5.19 (“State Video Franchises”) of the Grass Valley Municipal Code are hereby amended and restated as set forth in Exhibit “A” attached to this Ordinance and incorporated by reference.

SECTION 2: CEQA FINDINGS. This Ordinance maintains a fee supporting public, educational, and government (PEG) programming and certain regulations on state video service franchises. As a purely administrative and regulatory action, it will not affect the physical environment. This Ordinance is not a project within the meaning of California Environmental Quality Act (CEQA) Guidelines, California Code of Regulations, title 14, section 15378 because it has no potential to result in physical change in the environment, directly or indirectly. It is also exempt from CEQA review under CEQA Guidelines, California Code of Regulations, title 14, section 15061(b)(3) because it can be seen with certainty that there is no possibility that the Ordinance may have a significant effect on the environment.

SECTION 3. SEVERABILITY. If any section, subsection, sentence, clause, phrase or portion of this Ordinance 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 Ordinance 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 Ordinance 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.

SECTION 4. INCONSISTENT PROVISIONS. Any provision of the Grass Valley Municipal Code inconsistent with this Ordinance, to the extent of such inconsistencies and no further, is hereby repealed or modified to the extent necessary to give effect to this Ordinance.

SECTION 5. EFFECT OF ADOPTION. It is the intent of the City Council of the City of Grass Valley that the Grass Valley Municipal Code sections affected by this Ordinance shall not be considered repealed and reenacted in their amended

form; that the portions which are not altered are to be considered as having been the law from the time when they were enacted; that the new provisions are to be considered as having been enacted at the time of the amendment; and that the omitted portions are to be considered as having been repealed at the time of the amendment.

SECTION 6. Effective Date. This Ordinance shall be in full force and effect 30 days after its adoption pursuant to Article VII, § 2 of the Grass Valley City Charter.

SECTION 7. Publication. The City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same to be published once in *The Union*, a newspaper of general circulation printed, published, and circulated within the City.

INTRODUCED and first read at a regular meeting of the city council on the 9th day of May 2023.

FINAL PASSAGE AND ADOPTION by the city council was at a meeting thereof held on the ____ day of _____, 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

Jan Arbuckle, Mayor

APPROVED AS TO FORM:

ATTEST

Michael G. Colantuono, City Attorney

Taylor Day, City Clerk

Published on: _____

EXHIBIT A

Chapter 5.16: VIDEO AND CABLE SERVICES

5.16.010 – Purpose.

This section is intended to apply to those awarded a state video franchise under the California Public Utilities Code, section 5800, *et seq.*, the Digital Infrastructure and Video Competition Act of 2006 (DIVCA), to serve any location(s) within the City of Grass Valley. This chapter is intended to implement within the City DIVCA and the rules of the California Public Utilities Commission promulgated thereunder applicable to a “local franchising entity” or a “local entity” as defined in DIVCA.

5.16.020 – Definitions.

For the purposes of this chapter, the following terms, phrases, words, and abbreviations shall have the meanings given here. When not inconsistent with the context, words used in the present tense include the future tense; words in the plural number include the singular number; words in the singular number include the plural number; and the masculine gender includes the feminine gender. The words “shall” and “will” are mandatory, and “may” is permissive. Words not defined in this article shall have the meanings provided in Division 2.5 of the California Public Utilities Code, section 5800, *et seq.*, and, if not defined there, their common and ordinary meaning. References to governmental entities or officials, whether persons or entities, refer to those entities or their successors in authority. If provisions of law referred to herein are renumbered, then the reference shall be read to refer to the renumbered provision. References to laws, ordinances, or regulations shall be interpreted broadly to cover government actions, however denominated, and include laws, ordinances, and regulations now in force or hereinafter enacted or amended.

“Access,” “PEG access,” or “PEG use” refers to the availability of a cable system or open video system for public, education or government use by various agencies, institutions, organizations, groups, and individuals, including the City and its designated access providers, to acquire, create and distribute programming not under a franchisee’s editorial control, including, but not limited to:

1. "Public access" or "public use" means access where organizations, groups, or individual members of the general public, on a nondiscriminatory basis, are the primary or designated programmers or users having editorial control over their communications;
2. "Education access" or "education use" means access where accredited educational institutions are the primary or designated programmers or users having editorial control over their communications;
3. "Government access" or "government use" means access where government institutions or their designees are the primary or designated programmers or users having editorial control over their communications.

"Affiliate" means a person that (directly or indirectly) owns or controls, is owned or controlled by, or is under common ownership or control with, another person.

"Cable communications system" refers to open video systems (OVS) and cable systems.

"Cable service" means:

1. The one-way transmission to subscribers of video programming or other programming service, and
2. Subscriber interaction, if any, which is required for the selection or use of such video programming or other programming service.

"Cable system" is defined as set forth in section 522(7) of Title 47 of the United States Code. Any reference to a cable system includes the cable system as a whole, or any part of it, including all facilities, pedestals, equipment cabinets, electronic equipment, and devices appurtenant to the system.

"Cable service" is defined as the one-way transmission to subscribers of either video programming, or other programming service, and subscriber interaction, if any, that is required for the selection or use of video programming or other programming service, as set forth in section 522(6) of Title 47 of the United States Code.

"Channel" means a portion of the electromagnetic frequency spectrum which is used in a cable system or OVS and which is capable of delivering a television signal whether in analog or digital format. The definition does not restrict the use

of any channel to the transmission of analog television signals or one-way transmission.

“City” means the City of Grass Valley and all departments, divisions, and agencies of the City established by state law or by the City charter or Municipal Code.

“City Manager” means the Grass Valley City Manager or his/her designee.

“Construction, operation or repair” and similar formulations of that term mean construction, operation or repair interpreted broadly, encompassing, among other things, installation, extension, maintenance, replacement of components, relocation, undergrounding, grading, site preparation, adjusting, testing, make-ready, and excavation.

“FCC” means the Federal Communications Commission.

“Franchise” or “State franchise” refers to an authorization granted by the California Public Utilities Commission to the operator of a cable communications system giving the franchisee the non-exclusive right to occupy space, or use facilities upon, across, beneath, or over public rights-of-way in the City, and to provide specified services within a franchise area.

“Franchise area” means the area within the City that a franchisee is authorized to serve by the terms of its franchise or by operation of law.

“Franchisee” refers to a person holding a cable communications system franchise granted by the State under applicable law.

“Franchise fee” means the State franchise fee adopted pursuant to Public Utilities Code, section 5840, payable as rent or a toll for the use of the public rights-of-way.

“Gross revenues” means all revenue actually received by the holder of a State franchise, as determined in accordance with generally accepted accounting principles, that is derived from the operation of the holder’s network to provide cable or video service within the City, including all of the following:

1. All charges billed to subscribers for any and all cable service or video service provided by the holder of a State franchise, including all revenue

- related to programming provided to the subscriber, equipment rentals, late fees, and insufficient fund fees;
2. Franchise fees imposed on the holder of a State franchise by this section that are passed through to, and paid by, the subscribers;
 3. Compensation received by the holder of a State franchise that is derived from the operation of the holder's network to provide cable service or video service with respect to commissions that are paid to the holder of a State franchise as compensation for promotion or exhibition of any products or services on the holder's network, such as a "home shopping" or similar channel; and
 4. A pro rata portion of all revenue derived by the holder of a State franchise or its affiliates pursuant to compensation arrangements for advertising derived from the operation of the holder's network to provide video service within the jurisdiction of the City. The allocation shall be based on the number of subscribers in the City divided by the total number of subscribers in relation to the relevant regional or national compensation arrangement.

"Gross revenues" do not include any of the following:

1. Amounts not actually received, even if billed, such as bad debt; refunds, rebates, or discounts to subscribers or other third parties; or revenue imputed from the provision of cable services or video services for free or at reduced rates to any person as required or allowed by law, including, but not limited to, the provision of these services to public institutions, public schools, governmental agencies, or employees except that forgone revenue chosen not to be received in exchange for trades, barter, services, or other items of value shall be included in gross revenue;
2. Revenues received by any affiliate or any other person in exchange for supplying goods or services used by the holder of a State franchise to provide cable services or video services. However, revenue received by an affiliate of the holder from the affiliate's provision of cable or video service shall be included in gross revenue to the extent that treating the revenue as revenue of the affiliate, instead of revenue of the holder, would have the effect of evading the payment of fees that would otherwise be paid to the City, or if the revenue is not otherwise subject to fees to be paid to the City;

3. Revenue derived from services classified as noncable services or nonvideo services under federal law, including, but not limited to, revenue derived from telecommunications services and information services, other than cable services or video services, and any other revenues attributed by the holder of a State franchise to noncable services or nonvideo services in accordance with Federal Communications Commission rules, regulations, standards, or orders;
4. Revenue paid by subscribers to “home shopping” or similar networks directly from the sale of merchandise through any home shopping channel offered as part of the cable services or video services. However, commissions or other compensation paid to the holder of a State franchise by “home shopping” or similar networks for the promotion or exhibition of products or services shall be included in gross revenue;
5. Revenue from the sale of cable services or video services for resale in which the reseller is required to collect a fee similar to the franchise fee from the reseller’s subscribers;
6. Amounts billed to, and collected from, subscribers to recover any tax, fee, or surcharge imposed by any governmental entity on the holder of a State franchise, including, but not limited to, sales and use taxes, gross receipts taxes, excise taxes, utility users taxes, public service taxes, communication taxes, and any other fee not imposed by state law;
7. Revenue from the sale of capital assets or surplus equipment not used by the purchaser to receive cable services or video services from the seller of those assets or surplus equipment;
8. Revenue from directory or Internet advertising revenue, including, but not limited to, yellow pages, white pages, banner advertisement, and electronic publishing;
9. Revenue received as reimbursement by programmers of specific, identifiable marketing costs incurred by the holder of a State franchise for the introduction of new programming; or
10. Security deposits received from subscribers, excluding security deposits applied to the outstanding balance of a subscriber’s account and thereby taken into revenue.

“License” refers to the legal authorization, terminable at will, to use a particular, discrete, and limited portion of the public rights-of-way of the City to construct, operate or repair a cable system.

“Operator” when used with reference to a system, refers to a person (a) who directly or through one or more affiliates provides service over a cable communications system and directly or through one or more affiliates owns a significant interest in such facility; or (b) who otherwise controls or is responsible for, through any arrangement, the management and operation of such a facility.

“OVS” means an open video system as defined by Title 47 of the Code of Federal Regulations, section 76.1500(a). A reference to an OVS includes pedestals, equipment enclosures (such as equipment cabinets), amplifiers, power guards, nodes, cables, fiber optics and other equipment necessary to operate the OVS or installed in conjunction with the OVS.

“Person” includes any individual, corporation, partnership, association, joint stock company, trust, or any other legal entity, but not the City.

“Public property” means any property that is owned or under the control of the City that is not a public right-of-way, including, for purposes of this article, but not limited to, buildings, parks, poles, structures in the public rights-of-way such as utility poles and light poles, or similar facilities or property owned or leased by the City.

“Public rights-of-way” means the surface of and the space above and below any street, road, highway, freeway, bridge, lane, path, alley, court, sidewalk, parkway, drive, or right-of-way or easement primarily dedicated to travel, now or hereafter existing within the City, which may be properly used for the purpose of installing, maintaining, and operating a cable communications system, and any other property that a franchisee is entitled by state or federal law to use by virtue of the grant of a franchise.

“Subscriber” means the City or any person who is lawfully receiving, for any purpose or reason, any cable service via a cable communications system with franchisee’s express permission, whether or not a fee is paid for such service.

“Termination” means the conclusion of a franchise by any means, including, but not limited to, by expiration of its term, abandonment, or revocation.

“Transfer” means any transaction in which:

1. All or a portion of any facilities or any rights to use or operate facilities located in the public rights-of-way are sold, conveyed, transferred, assigned, encumbered (except as set forth in this chapter) or leased, in whole or in part, directly or indirectly, by one or more transactions to another person, whether voluntarily or by operation of law or otherwise; or
2. There is any change, acquisition, or transfer in the identity of the person in control of the franchisee, or any person that controls franchisee, including, without limitation, forced or voluntary sale, merger, consolidation, or receivership; or
3. The rights or obligations under the franchise are sold, conveyed, transferred, assigned, encumbered (except as set forth in this chapter) or leased, in whole or in part, directly or indirectly, by one or more transactions to another person, whether voluntarily or by operation of law or otherwise. It will be presumed, for purposes of clause (2) above, that any transfer or cumulative transfer of a voting interest by a person or group of persons acting in concert of 10 percent or more of franchisee, or person that controls franchisee, or any change in the managing general partners of a franchisee, is a change of control.

“Transfer” does not include:

1. A lease to an unaffiliated video programming provider pursuant to sections 532 or 573 of Title 47 of the United States Code.
2. The transmission of a commodity or electronic signal using facilities on a common-carrier basis;
3. A lease or other right to use facilities mandated pursuant to section 224 of Title 47 of the United States Code; or
4. A pledge in trust, mortgage or other encumbrance against the facilities, or any portion thereof, given to a bona fide institutional lender in connection with a loan or other financing required to secure the construction, operation, or repair of the facilities (“Loan”) provided that such Loan is subject to the rights and powers of the City pursuant to the franchise and applicable law, including, without limitation, the right of the City to approve any transfer upon foreclosure.

“Transferring” and “transferee” shall have correlative meanings.

“Unaffiliated video programming provider” or “UVPP” means any person who uses capacity on a franchised cable system to deliver cable service or other

communications service (as that term is used in section 542(h) of Title 47 of the United States Code) to subscribers and who is not an affiliate of the franchisee.

“User” means a person or the City utilizing a channel, capacity or equipment and facilities for purposes of producing or transmitting video, voice and data materials contrasted with receiving it as a subscriber.

“Video service” means video programming services, cable service, or OVS service provided through facilities located at least in part in public rights-of-way without regard to delivery technology, including Internet protocol or other technology. “Video service” does not include:

1. Any video programming provided by a commercial mobile service provider defined in section 332(d) of Title 47 of the United States Code, or
2. Video programming provided as part of, and via, a service that enables users to access content, information, electronic mail, or other services offered over the public Internet.

Section 5.16.030 – Duties of state franchise holder operating within the City.

A. Consistent with Public Utilities Code, section 5840, the holder of a State video franchise must notify the City within 14 business days of any of the following changes:

1. Any transaction involving a change in the ownership, operation, control, or corporate organization of the franchisee, including a merger, an acquisition, or a reorganization.
2. A change in the franchisee’s legal name or the adoption of, or change to, an assumed business name.
3. A change in the franchisee’s principal business address or in the name of the person authorized to receive notice on behalf of the holder.
4. Any transfer of the State franchise to a successor in interest of the franchisee. The franchisee shall identify the successor in interest to which the transfer is made.
5. The termination of any State franchise issued under this division. The holder shall identify both of the following:
 - i. The number of subscribers in the service area covered by the State franchise being terminated, and
 - ii. The method by which the franchisee’s subscribers were notified of the termination.

6. A change in one or more of the service areas of the franchisee pursuant to this division that would increase or decrease the territory within the service area. The franchisee shall describe the new boundaries of the affected service areas after the proposed change is made.
- B. Prior to offering video service in the City, the holder of a State video franchise shall notify the City that the franchisee will provide video service there. The notice shall be given at least 10 days, but no more than 60 days, before the franchisee begins to offer service in the City.
- C. The holder of a state video franchise shall obtain all necessary City permits to install, construct, and maintain its video service network within public rights-of-way in compliance with Municipal Code section 5.16.070. The franchisee shall also obtain adequate indemnity and construction bonds in compliance with Municipal Code section 5.16.080.
- D. The holder of a state video franchise shall comply with all applicable state and federal customer service and protection standards pertaining to the provision of video service and shall be subject to the penalties provided under Municipal Code section 5.16.120 for material breaches of such standards.

Section 5.16.040 – Failure to obtain a franchise.

Consistent with the requirements of due process, a person's failure to obtain a State franchise as required by Public Utilities Code, section 5800, *et seq.*, may, in the City's discretion, result in:

- A. Forfeiture, by operation of law, of the person's facilities located in the public rights-of-way that are not authorized by an existing franchise; and/or
- B. A City order and/or court order that the facilities be removed, and that penalties and damages be paid as set forth in state law.

Section 5.16.050 – Existing franchises.

Franchises existing as of the effective date of this chapter shall, in addition to the obligations and duties prescribed by the terms of their existing franchises, be subject to the substantive and procedural requirements in this chapter, except as prohibited by applicable law. Nothing in this chapter is intended to invalidate a lawful, existing franchise or to waive any obligations imposed by such a franchise.

Section 5.16.060 – Administration of ordinance; adoption of regulations.

- A. Adoption of Regulations. The City may from time to time adopt regulations to implement this chapter.
- B. Delegation. The City Manager is hereby authorized to administer this chapter and to provide any notices (including noncompliance notices) and to take any action on the City’s behalf that may be required hereunder or under applicable law.
- C. No Waiver. The failure of the City, upon one or more occasions, to exercise a right or to require compliance or performance under a franchise or any other applicable law shall not be deemed to constitute a waiver of such right or a waiver of compliance or performance, unless such right has been specifically waived in writing.
- D. Administration of Public, Educational and Government Access. The City may designate one or more entities, including itself, to control and manage the use of public, educational and government (PEG) access channels, facilities, and equipment.

Section 5.16.070 – Permits to install, construct, and maintain network within public rights-of-way.

- A. State Franchise Holder Must Follow Local Rules. The construction, operation, and repair of cable communication systems shall be performed in compliance with all laws, ordinances, departmental rules, regulations, and practices affecting such system. By way of example, and not limitation, this includes zoning and safety codes, construction standards, regulations for providing notice to persons that may be affected by system construction, and directives governing the time, place, and manner in which facilities may be installed in the rights-of-way. Persons engaged in the construction, operation, or repair of communications facilities shall exercise reasonable care in the performance of all their activities and shall use commonly accepted methods and devices for preventing failures and accidents that are likely to cause damage, injury, or nuisance to the public or to property.
- B. No Permit Without State Franchise. A State franchise granted pursuant to Public Utilities Code section 5800, *et seq.*, is required before a permit may be issued for work associated with the construction of a cable communications system. Any permit issued for such work to a person that

does not hold a State franchise shall vest no rights in the permittee; the permit may be revoked at will, and the permittee shall remove all facilities installed under the permit upon the City's demand.

C. Permits Must be Obtained. Construction, operation, or repair of a cable communications system shall not commence until all required permits have been obtained from the proper City officials and all required fees have been paid. All work performed will be performed in strict accordance with the conditions of the permit. Upon order of the City, any work and/or construction undertaken that is not completed in compliance with the City's requirements, or which is installed without obtaining necessary permits and approvals, shall be removed.

D. No Interference. Interference with the use of the public rights-of-ways by others, including others that may be installing cable communications systems, must be minimized. The City may require a person using the rights-of-way to cooperate with others through joint trenching and other arrangements to minimize adverse impacts on the rights-of-way.

E. Plans for and Publicizing Work. Work shall be publicized as the City may direct from time to time. The publication of work may be used to notify the public and operators of other communications systems of the impending work, to minimize inconvenience and disruption to the public.

1. Each franchisee shall provide the City a plan for any initial system construction, or for any substantial rebuild, upgrade or extension of its facility, which shall show its timetable for construction of each phase of work, and the areas of the City that will be affected.

2. The City Manager may from time to time, when the City receives application for a permit to use a particular route, or upon the City Manager's own initiative, designate by published order a route or proposed route for installation of communications facilities and may (a) require all persons who wish to place underground facilities along that route or any part thereof to install them during a specified period provided all costs are shared equitably and (b) otherwise prohibit initial placement of such facilities along the route or any part thereof for a period of time as is necessary to protect the public interest.

F. Existing Poles to be Used. To the extent possible, operators of cable communications systems shall use existing poles and conduits. Additional poles may not be installed in the right-of-way, nor may pole capacity be increased by vertical or horizontal extenders, without the permission of the City Manager. To minimize disruption of public passage or infrastructure, to forestall or relieve exhaustion of rights-of-way capacity, or to protect environmentally sensitive areas, the City Manager may require as a condition of issuing any rights-of-way permit for erection of new poles or construction of underground conduit, the installation of which requires excavation of or along any traveled way that the franchisee, licensee, or holder of the rights-of-way permit provide pole space or empty conduits in excess of its own present and reasonably foreseeable requirements to accommodate the City and/or other franchisees and licensees.

Section 5.16.080 – Protection of the City and residents.

A. Indemnity Required. No permit issued for work associated with construction of a cable communications system shall be valid or effective until and unless the City obtains adequate indemnity from the franchisee. The indemnity must:

1. Release the City from and against any and all liability and responsibility in or arising out of the construction of the cable communications system; and
2. Indemnify and hold harmless the City, its elected and appointed officers, agents, and employees, from and against any and all claims, demands, or causes of action of any kind or nature, and the resulting losses, costs, expenses, reasonable attorneys' fees, liabilities, damages, orders, judgments, or decrees sustained by the City or any third party arising out of, or by reason of, or resulting from or of the acts, errors, or omissions of the cable communications system operator, licensee, or its agents, independent contractors, or employees related to or in any way arising out of the construction of the system.

B. Construction Bonds. Every holder of a State video franchise constructing a cable communications system within the City for which a permit is required shall obtain and maintain bonds during construction of the cable system to ensure the faithful performance of its responsibilities under this article and any franchise. The amount of the performance and payment bonds shall be set by the City Manager but shall not be less than 10 percent of the estimated cost

of constructing or (in the case of existing systems) upgrading the system, and sufficient to fund the removal of facilities and/or restoration of city facilities within the right-of-way. The bond shall be in a form acceptable to the City Attorney. Bonds must be obtained before the effective date of any permit unless the City Manager specifically provides otherwise in writing.

5.16.090 – Procedures for appeal of denial of an encroachment permit.

- A. As provided by California Public Utilities Code, section 5885, the City shall either approve or deny an application from a State video service franchise holder for an encroachment permit within 60 days of receiving a completed application, unless the applicant and City have mutually agreed to extend this time limit.
- B. For purposes of this section, an “encroachment permit” means any permit issued by the City relating to construction or operation of facilities relating to the provision of video service under a State video service franchise in the public rights of way as governed by Chapter 12.48 of the Grass Valley Municipal Code.
- C. An application for an encroachment permit is considered complete when the applicant has complied with all statutory and City-imposed requirements for such an application, including those of the California Environmental Quality Act (Public Resources Code section 21000, *et seq.*), Title 12 of this Municipal Code, and other applicable ordinances of the City.
- D. Any City denial of an application for an encroachment permit shall be in writing and shall contain a detailed explanation of the reason for the denial.
- E. An applicant whose application for an encroachment permit has been denied may appeal the denial to the City Council by filing both a written notice of appeal and the required cash deposit with the City Clerk within 15 days after the administrative authority’s action on the permit. The City Council shall consider such appeal at its first regularly scheduled Council meeting occurring five or more business days after receipt of the appeal by the City Clerk, with or without a public hearing as the City Council deems appropriate, and may affirm, overrule, or modify the administrative authority’s determination.

5.16.100 – Local franchise remittance and examination of records.

- A. Pursuant to Public Utilities Code, section 5860, the holder of a State franchise that offers video service within the jurisdiction of the City shall calculate and remit to the City the state franchise fee adopted pursuant to Public Utilities Code, section 5840.
- B. The obligation to remit the franchise fee to the City begins immediately upon provision of video service within the City. However, the remittance shall not be due until the time of the first quarterly payment required under subdivision (E) that is at least 180 days after the provision of service began. The fee remitted to the City shall be calculated as a percentage of gross revenues from the provision of video service within the City.
- C. No fee under this section shall become due unless the City provides documentation to the holder of the State franchise supporting the percentage paid by the incumbent cable operator serving the area within the City.
- D. The fee remitted to the City pursuant to this section may be used by the City for any lawful purpose.
- E. The State franchise fee shall be remitted to the City quarterly, within 45 days after the end of the quarter. Each payment shall be accompanied by a summary explaining the basis for the calculation of the State franchise fee.
- F. If a holder of the State franchise does not pay the franchise fee when due, the holder shall pay a late payment charge at a rate per year equal to the highest prime lending rate during the period of delinquency, plus 1 percent.
- G. If the franchisee has overpaid the franchise fee, it may deduct the overpayment from its next quarterly payment upon written notice to the City.
- H. The City may examine the business records of a holder of a State franchise annually to ensure the City is obtaining its statutory franchise fee remittance. The State franchise holder shall keep all business records reflecting any gross revenues, even if there is a change in ownership, for at least four years after those revenues are recognized by the holder on its books and records. If the examination discloses that the holder has underpaid franchise fees by more than 5 percent during the examination period, the holder shall pay all of the reasonable and actual costs of the examination. If the examination discloses that the holder has not underpaid franchise fees, the City shall pay all of the reasonable and actual costs of the examination. In every other instance, each party shall bear its own costs of the examination. Any claims by the City that

compensation is not in accordance with Public Utilities Code, section 5860 and any claims for refunds or other corrections to the remittance of the holder of a State franchise, shall be made within three years and 45 days of the end of the quarter for which compensation is remitted, or three years from the date of the remittance, whichever is later. Either the City or the State franchise holder may, in the event of a dispute concerning compensation under this section, bring an action in a court of competent jurisdiction.

5.16.110 – Fee to support Public, Educational, and Governmental Access facilities

- A. As authorized by California Public Utilities Code, section 5870(n), the City hereby establishes a fee of 60 cents per month per subscriber to support PEG channel facilities capital support to be paid by any state video franchise holder operating in the City. The fee shall be paid quarterly no later than June 1, September 1, December 1, and March 1 for the preceding calendar quarter.
- B. The PEG capital support fees of this section are for PEG capital support and are in addition to the franchise fee to be paid to the City by the State video service franchise holders.

5.16.120– Customer service penalties.

- A. Any holder of a State video service franchise shall comply with all applicable state and federal customer service and protection standards pertaining to the provision of video service, including but not limited to, Government Code sections 53055, 53055.1, 53055.2, and 53088.2.
- B. The City will provide any holder of a State franchise written notice of any material breach of applicable customer service and protection standards, and will allow the franchise holder at least 30 calendar days from the receipt of the notice to remedy the specified material breach. A material breach that is not remedied by the State video franchise holder within the

remedy period shall subject the State video franchise holder to the following penalties:

1. For the first occurrence of a material breach, a penalty of not more than \$500 for each day of each material breach, not to exceed one \$1,500 for each occurrence of a material breach.
 2. For the second violation of the same nature within 12 months, a penalty \$1,000 for each day of each material breach, not to exceed \$3,000 for each occurrence of the material breach.
 3. For a third or further violation of the same nature within 12 months, a penalty of \$2,500 for each day of each material breach, not to exceed \$7,500 for each occurrence of the material breach.
- C. Any notice and any penalty may be issued or imposed by the City Manager. Any notice shall be in writing and sent to the State franchisee's address of record with the California Public Utilities Commission. Notices shall be transmitted by certified or registered mail, return receipt requested and postage prepaid, or by private commercial delivery or courier service for same day or next business day delivery with delivery and receipt signature required.
- D. The holder of a State video service franchise may appeal any finding of material breach or imposition of penalties to the City Council. Any appeal must be made within 10 calendar days of receipt by the State video service franchise holder of the finding of material breach or the imposition of penalties, and must be submitted in writing to the City Clerk and the City Manager to be placed on a City Council agenda for consideration. Any appeal must contain a detailed explanation of why the appellant believes that the finding of material breach or the imposition of penalties was inconsistent with statutory requirements.
- E. The City and any franchisee may mutually agree to extend the time periods specified herein. Any such agreement shall be in writing and executed by the City Manager and an authorized representative of the franchisee.
- F. Any penalty imposed on a franchisee shall be paid to the City. Pursuant to California Public Utilities Code, section 5900(g), the City shall submit one half of all penalties received from a franchisee for violations of customer service standards to the Digital Divide Account established by California Public Utilities Code, section 280.5.

5.16.130 – Discrimination based on income prohibited.

Pursuant to California Public Utilities Code, section 5890, a cable operator or video service provider that has been granted a State franchise may not discriminate against or deny access to service to any group of potential residential subscribers because of the income of the residents in the local area in which the group resides. The City may bring complaints to the State franchising authority if a holder does not offer video service as required by California Public Utilities Code, section 5890.

5.16.140 – Connections to cable system; use of antennae.

To the extent consistent with federal and state law, subscribers shall have the right to attach VCRs, receivers, and other terminal equipment to a franchisee's cable system. Subscribers also shall have the right to use their own remote-control devices and converters and other similar equipment.

5.16.150 – Captions.

The captions to sections throughout this chapter are for convenience of reference but shall not affect construction of this article.

5.16.160 – Calculation of time.

Unless otherwise indicated, when the performance or doing of any act, duty, matter, or payment is required under this article or any franchise, and a period of time or duration for the fulfillment of doing thereof is prescribed in this section, the time shall be computed so as to exclude the first and include the last day of the prescribed time.

5.16.170 – Severability.

If any term, condition, or provision of this chapter shall, to any extent, be held to be invalid or unenforceable by a valid order of any court or regulatory agency, the remainder of this chapter shall be valid in all other respects and continue to be effective. In the event of a subsequent change in applicable law so that the provision which had been held invalid is no longer invalid, such provision shall thereupon return to full force and effect without further action by the City and shall thereafter be binding on the franchisee and the City.

5.16.180 – Rights reserved.

- A. The rights reserved to the City under this chapter are in addition to all other rights of the City, whether reserved by this section or authorized by law, and no action, proceeding or exercise of a right shall affect any other rights which may be held by the City.
- B. Except as otherwise provided by state law, a State franchise shall not include, or be a substitute for:
 - 1. Compliance with generally applicable requirements for the privilege of transacting and carrying on a business within the City, including, but not limited to, compliance with the conditions that the City may establish before constructing facilities for, or providing, nonvideo services;
 - 2. Any permit or authorization required in connection with operations on or in public rights-of-way or public property, including, but not limited to, encroachment permits, street work permits, pole attachment permits, and street cut permits; and
 - 3. Any permit, agreement, or authorization for occupying any other property of the City or any private person to which access is not specifically granted by the State franchise.
- C. Except as otherwise provided in state or federal law, a State franchise shall not relieve a franchisee of its duty to comply with all laws, including the ordinances, resolutions, rules, regulations, and other laws of the City, and every franchisee shall comply with the same.
- D. Nothing contained in this section shall ever be construed exempt a franchisee from compliance with all ordinances, rules or regulations of the City now in effect or which may be hereafter adopted which are consistent with this section or California Public Utilities Code section 5800, *et seq.*



**City of Grass Valley
City Council
Agenda Action Sheet**

Title: Grass Valley Downtown Association 2022 Annual Review

CEQA: Not a project.

Recommendation: Informational item no action required

Prepared by: Taylor Day, City Clerk

Council Meeting Date: 05/09/2023

Date Prepared: 04/18/2023

Agenda: Administrative

Background Information: Annually the Grass Valley Downtown Association prepares an annual report to bring forward to the Council their activities of the previous year, the current budget, and their strategic plan. In addition to their annual report, they prepare the upcoming budget and request for the Business Improvement District (BID) funds for the year.

Council Goals/Objectives: The partnering with the Grass Valley Downtown Association executes portions of work tasks towards achieving/maintaining Strategic Goal number 6 - Inclusive Community Involvement and Leadership by participating in community events.

Fiscal Impact: N/A

Funds Available: N/A

Account #: N/A

Reviewed by: _ City Manager

Attachments: GVDA Presentation Packet

GRASS VALLEY DOWNTOWN ASSOCIATION

2023 DRAFT BUDGET		2022 ACUTAL	2023 BUDGET
GVDA ADMIN			
	INCOME	\$50,000.00	\$53,000.00
	EXPENSE	\$154,627.00	\$158,500.00
		<u>\$104,627.00</u>	<u>\$129,500.00</u>
2023 NEVADA COUNTY GRANT FUNDS	INCOME		\$22,000.00
BREWFEST			
	INCOME	\$40,098.00	\$45,375.00
	EXPENSE	\$15,375.00	\$15,375.00
		<u>\$24,723.00</u>	<u>\$30,000.00</u>
CAR SHOW			
	INCOME	\$17,147.00	\$21,000.00
	EXPENSE	\$4,863.00	\$5,000.00
		<u>\$13,276.00</u>	<u>\$16,000.00</u>
CORNISH CHRISTMAS			
	INCOME	\$62,738.00	\$58,000.00
	EXPENSE	\$47,337.00	\$38,000.00
		<u>\$15,401.00</u>	<u>\$20,000.00</u>
THURSDAY NIGHT MARKET			
	INCOME	\$29,851.00	\$27,000.00
	EXPENSE	\$11,357.00	\$12,000.00
		<u>\$18,494.00</u>	<u>\$15,000.00</u>
HOLIDAY MARKET			
	INCOME	\$2,022.00	\$3,000.00
	EXPENSE	\$1,295.00	\$2,000.00
		<u>\$727.00</u>	<u>\$1,000.00</u>
4TH OF JULY (50/50 SPLIT WITH GGVC)	PROFIT		\$5,000.00
FOOTHILL CELEBRATION	PROFIT		\$15,000.00
LOCAL 4 LOCALS	PROFIT		\$9,000.00
NET INCOME		<u>-\$32,005.00</u>	\$27,500.00



**Grass Valley Downtown Association
2022-2024 Strategic Plan**

Prepared by [Lillie Piland Chair, GVDA](#)



Grass Valley Downtown 2022 – 2024 Strategic Plan
Broad-base Goals, Four-Year Objectives and 2024
Priorities

Our Vision for downtown Grass Valley will be a historic and hip downtown that promise world class shopping, dining and entertainment for both locals and visitors. It will be the premier destination for small town charm with BIG TIME entertainment for families and a strong, quality nightlife. As the progressive and visionary heart of our community, downtown will be clean, well maintained, thriving and buzzing with activity day and night, bursting with successful businesses contributing to our local workforce. Exceptional cooperation among all stakeholders will produce a cohesive marketing message that "Downtown is a great place for visitors and locals alike." Downtown will diverse, upscale and affordable with ample parking for its customers, businesses and their workforce.

Our Mission in Supporting Downtown Grass Valley's Vision is that Grass Valley Downtown Association shall represent its general membership with a unified voice in economic development and historical preservation of downtown Grass Valley and our community. We utilize the National Main Street Four Point Approach as the structure we use for supporting the beautification activities and community events that we host thus fostering a viable, healthy downtown business district that is recognized as one of California's certified Main Street communities.

Our Broad-base Goals

- Support a clean, well-maintained Downtown that is pristine, welcoming and fosters community pride.
- Strengthen and broaden downtown's economic base to sustain a financially, viable business district that appeals to locals and visitors alike
- Promote downtown as the Heart of the Community and support events and activities that appeal to locals, families and visitors
- Manage an efficient, sustainable and well-respected organization that is recognized as the advocate for Downtown Grass Valley
- Establish a sustainable and diverse funding base to match the organizational programs and operational needs



**Grass Valley Downtown 2022 – 2024 Strategic Plan Broad-base Goals,
Three-Year Objectives and 2023 Priorities**

GOAL: Support a clean, well-maintained Downtown that is pristine, welcoming and fosters community pride.		
<u>Objectives (2022-2024)</u>	<u>2023 Priorities</u>	<u>Expected Outcomes</u>
<p>Encourage the continuous beautification of downtown's appearance and improvement to its public amenities.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Provide input on the physical elements proposed in the Mill Street Closure and Pedestrian Plaza Master Plan <input type="checkbox"/> Continue to work with the City to formulate design and execute seasonal plantings and decor throughout closed street <input type="checkbox"/> Pigeon Mitigation <input type="checkbox"/> Downtown Holiday Rooftop Skyline (lights) <input type="checkbox"/> Host and coordinate Downtown Clean Up Day with merchants and volunteers 	<ul style="list-style-type: none"> • <i>downtown looks nice and seasonal decor is changed regularly</i> • <i>Invest in health and wellbeing and cleanliness</i> • <i>Increase in investment by merchants, property owners and BID members</i>



Grass Valley Downtown 2022 – 2024 Strategic Plan *Broad-base Goals, Three-Year Objectives and 2023 Priorities*

GOAL: Strengthen and broaden downtown's economic base to sustain a financially, viable business district that appeals to locals and visitors alike.		
<u>Objectives (2022-2024)</u>	<u>2023 Priorities</u>	<u>Expected Outcomes</u>
<p>Support a healthy, well-balanced business mix focusing on maintaining a strong retail sector.</p> <p>Continue acting as a mentor/ambassador for entrepreneurs interested in opening businesses in Downtown.</p> <p>Welcome new businesses, introduce them to the benefits of GVDA and get them involved.</p> <p>Reinvigorate Current Member Base to actively participate and volunteer within the organization.</p> <p>Work with property owners to address key opportunity sites (vacancies).</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Continue to promote business trainings and resources through GVDA communication venues (Block Captain program, website, email blasts, social media) <input type="checkbox"/> Assist with collecting annual reinvestment figures and look for ways to promote them <input type="checkbox"/> Focus on the BID process with the City to ensure all businesses are paying dues <ul style="list-style-type: none"> • Assessment • Delinquencies • Education <input type="checkbox"/> Maintain vacancy listings <input type="checkbox"/> Strengthen communication with the downtown property owners and BID Members <ul style="list-style-type: none"> • Focus on including BID members who aren't located in the T • Re-instate Board Blocks to communicate with individual business and property owners • Continue Monthly Merchant and Committee Meetings <input type="checkbox"/> Visit all new businesses and provide them with information about the GVDA 	<ul style="list-style-type: none"> • <i>Net new businesses</i> • <i>Net new jobs created</i> • <i>Increase in private investment</i> • <i>Increase in public investment</i> • <i>Increase engagement in the organization via committee participation</i>



Grass Valley Downtown 2022 – 2024 Strategic Plan *Broad-base Goals, Three-Year Objectives and 2023 Priorities*

GOAL: Promote downtown as the Heart of the Community and support events and activities that appeal to locals, families and visitors		
<p><u>Objectives (2022-2024)</u></p> <p>Continue to evaluate the GVDA's Annual Calendar of Events and look for opportunities to raise profitability from each event, keep them fresh and attract the desired demographic.</p> <p>Foster collaboration with partnering organizations</p> <p>Consistently market downtown Grass Valley using a variety of tactics</p>	<p><u>2023 Priorities</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Add new events to the Event Calendar <ul style="list-style-type: none"> ○ Heart of the Town Valentine's Open House and Local For Locals <input type="checkbox"/> Re-envision/Enhance St. Piran's and 4th of July events <input type="checkbox"/> Elevate all current events to curate a thoughtful, engaging and exciting experience for attendees. <input type="checkbox"/> Meet or exceed budgeted profits from all calendared events on calendar <input type="checkbox"/> Continue to leverage the California Cultural District Designation as a marketing tool <input type="checkbox"/> Work with local organizations to enhance events and foster strong relationships with community partners. <input type="checkbox"/> Continue with a robust Marketing/Promotion strategy- Focus on newsletter, social media postings and website 	<p><u>Expected Outcomes</u></p> <ul style="list-style-type: none"> • <i>Invigorate Events Calendar</i> • <i>Grow event profitability</i> • <i>Cohesive social media, marketing strategy in tandem with GGVCC and City of Grass Valley</i> • <i>Increased visitation and commerce</i> • <i>Enhanced collaboration with community partners</i>



Grass Valley Downtown 2022 – 2024 Strategic Plan *Broad-base Goals, Three-Year Objectives and 2023 Priorities*

GOAL: Manage an efficient, sustainable and well-respected organization that is recognized as the advocate for Downtown Grass Valley		
Objectives (2022-2024)	2023 Priorities	Expected Outcomes
<p>Expand the staffing power and operations to meet the demands of the program.</p> <p>Sustain an engaged Board of Directors that represents a solid cross-section of the downtown stakeholders.</p> <p>Continue to develop the organizational infrastructure to support operations and engage interested volunteers, partners and downtown merchants</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Execute partnership with GGVCC <input type="checkbox"/> Brown Act Compliance <input type="checkbox"/> Video record Board Meetings <input type="checkbox"/> Hire staff to support our organizational needs <input type="checkbox"/> Actively participate in the Mill Street Closure and Pedestrian Plaza Master Plan project <input type="checkbox"/> Board members to participate in Brown Act and Board Training <input type="checkbox"/> Update Strategic Plan <input type="checkbox"/> Annual Membership Meeting <input type="checkbox"/> Support and empower active committees that are led by Chairs <input type="checkbox"/> Reinvigorate Member participation at committee and event levels <input type="checkbox"/> Continue to evaluate all memberships, contracts, etc. to reduce unneeded expenses <input type="checkbox"/> Continue to maintain and grow partnerships and collaborations 	<ul style="list-style-type: none"> • <i>More effective and efficient Board meetings</i> • <i>Increase in number of stakeholders and partners volunteering on committees and activities.</i> • <i>New volunteers reached</i> • <i>Increased volunteer hours invested in Downtown</i> • <i>Increased funding</i>



Grass Valley Downtown 2022– 2023 Strategic Plan *Broad-base Goals, Three-Year Objectives and 2023 Priorities*

Goal: Establish a sustainable and diverse funding base to match the organizational programs and operational needs		
<u>Objectives (2022-2024)</u>	<u>2023 Priorities</u>	<u>Expected Outcomes</u>
<p>Fine tune the GVDA internal financial infrastructure</p> <p>Increase collection of revenue due from BID memberships</p> <p>Grow our sponsorship program</p> <p>Research and submit proposals for appropriate grant and/or other funding opportunities.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Establish 2023 Budget <input type="checkbox"/> Develop a plan for collecting past due assessments <input type="checkbox"/> Leverage the newly reinstated 501(C)3 Foundation to identify educational grants to enhance event experience <input type="checkbox"/> Create significant sponsor opportunities for all events <input type="checkbox"/> Continue to align projects with possible partnership opportunities 	<ul style="list-style-type: none"> • <i>100% BID assessments collected</i> • <i>Stay current on all state & federal filings</i> • <i>Increase in revenue from event sponsorships</i> • <i>Increase in revenue through grant and/or funding opportunities</i>

Annual Review

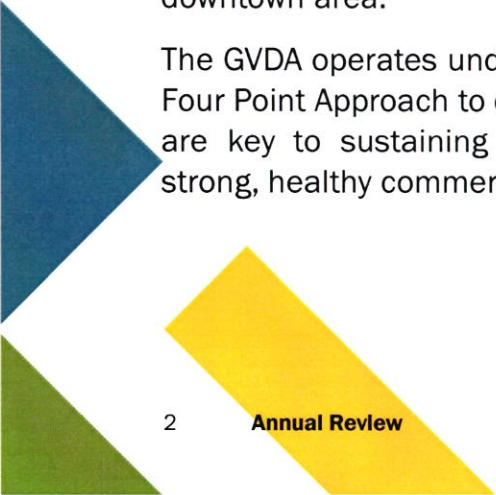


2022

Introduction

The Grass Valley Downtown Association is a 501 C 4 Not for Profit organization that provides the 240+ downtown businesses located within the Business Improvement District (BID) boundaries with a unified voice and an umbrella organization that concerns itself with those issues impacting the downtown area.

The GVDA operates under the National Main Street Four Point Approach to downtown revitalization that are key to sustaining and enhancing a vibrant, strong, healthy commercial business district.



Our Team



Robin Galvan Davies
Executive Manager



GVDA and GV Chamber — We're Engaged!

- **Lillie Robertson,**
Chairperson
- **Joy Porter,**
Vice Chairperson
- **Debbe Blakemore,**
Treasurer
- **Alyssa Orellana,**
Secretary

- **Sue Amick,**
Board Director
- **Nicole Arbaugh,**
Board Director
- **Craig Hamilton,**
Board Director



Mary Ann Boyer
Member Outreach, Event Support

Rachel Rodgers
Media Coordinator, Event Support

Last year



ORGANIZATION- Operational Highlights and Accomplishments

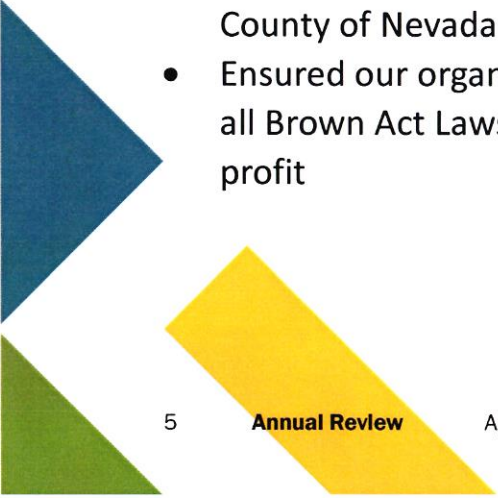


Bank of the West
Special Document Delivery!

This past year we delved deep into our organizational footprint. We cleaned, cleared, reinvented and rebuilt this pillar of the GVDA. We transitioned the organization from dying to thriving.

- Entered into a management agreement with the GGVCC to allow for a revamp of our organization.
- Received a \$69,000 ARPA Grant from County of Nevada
- Ensured our organization was adhering to all Brown Act Laws governing our non-profit
- Moved the office to new location and digitized all files
- Cleaned up our book-keeping system so it was accurate and usable. Filed back tax returns
- Reinstated our Foundation in order to pursue grants in 2023 and onward

The alliance with the Chamber has increased the GVDA's capacity and resiliency. Our organization is now able to thrive in all aspects of carrying out our goals and objectives.



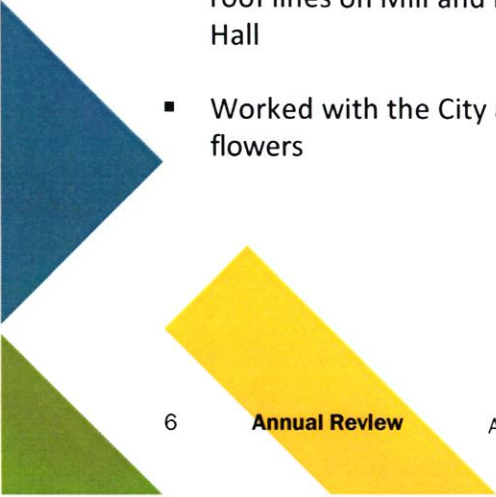
DESIGN-Beautification Highlights and Accomplishments



Improved the Overall Physical Appearance of the Downtown Business District

- Invested \$8,000 for Pigeon mitigation in downtown. **One hundred and sixty-six** pigeons were humanely captured and relocated.
- Spent \$3425 for Christmas light-scape repairs along roof lines on Mill and Main streets, including City Hall
- Worked with the City and Chamber to help plant flowers
- Lobbied for way-finding signs for parking areas and the informational kiosk installed on Mill St to share information with Merchants and Community Members
- Actively participated in the Mill Street Redesign Project.

We can't wait for the Mill Street project to be completed. It's going to be beautiful!



ECONOMIC VITALITY Highlights and Accomplishments

Assisted with the Retention of Businesses in Downtown

- Welcomed 21 new businesses to downtown
- Host merchant meetings that are well attended by our BID and the City
- Launched Monday Merchant Memos- better communication with our members
 - 720 subscribers with a 49-53% open rate
 - Feature a “Merchant Spotlight” and BID member news each week
- Reinvigorated the organization with a strong, working board and committee participation:
 - 9 Members – Economic Vitality Committee
 - 6 Members – Promotions Committee
 - 5 Members – Design Committee
- Acted as liaison for property owners and potentially interested parties to help fill vacancies



Working diligently to create value in the BID of which our membership and community partners can be proud.



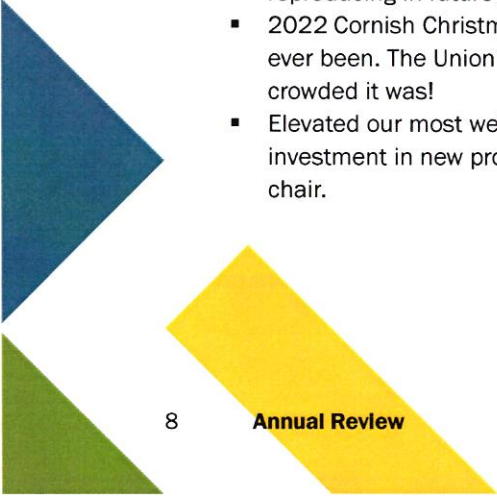
PROMOTIONS- Events and Marketing Highlights and Accomplishments

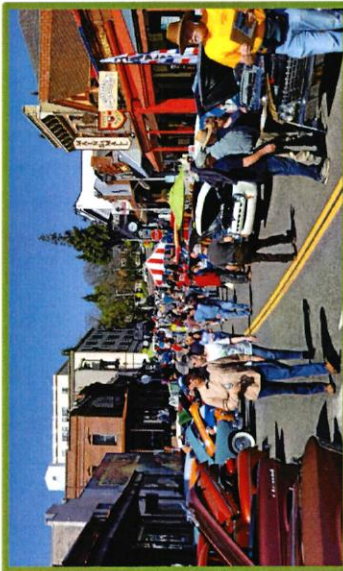


Reformatted and Curated high-quality events that were profitable

- Reformatted our signature events and increased sponsorship by 500% over 2022
- Developed a format for each event, including usable templates, branded advertising materials, and easy to understand vendor, expense and profit records to simplify reproducing in future years
- 2022 Cornish Christmas was the busiest the street has ever been. The Union's photos are a testament to how crowded it was!
- Elevated our most well-known event with a \$3,300 investment in new props including Santa's sleigh and chair.
- Car show: 218 participants, Increased sponsorship by \$7680 and profits by 100%
- Brew Fest 600 attendees Increased sponsorship by 100% and profits by 100%. 3 top title sponsors have already recommitted for 2023
- Hosted Holiday Open House, which merchants reported was in their top 3 most profitable days of the year
- Other successful community focused events included: Thursday Night Markets, July 4th festivities, The Sidewalk Sale, St Piran's Day and Donation Day Parade.

Showcased our BID merchants, and a thriving downtown shopping and entertainment district through elevated events





Item # 12.

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Goals for 2023

Organizational Priorities

- Define a formal Strategic Alliance with the GGVCC
- Rectify the BID list used to identify member and educate those who are not currently paying their dues

Beautification Priorities

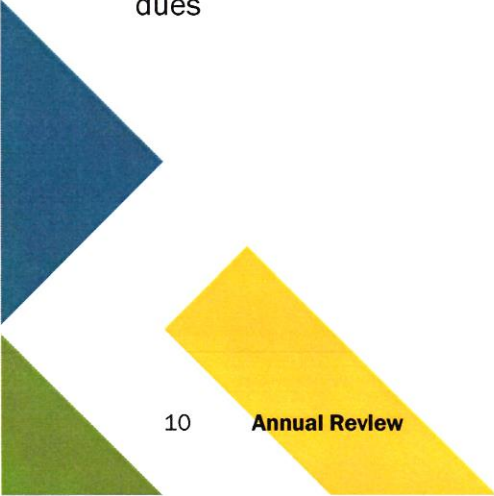
- Continue to be the front-line cheerleaders of the redesign project
- Advocate and participate in the ongoing discussions regarding parking and permanent bathrooms
- Pigeon Mitigation

Economic Priorities

- Increase our profit margin by 10%
- Identify grant opportunities to leverage our newly reinstated 501C3
- Social media/branding workshops for members

Event Priorities

- Increase profitability of each event by at least 10%
- Launch two new signature events
 - Locals for Locals
 - Day of the Dead





Looking ahead

We are re-creating our program of work to provide value in the contributions we make to our members and community.

Having completed a year of restoring the Grass Valley Downtown Association, we are dedicated to achieving a sound and sustainable financial platform, attaining organizational clarity and polishing our exceptional calendar of events, and ultimately, to showcase Downtown Grass Valley as the crown jewel of Western Nevada County.

Thank you for your time!



City of Grass Valley City Council Agenda Action Sheet

Title: Development Impact Fees - Draft Capacity and Impact Fee Studies

CEQA: Not a Project

Recommendation: That Council 1) receive a presentation on the Water and Wastewater Capacity Fee study process and findings, 2) receive a presentation on the Development Impact Fee study process and findings 3) set a public hearing for June 27, 2023 for the AB1600 update of Water, Wastewater and Development Impact Fees.

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

Council Meeting Date: 5/9/2023

Date Prepared: 5/3/2023

Agenda: Administrative

Background Information: In September 2021, the City entered into a professional services agreement with NBS for the preparation of a Development Nexus and Impact Fee Study, as well as a Water and Sewer Rate Study which will be discussed in a separate item. Two studies were prepared simultaneously for the Impact Fee portions, one for Water and Wastewater Capacity Fees and one for Development Fees for all other City facilities, including Parks, Fire, Police, General Facilities and Storm Drainage Improvements. The studies seek to analyze the impacts of new development on the various types of City capital facilities and systems, and to calculate suitable impact fees based on that analysis.

The Water and Wastewater Capacity Fee report addresses the utility system assets; the treatment facilities, distribution and collection system infrastructure, and the various equipment and vehicles required to operate the system and provide service to users. Updated AB1600 project lists for both systems were developed based on the projects identified in the system Master Plans and includes those future capital improvement projects required to serve both existing and future development. The report uses a “Combination Approach” which requires new customers to pay both their fair share of existing system assets, as well as their share of the planned future capital improvements needed to provide the necessary capacity in the City’s water and wastewater systems. In short, the proposed Base Capacity Fee is proposed to be adjusted as follows:

- Water Capacity Fee increased by 3.4% to \$12,077 from \$11,681 existing
- Wastewater Capacity Fee decreased by 26.6% to \$9,078 from \$12,370 existing

The Development Impact Fee study takes a similar approach to analyze all the existing City owned assets and facilities in order to establish an existing level of service as a cost per capita. This cost is then converted into impact fees per unit of future development for each of the specific types of City facilities studied: Parks, Fire, Police, General and Storm Drainage.

It should be noted that because of provisions in AB 602 incorporated into California law in 2022, impact fees for residential development are now proposed to be based on unit size categories rather than unit type. Additionally, storm drainage impact fees are now calculated as per-acre fees rather than per-unit fees. The land use categories used to calculate storm drainage impact fees are not consistent with the categories of development used for the other impact fees, so storm drainage fees are shown in a separate schedule. In short, the sum of the proposed impact fees (excluding drainage) for a standard size residential unit (1,200 - 2,100SF) is proposed to be increased 22% from the existing \$4,641.50 to \$5,681.95, as shown in the summary tables attached to this report.

Staff and the consultant have extensively reviewed the numbers and assumptions in the report in order to minimize the fiscal impact on future development while ensuring a consistent level of service is possible as that development occurs. Staff have met with representatives of the local Contractor’s Association to allow input and listen to their concerns. In sum, when one considers a standard 1,500SF residential home built on a 10,000 square foot lot, with water and sewer services, the proposed total development impact fees paid to the City would be \$27,232.37 compared to an existing total cost of \$29,515.01, an 7.7% reduction in impact fees.

NBS representatives will give the Council a presentation summarizing the Impact Fee Study process, demonstrating how the proposed fees affect the current typical residential development cost, and the next steps in the implementation process. Staff recommends that Council review the draft impact/capacity fee reports, provide comments to Staff concerning the proposed implementation of the proposed fees and set the public hearing for the adoption of Water, Wastewater and Development Impact Fees.

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 #3 - Recreation and Parks, Goal #4 - Economic Development and Vitality, Goal #6 - Public safety and Goal #7 Water & Wastewater Systems & Underground Infrastructure.

Fiscal Impact: The proposed water, wastewater and development impact fees are established based on the capital costs for facilities and other capital assets needed to mitigate the impacts of additional development.

Funds Available: N/A

Account #: N/A

Reviewed by: ___ City Manager

ATTACHMENT 1: PROPOSED CITYWIDE IMPACT FEES TABLE

Development Type	Unit Type ¹	Park Imprvmts	Park Trails	Fire	Police	General Gov't ²	Total
Residential: <800 Sq. Ft.	DU	2,717.47	267.29	297.03	406.79	1,054.28	\$ 4,742.86
Residential: 800-1,200 Sq. Ft.	DU	2,860.49	281.36	472.55	508.49	1,109.77	\$ 5,232.66
Residential: >1,200-2,100 Sq. Ft.	DU	3,003.52	295.42	607.56	610.19	1,165.26	\$ 5,681.95
Residential: >2,100 Sq. Ft.	DU	3,146.54	309.49	742.58	677.99	1,220.75	\$ 6,097.34
Commercial	KSF			374.58	1,428.60	532.39	\$ 2,335.58
Hotel/Lodging	Room			604.61	467.97	122.11	\$ 1,194.69
Office	KSF			103.02	221.03	473.78	\$ 797.83
Medical Office	KSF			667.54	1,421.50	454.24	\$ 2,543.29
Hospital Facilities	Bed			2,226.55	1,523.98	3,536.27	\$ 7,286.80
Light Industrial	KSF			44.47	121.46	210.03	\$ 375.95
Manufacturing	KSF			103.50	60.24	302.83	\$ 466.56
Warehouse	KSF			41.95	105.09	92.80	\$ 239.84
College/University	Students			1.54	3.10	48.84	\$ 53.49

¹ DU = dwelling unit; KSF = 1,000 gross square feet of building area; Room = hotel guest room; Bed = patient bed

² General government impact fees include animal control impact fees

EXISTING CITYWIDE IMPACT FEES TABLE

Development Type	Unit Type ¹	Park Imprvmts	Park Trails	Fire	Police	General Gov't.	Total
Residential: <800 Sq. Ft.	DU	2,423.49	0.00	715.87	289.13	393.87	\$ 3,822.36
Residential: 800-1,200 Sq. Ft.	DU	2,423.49	0.00	715.87	289.13	393.87	\$ 3,822.36
Residential: >1,200-2,100 Sq. Ft.	DU	2,945.92	0.00	870.19	346.82	478.57	\$ 4,641.50
Residential: >2,100 Sq. Ft.	DU	2,945.92	0.00	870.19	346.82	478.57	\$ 4,641.50
Commercial	KSF			772.29	635.05	256.96	\$ 1,664.30
Hotel/Lodging	Room			164.75	126.88	54.93	\$ 346.56
Office	KSF			1,005.77	288.14	334.98	\$ 1,628.89
Medical Office	KSF			939.51	472.71	312.51	\$ 1,724.73
Hospital Facilities	Bed			782.82	229.87	260.82	\$ 1,273.51
Light Industrial	KSF			534.73	91.36	18.55	\$ 644.64
Manufacturing	KSF			391.61	49.95	138.13	\$ 579.69
Warehouse	KSF			295.40	64.89	98.75	\$ 459.04
College/University	N/A					No Existing Fee	

¹ DU = dwelling unit; KSF = 1,000 gross square feet of building area; Room = hotel guest room; Bed = patient bed

ATTACHMENT 2: PROPOSED WATER CAPACITY FEES TABLE

Meter Size	Standard Meters ¹		Capacity Fee by Meter Size
	Meter Capacity (gpm)	Equivalency to 3/4-inch meter	
Current Fee			\$11,681
	<i>Displacement Meters</i>		
5/8 inch	30	1.00	\$12,077
3/4 inch	30	1.00	\$12,077
1 inch	50	1.67	\$20,128
1.5 inch	100	3.33	\$40,256
2 inch	160	5.33	\$64,410
	<i>Compound Class I Meters</i>		
3 inch	320	10.67	\$128,820
4 inch	500	16.67	\$201,281
6 inch	1,000	33.33	\$402,561
8 inch	1,600	53.33	\$644,098

1. Meter flow rates are from AWWA M-1 Table B-1.

PROPOSED WASTEWATER CAPACITY FEES TABLE

Summary of Capacity Fee Calculation	System Cost Basis	Estimated EDU Increase	Base Capacity Fee per EDU
Current Capacity Fee			\$12,370
Proposed Sewer Capacity Fee	\$ 15,672,910	1,726	\$9,078



GRASS VALLEY
A PLACE TO LIVE AND THRIVE

Water & Wastewater Capacity Fee Study

Draft Report

May 2023

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Section 1. Executive Summary

A. Background and Purpose

The City of Grass Valley retained NBS to conduct a water and wastewater capacity fee study in conjunction with the recent water and wastewater rate study for two primary reasons: (1) to ensure that the fees are updated to comply with legal requirements and industry standards, and (2) to ensure that these fees reflect the cost of capital infrastructure needed to serve new connections, or any person requesting additional capacity in the City’s water and/or wastewater utility (referred to throughout as “future customers”).

The fees updated in this study are commonly referred to as “connection fees,” “capital facility fees,” “system development charges,” or in this case, “capacity fees.” The terms are often used interchangeably, and California Government Code Section 66013 defines these types of fees (referred to as a “capacity charge”) as a one-time “charge for public facilities in existence at the time a charge is imposed or charges for new public facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged, including supply or capacity contracts for rights or entitlements, real property interests, and entitlements and other rights of the local agency involving capital expense relating to its use of existing or new public facilities.”

It authorizes public agencies to impose capacity fees on customers connecting to or upsizing their connection to the water and/or wastewater systems. The fee is intended to ensure that they pay their fair share of existing utility asset costs plus the costs of new facilities needed to serve them. In its simplest form, capacity fees are the result of dividing the cost (or value) of the current system assets plus planned capital improvements, by the expected number of future customers. As a result, future customers connecting to the City’s water and/or wastewater utilities would enter as equal participants along with current customers regarding their financial commitment and obligations to the utilities.

Whereas water and sewer rate increases imposed on existing customers require a protest ballot under Proposition 218, capacity fees do not because they are considered an appropriate funding mechanism for facilities that benefit new development. These fees may be imposed by a majority vote of the governing legislative body, which in this case is the Grass Valley City Council. This report provides the documentation and findings necessary for the adoption of the proposed capacity fees.

B. Overview of Capacity Fee Program Methodology

Various methodologies have been and are currently used to calculate water and wastewater capacity fees. The following lists the most common methodologies from the American Water Works Association’s *Principles of Water Rates, Fees and Charges*¹, also referred to as Manual M1:

- The value of existing (historical) system assets, often called a “system buy-in” methodology.

¹ *Principles of Water Rates, Fees, and Charges, Manual of Water Supply Practices, Manual M1, American Water Works Association (AWWA), Seventh Edition, 2017.*

- The value of planned future improvements, also called the “incremental” or “system development” methodology.
- A combination of these two approaches.

This analysis uses the “Combination Approach,²” which requires new customers to pay both their fair share of existing system assets as well as their share of the planned future capital improvements needed to provide them with capacity in the City’s water and wastewater systems.

In its simplest form, capacity fees are calculated by dividing the costs allocated to future development by the anticipated number of units for new development as defined below:

- Costs of planned future facilities and improvements required to serve new development are those that can reasonably be allocated to future development.
- The number of new units (i.e., growth) are those units projected to occur within the timeframe covered by the capacity fee analysis.

Capacity fees are one-time fees intended to reflect the cost of existing infrastructure and planned improvements available to new services, which place new utility customers or existing customers requesting an increase in service capacity on equal basis from a financial perspective with existing customers. Once new customers are added to the system, they then incur the obligation to pay the same service charges or water and wastewater rates that existing rate customers pay.

This capacity fee study and the recommended fees assume a given level of development activity over the course of the study period based on data available from the City’s 2016 Water System Master Plan. The development that occurs may result in both different impacts and fee revenues than those that are calculated in this study. For that reason, regular updates are recommended to adjust the fees to match the needs created by the rate of actual development.

In developing the proposed fees, NBS worked cooperatively with City staff. The fees presented in this study reflect input provided by City staff regarding financial matters, available capacity in the water and wastewater systems, existing asset values, and planned capital improvements.

Sections 2 and 3 discuss in more detail the development of the water and wastewater capacity fees and presents the updated fees recommended for new and upsized connections.

² Method of calculating capacity fees (also known as System Development Fees, Connection Fees, Capital Facility Fees) are set forth in the American Water Works Association’s *Principles of Water Rates, Fees and Charges* Seventh Edition (2017) pages 311 to 347.

Section 2. Water Capacity Fee Study

A. Existing Connections and Projected Future Growth

The City currently has approximately 2,453 equivalent 3/4-inch water meters connected to the water system. For the purpose of this study, 5/8-inch meters are treated the same as 3/4-inch meters; which is a common industry practice when setting rates and fees for smaller meter sizes. **Figure 1** shows the current number of equivalent meters connected to the system by customer class.

Figure 1. Current Water Customers

Demographic Statistics	Existing Units
Residential	1,510
Multi Family Residential	376
Commercial Institutional	372
Manufacturing Industrial	13
Open Space/Public	51
Office Professional	131
TOTAL	2,453

1. Existing unit estimates from the 2016 Water System Master Plan.
Source file: rpt_wmp_grass_valley_FINAL_PRINT_20160520.pdf

Figure 2 shows the existing and projected service numbers for the water utility. The anticipated future connections are based on the City's projected water demand from the 2016 Water Master Plan. Using the projected water demand as a proxy to calculate the anticipated addition of water service accounts, new customers will be allocated about 13% of existing assets, planned assets, cash and debt in the capacity fee calculation, as shown in Figure 2.

Figure 2. Existing and Projected Service Numbers – Water Utility

Demographic Statistics	Existing	Buildout Total ¹	% Allocation Factors		Cumulative Change	
			Existing Customers	New Customers	Projected Demand	% Increase
Projected Annual Water Demand	387 MG	445 MG	87.0%	13.0%	58 MG	15.0%
Water Service Accounts	2,453	2,821	87.0%	13.0%	368	15.0%

1. Projected water demand estimates from the 2016 Water System Master Plan. Source file: rpt_wmp_grass_valley_FINAL_PRINT_20160520.pdf

B. Existing and Planned Assets

The capital assets addressed in this study include existing assets and planned capital improvements (i.e. the system buy-in and incremental assets). An important aspect of this study is how the value of existing utility assets is determined. For example, the purchase price does not account for wear and tear, and current book value (i.e., purchase price less accumulated depreciation) typically underestimates the "true value" of facilities as it does not account for cost increases over time. Therefore, this study uses the replacement-cost-new-less-depreciation (RCNLD) approach summarized in **Figure 3** to estimate existing asset values that reflects estimated cost inflation and depreciation.

Figure 3. Summary of Existing Asset Values – Water Utility

Asset Category ¹	System Buy-In Cost Basis	Allocation Basis (%) ²		Distribution of Cost Basis (\$)	
		Existing Customers	Future Customers	Existing Customers	Future Customers
WATER TREATMENT PLANT	\$ 9,752,134	87.0%	13.0%	\$ 8,481,070	\$ 1,271,065
TANKS	502,719	87.0%	13.0%	437,196	65,523
MAINS & HYDRANTS	7,570,596	87.0%	13.0%	6,583,866	986,729
WATER MACHINERY & EQUIPMENT	120,778	87.0%	13.0%	105,036	15,742
Total Capital Facilities & Equipment	\$ 17,946,227	87.0%	13.0%	\$15,607,168	\$ 2,339,059

1. Source file for Grass Valley current water assets as of July 2021: *Fixed Assets & Deprc. FY 2020-21_JT.xlsx*

2. Based on proportionate allocation between existing and future users. See Table 2 in Exhibit 1 for demographic expectations.

The RCNLD is calculated by escalating the book value of existing assets to current-day values using inflation factors from the Handy-Whitman Index of Public Utility Construction Costs for Water Utility Construction. Figure 3 summarizes the System Buy-In Cost Basis by Asset Category for the water utility. For this analysis, assets that have exceeded their useful life (as defined in the City’s asset records) were considered to have no remaining value. This approach was used for all assets, except land, which does not depreciate.

The system cost basis was allocated to current customers based on the 87% allocation factor previously shown in Figure 2. Figure 3 shows the allocation of the \$17.9 million system buy-in costs to current and future customers. Future customers are allocated approximately \$2.33 million of the existing water utility assets, or about 13%.

The cost estimates for planned future improvements used to calculate the system development component of the capacity fees are allocated using the same allocations factors developed in Figure 2, as these projects benefit both current and future customers. **Figure 4** includes a list of future capital improvement projects; where future customers are allocated about \$2.2 million of the planned capital costs.

The City may have additional capital projects that are needed to serve future developments, and the costs of such projects may be recovered through a development agreement. This will be evaluated on a case by case basis as part of the development review process.

Figure 4. Planned Assets Allocated to Current & Future Customers – Water Utility

Capital Project Description ¹	Future Cost Estimate (thru 2042) ¹	Funding Source ¹	% Allocation ²		Distribution of Cost Basis (\$)	
			Existing Customers	Future Customers	Existing Customers	Future Customers
Replace 4" on E. Main Street. Install 6" pipeline, and hydrants	\$ 260,000	Future	0.0%	100.0%	\$ -	\$ 260,000
Replace 2" steel line	\$ 80,000	Current/Future	87.0%	13.0%	\$ 69,573	\$ 10,427
Replace water main with 8" water main, extend 2" water line and connect 2 parcels	\$ 140,000	Future	0.0%	100.0%	\$ -	\$ 140,000
Upgrade to 2", no hydrant	\$ 80,000	Future	0.0%	100.0%	\$ -	\$ 80,000
Construct 4 new services with meters	\$ 30,000	Current/Future	87.0%	13.0%	\$ 26,090	\$ 3,910
Eliminate dead end system on Kendall St.	\$ 210,000	Current/Future	87.0%	13.0%	\$ 182,629	\$ 27,371
Replace 4" line and tie to 6" line	\$ 130,000	Current/Future	87.0%	13.0%	\$ 113,056	\$ 16,944
Replace 2" steel like with 8" line	\$ 230,000	Future	0.0%	100.0%	\$ -	\$ 230,000
Replace 2" and tie in to 12"	\$ 230,000	Current/Future	87.0%	13.0%	\$ 200,022	\$ 29,978
Replace with 6" pipe Maryland Dr.	\$ 250,000	Current/Future	87.0%	13.0%	\$ 217,416	\$ 32,584
Upgrade to 6" North Church St.	\$ 250,000	Current/Future	87.0%	13.0%	\$ 217,416	\$ 32,584
Upgrade to 6" on Temby St.	\$ 160,000	Current/Future	87.0%	13.0%	\$ 139,146	\$ 20,854
Reround line from Wood St to N. Auburn	\$ 90,000	Current/Future	87.0%	13.0%	\$ 78,270	\$ 11,730
Install new pipelines to increase Fire flow	\$ 1,100,000	Current/Future	87.0%	13.0%	\$ 956,629	\$ 143,371
Install new 6" pipeline at Cornwall	\$ 100,000	Current/Future	87.0%	13.0%	\$ 86,966	\$ 13,034
Upgrade to 8" at Stacy Ln.	\$ 300,000	Current/Future	87.0%	13.0%	\$ 260,899	\$ 39,101
Install new booster pump and check valves	\$ 260,000	Current/Future	87.0%	13.0%	\$ 226,112	\$ 33,888
Rehab Empire Tank coating systems	\$ -	Current/Future	87.0%	13.0%	\$ -	\$ -
Remove and waste existing booster pumps	\$ 10,000	Current/Future	87.0%	13.0%	\$ 8,697	\$ 1,303
Piping upgrades for new pumps	\$ 40,000	Current/Future	87.0%	13.0%	\$ 34,787	\$ 5,213
Install flow control valve on new pump discharge	\$ 20,000	Current/Future	87.0%	13.0%	\$ 17,393	\$ 2,607
Install new booster pumps	\$ 260,000	Current/Future	87.0%	13.0%	\$ 226,112	\$ 33,888
Upsize downstream main	\$ 270,000	Current/Future	87.0%	13.0%	\$ 234,809	\$ 35,191
Install new booster pump for Empire Ct.	\$ 260,000	Current/Future	87.0%	13.0%	\$ 226,112	\$ 33,888
Booster pump check valves	\$ 110,000	Current/Future	87.0%	13.0%	\$ 95,663	\$ 14,337
Install streaming current monitor in influent channel	\$ 60,000	Current/Future	87.0%	13.0%	\$ 52,180	\$ 7,820
Install flow control valve on raw water influent line	\$ 140,000	Current/Future	87.0%	13.0%	\$ 121,753	\$ 18,247
Replace Flocculator Paddles	\$ 550,000	Current/Future	87.0%	13.0%	\$ 478,315	\$ 71,685
Replace catwalks between flocculation and sedimentation basins	\$ 480,000	Current/Future	87.0%	13.0%	\$ 417,438	\$ 62,562
Repair cracks in sedimentation basin	\$ 200,000	Current/Future	87.0%	13.0%	\$ 173,933	\$ 26,067
Replace filter media and repair filter basin walls	\$ 230,000	Current/Future	87.0%	13.0%	\$ 200,022	\$ 29,978
Replace filter underdrain and overflow troughs (requires inspection of existing facilities)	\$ 350,000	Current/Future	87.0%	13.0%	\$ 304,382	\$ 45,618
Upgrade plant water system - pumps hydropneumatics, etc. (requires inspection of existing facilities)	\$ 590,000	Current/Future	87.0%	13.0%	\$ 513,101	\$ 76,899
Replace sodium hypochlorite tank	\$ 100,000	Current/Future	87.0%	13.0%	\$ 86,966	\$ 13,034
Install sunshade structure over chemical storage tanks	\$ 200,000	Current/Future	87.0%	13.0%	\$ 173,933	\$ 26,067
Stormwater sump improvements at treated water storage tanks	\$ 200,000	Current/Future	87.0%	13.0%	\$ 173,933	\$ 26,067
Water recycle pumps in storage basin	\$ 280,000	Current/Future	87.0%	13.0%	\$ 243,506	\$ 36,494
Ongoing generator maintenance program	\$ 40,000	Current/Future	87.0%	13.0%	\$ 34,787	\$ 5,213
Install paperless recorders to replace chart recorders	\$ 130,000	Current/Future	87.0%	13.0%	\$ 113,056	\$ 16,944
Upgrade plant SCADA system	\$ 240,000	Current/Future	87.0%	13.0%	\$ 208,719	\$ 31,281
Future Projects ³	\$ 2,465,833	Current/Future	87.0%	13.0%	\$ 2,144,444	\$ 321,390
Total	\$ 11,125,833		81.4%	18.6%	\$ 9,058,264	\$ 2,067,569

1. Estimated capital improvement project costs found in source files: rpt_wmp_grass_valley_FINAL_PRINT_20160520.pdf, Appendix

2. Costs allocated to current and future determined in City CIP file.

3. Future projects estimated at \$750,000 annually starting in FY 32, and future customers are estimated to be responsible for 25% of total costs through FY 2042.

C. Adjustments to the Cost Basis

Before the capacity fees are developed, an adjustment is applied to the cost basis to account for existing cash reserves and outstanding debt. Existing cash reserves are treated as an asset because they were funded by current customers and are available to pay for capital and/or operating costs of the water utility that future customers will benefit from, once connected. The cash reserves are, in a sense, no different than any other water utility asset. The existing cash reserves allocated to current and future customers are summarized in **Figure 5** using the same percent allocation factors from Figure 2. Future customers are credited about \$442,000 of cash reserves.

Figure 5. Cash Reserves Allocated to Future Customers – Water Utility

Cash Reserves	Beginning Cash ¹	% Allocation		\$ - Allocation	
		Existing Customers	Future Customers	Existing Customers	Future Customers
Un-restricted Reserves					
Water Operating Reserve Fund	\$ 2,054,755	87.0%	13.0%	\$ 1,786,944	\$ 267,811
Working Capital Reserve Fund	\$ 325,000	87.0%	13.0%	\$ 282,640	\$ 42,360
System Reinvestment Reserve Fund	\$ 360,663	87.0%	13.0%	\$ 313,655	\$ 47,008
Emergency Reserve Fund	\$ 300,000	87.0%	13.0%	\$ 260,899	\$ 39,101
Restricted Reserves					
Debt Service Reserve Fund ²	\$ 350,761	87.0%	13.0%	\$ 305,044	\$ 45,717
Connection Fee Reserve Fund ³	\$ -	87.0%	13.0%	\$ -	\$ -
Total Beginning Cash	\$ 3,391,179	87.0%	13.0%	\$ 2,949,183	\$ 441,996

1. Beginning cash balance for the Water Fund is found in trial balance. Source File: *Trial Balance - Water_Sewer as of 092021.pdf*

Cash Balances for individual funds from City staff: Email from Dec. 9, 2021

2. Beginning cash balance for two debt reserves from City staff: *Email from Dec. 9, 2021*

3. Connection fees are used for applicable items each year as they are collected.

Connection Fee revenue from current budget: *Water_Sewer Budget Report FY2021-22.pdf*

Since new connections pay their share of existing asset values, including the debt payments on those same assets would double count the asset values included in the capacity fees. Therefore, future customers are credited approximately \$408,000 is credited towards future customers as shown in **Figure 6**.

Figure 6: Debt Service Allocated to Future Customers – Water Utility

Bond Issue	Outstanding Principal	% Allocation		\$ - Allocation	
		Existing Customers	Future Customers	Existing Customers	Future Customers
2020 Pension Bonds - Capital One	\$ 842,306	87.0%	13.0%	\$ 732,522	\$ 109,784
Municipal Finance Corporation - Solar Equipment Lease	\$ 368,336	87.0%	13.0%	\$ 320,328	\$ 48,008
Bank of America Leasing - Automated Meter Reading	\$ 834,880	87.0%	13.0%	\$ 726,065	\$ 108,816
State of California Safe Drinking Water Loan	\$ 1,090,791	87.0%	13.0%	\$ 948,620	\$ 142,170
Grand Total	\$ 3,136,313	87.0%	13.0%	\$ 2,727,535	\$ 408,778

1. Grass Valley debt schedules for water funds in source file: *Water & Sewer Debt Schedules - June 30, 2020.xlsx*

D. Calculated Capacity Fees – Water Utility

The sum of the existing and future planned asset values (i.e., the system buy-in and system development costs), along with the adjustment for cash reserves, defines the total cost basis allocated to future customers. **Figure 7** summarizes this calculation.

Figure 7. Summary of Cost Basis Allocated to Future Customers – Water Utility

System Asset Values Allocated to Future Development	
<i>Costs Included in Existing System Buy-In:</i>	
Existing Assets ¹	\$ 2,339,059
Planned, Future Capital Projects ²	2,067,569
Total: Existing & Future System Costs	\$ 4,406,628
<i>Adjustments to Cost Basis:</i>	
Cash Reserves ³	\$ 441,996
Outstanding Long-Term Debt (Principal) ³	(408,778)
Total: Adjustments to Cost Basis	\$ 33,218
Total Cost Basis for New Development	\$ 4,439,847

The total adjusted cost basis is then divided by the number of future customers, measured in 3/4-inch meter equivalents, expected to connect to the water utility (that is, the 368 meter equivalents) in order to determine the base capacity charge for a 3/4-inch water meter. This calculation is shown in **Figure 8**.

Figure 8. Summary of New Base Capacity Fees – Water Utility

Summary of Capacity Fee Calculation	Adjusted System Cost Basis	Build-Out Total (Units)	Base Capacity Fee
Proposed Capacity Fee	\$ 4,439,847	368	\$12,077

Based on the combined system buy-in and incremental capacity fee methodology, and the assumptions used in this analysis, NBS has calculated the new water capacity fees by meter size, as shown in **Figure 9**. The updated fees represent the maximum that the City can charge for new connections.

Larger meters have the potential to use more of the system’s capacity, compared to smaller meters. The potential capacity demanded by each meter is proportional to the maximum hydraulic flow through each meter size as established by AWWA’s hydraulic capacity ratios. The hydraulic capacity ratios (also known as flow factors, or meter equivalencies) used in this study are shown in the second column of Figure 9. The maximum flow rate, in gallons per minute (gpm) for each size meter is used to determine the number of equivalent 1-inch meter units currently connected to the water system.

For example, a 2-inch meter has a greater capacity, or potential peak demand than a 3/4-inch meter. The “equivalency to a 3/4-inch meter” is calculated by dividing the maximum capacity or flow of larger meters by the capacity of the base (3/4-inch) meter size. The meter capacity factors shown in Figure 9 are the ratio of potential flow through each meter size compared to the flow through a 3/4-inch meter. For instance, column three in Figure 9 shows that the equivalency of a 2-inch meter is 3.20 times greater compared to a 3/4-inch meter.

The actual number of meters by size is multiplied by the corresponding meter equivalency to calculate the total number of equivalent meters. The number of equivalent meters is used as a proxy for the potential demand that each customer can place on the water system. A significant portion of a water system’s peak capacity, and in turn the utility’s fixed capital costs, is related to meeting system capacity requirements. Therefore, the capacity fee for a new connection will be proportional to the service’s meter equivalence.

Figure 9. Updated Water Capacity Fees

Meter Size	Standard Meters ¹		Capacity Fee by Meter Size
	Meter Capacity (gpm)	Equivalency to 3/4-inch meter	
Current Fee			\$11,681
	<i>Displacement Meters</i>		
5/8 inch	30	1.00	\$12,077
3/4 inch	30	1.00	\$12,077
1 inch	50	1.67	\$20,128
1.5 inch	100	3.33	\$40,256
2 inch	160	5.33	\$64,410
	<i>Compound Class I Meters</i>		
3 inch	320	10.67	\$128,820
4 inch	500	16.67	\$201,281
6 inch	1,000	33.33	\$402,561
8 inch	1,600	53.33	\$644,098

1. Meter flow rates are from AWWA M-1 Table B-1.

E. Water Capacity Fee Findings Statements

The new water capacity fees calculated in this report are based on regulatory requirements and generally accepted industry standards, and further detailed in *Appendix A*. This study concludes the following findings:

- The purpose of the City’s water capacity fee is to ensure that new and upsized connections reimburse and/or mitigate a reasonable portion of the City’s planned capital investment projects. These investments benefit and/or are necessary to accommodate the increased demand for water service.
- The City uses capacity fee proceeds to fund capital investments in the water system, which include the future design and construction of planned facilities.
- Capacity fees for new water customers vary depending on the size of the water meter serving the connection. Meter size is generally proportionate to the demands that a parcel places on the water utility system, specifically the peaking requirements related to the meter size.
- The City has made investments in water infrastructure and plans to invest further in expanded and upgraded facilities. These investments make possible the availability and continued reliable provision of utility service of high-quality water sufficient to meet the demands of growth within the City’s service area.
- Without capital investment in existing facilities, the water system capacity available to serve the needs of future connections would be uncertain. Without planned investments in future facilities, water service would not be sustainable at the level of service received by current users. The total value of planned water system assets that are attributable to serving future connections is identified in *Appendix A*.
- Upon payment of a capacity fee, a new customer incurs the obligation to pay the same ongoing service rates as existing customers, regardless of the date of connection to the system or the

actual start of service. These fees ensure that, over time, ongoing service rates are not disproportionately burdened by the accommodation of system growth.

Section 3. Wastewater Capacity Fee Study

The same methodology used to calculate the City's capacity fees for the water utility was used for the wastewater utility (i.e., a combination of the system buy-in and incremental cost methods). This combination approach requires new customers to pay both their fair share of existing system assets as well as their share of the planned future capital improvements needed to provide them with capacity in the City's wastewater system. As a result, new customers connecting to the City's wastewater system would enter as equal participants to the existing customers regarding their financial commitment and obligations to the utility.

The wastewater capacity fees also used the replacement-cost-new-less-depreciation (RCNLD) value of existing system assets to calculate the system buy-in component of the capacity fee. Inflation values from the Handy Whitman Index of Public Utility Construction Costs for Water Utility Construction were used to estimate the replacement value of the existing system assets. NBS believes this is an accurate inflation index and can be used for wastewater utilities.

A detailed summary of the wastewater utility's capacity fee calculations is included in *Appendix B*.

A. Existing Connections and Projected Future Growth

Different types of customers have the potential to use more of the wastewater system's capacity depending on the flow and the strength of wastewater effluent. The potential capacity demanded is therefore proportional to the type of customer (i.e., single-family residential, multi-family residential, Class-A, Class-B, Class-C, or Class-D commercial, etc.).

The number of equivalent dwelling units (EDUs) is used as a variable for the potential demand that each customer can place on the wastewater system. A significant portion of a wastewater system's capacity and, in turn, the utility's fixed capital costs, are related to meeting system capacity requirements. Therefore, the capacity fee for a new service will be proportional to the number of EDUs assigned to each connecting customer.

The result of the analysis on projected future growth summarized in **Figure 10** shows that there are currently 4,425 connections to the City's wastewater system, there are 7,602 EDUs.

Figure 10. Current Equivalent Dwelling Units

Meter Size	Existing Number of Accounts ¹	Existing Equivalent Units (EDUs) ¹
Single Family/Duplex	3,406	3,542
Multi Family	207	2,465
Mobile Home	2	2
Commercial Base		
Class A Usage	562	1,015
Class B Usage	14	223
Class C Usage	59	98
Class D Usage	33	35
GV FLAT	37	59
NID FLAT	51	109
Compound Meter	5	5
NO-CHARGE NID METERS	49	49
Total	4,425	7,602

1. Number of meters and EDUs from November 2021.

The wastewater capacity fee analysis assumes the EDU growth is proportional to the growth of vacant parcels per the 2016 Wastewater Master Plan. The result, as shown in **Figure 11**, is the expected 1,726 new EDUs which is approximately a 18.5% allocation of costs to these future customers.

Figure 11. Existing and Projected Service Numbers – Wastewater Utility

Demographic Statistics	Existing Total	Long Term Estimated Growth ¹	% Allocation Factors		Cumulative Change	
			Existing Customers	New Customers	Population increase	% Increase
Vacant Parcel growth	14,910	18,296	81.5%	18.5%	3,386	22.7%
Estimated EDU growth	7,602	9,329	81.5%	18.5%	1,726	22.7%

1. Vacant parcel growth estimate for long term estimated in 2016 Wastewater Master Plan.
 Estimated EDU growth calculated from the percent allocated to new customers from population growth estimates.
 Source file: wastewater_master_plan.pdf, page 3.10

B. Existing and Planned Future Assets

The wastewater utility’s capital assets include existing assets and planned capital improvements (i.e., the system buy-in and incremental assets). As with the water capacity fee, the estimated replacement costs (RCNLD value) were developed as the cost basis for the new wastewater capacity fees.

After adjustments to account for assets that were considered to have no remaining value, the resulting RCNLD value of existing assets are summarized in **Figure 12** as the System Buy-In Cost Basis. The RCNLD costs were allocated to existing users based on the 81.5% allocation factor shown in Figure 11 and 18.5% allocation factor for future users). The resulting allocation of existing system assets to existing and future users is shown in Figure 12 where future users are allocated about \$11.9 million of existing wastewater assets.

Figure 12. Summary of Existing Asset Values – Wastewater Utility

Asset Category ¹	System Buy-In Cost Basis ¹	Allocation Basis (%) ²		Distribution of Cost Basis (\$)	
		Existing Customers	Future Customers	Existing Customers	Future Customers
Sewer Fund					
Sewer Treatment Plant & Buildings	\$ 386,879	81.5%	18.5%	\$ 315,280	\$ 71,599
Sewer Treatment Plant Improvements	\$ 49,223,284	81.5%	18.5%	40,113,641	9,109,644
Sewer Mains	\$ 13,856,926	81.5%	18.5%	11,292,455	2,564,470
Sewer Machinery & Equipment	\$ 864,673	81.5%	18.5%	704,650	160,023
Total Capital Facilities & Equipment	\$ 64,331,762	81.5%	18.5%	\$ 52,426,026	\$ 11,905,736

1. Source file for Grass Valley current sewer assets as of July 2022: *Fixed Assets & Deprc. FY 2020-21.xlsx*

2. Based on proportionate allocation between existing and future users. See Table 2 in Exhibit 1 for demographic expectations.

The estimated cost of planned future improvements is used to calculate the system development component of the capacity fee through FY 2041/42. The City's current plan is updated annually with the City Budget, so an assumption of \$1.5 million in annual CIP is used in future years. Based on the 18.5% allocation factor for a few of the projects, future customers were allocated about \$3.2 million of these future capital project costs, as shown in **Figure 13**.

Figure 13. Planned Assets Allocated to Current & Future Customers - Wastewater Utility

Capital Project Description ¹	Future Cost Estimate (thru FY41/42) ¹	% Allocation			Distribution of Cost Basis (\$)		
		Exclude from Analysis	Existing Customers	Future Customers	Exclude from Analysis	Existing Customers	Future Customers
NPDES 2008-13	\$ 60,000	100.0%	0.0%	0.0%	\$ 60,000	\$ -	\$ -
Annual Sewer Maintenance	200,000	100.0%	0.0%	0.0%	200,000	-	-
Annual WWTP Project	1,300,000	100.0%	0.0%	0.0%	1,300,000	-	-
Slate Creek Life Station	450,000	0.0%	81.5%	18.5%	-	366,720	83,280
2018 WWTP Improvements	50,000	0.0%	81.5%	18.5%	-	40,747	9,253
Sewer Rate Study	100,000	100.0%	0.0%	0.0%	100,000	-	-
Pipeline Improvements	2,780,000	0.0%	81.5%	18.5%	-	2,265,512	514,488
Lift Station Improvements	70,000	0.0%	81.5%	18.5%	-	57,045	12,955
WWTP Improvements	6,800,000	0.0%	81.5%	18.5%	-	5,541,539	1,258,461
Future Projects ²	7,125,000	0.0%	81.5%	18.5%	-	5,806,392	1,318,608
Total	\$ 18,935,000	6.7%	57.1%	13.0%	\$ 1,660,000	\$ 14,077,954	\$ 3,197,046

1. FY2021/22 capital improvement project costs from budget found in source file: *Water_Sewer Budget Report FY 2021-22.pdf*,

Some assets are excluded because they do not contribute to system growth.

2. Future projects estimated at \$1.5 million annually, and future customers are estimated to be responsible for 25% of total through FY 2042.

C. Adjustments to the Cost Basis

Two adjustments were made to the cost basis to account for existing wastewater cash reserves and outstanding debt. Existing cash reserves are treated as an asset since they are no different than other wastewater assets. The existing cash reserves allocated to future customers is about \$985,000, as summarized in **Figure 14**.

Figure 14. Cash Reserves Allocated to Future Customers – Wastewater Utility

Cash Reserves	Beginning Cash ¹	% Allocation		\$ - Allocation	
		Existing Customers	Future Customers	Existing Customers	Future Customers
Un-restricted Reserves					
Sewer Operating Reserve	\$ 1,808,699	81.5%	18.5%	\$ 1,473,967	\$ 334,732
Working Capital Reserve	\$ 850,000	81.5%	18.5%	\$ 692,692	\$ 157,308
System Reinvestment Reserve	\$ 1,735,887	81.5%	18.5%	\$ 1,414,630	\$ 321,257
Emergency Reserve	\$ 750,000	81.5%	18.5%	\$ 611,199	\$ 138,801
Glenbrook Sewer Reserve		81.5%	18.5%	\$ -	\$ -
Restricted Reserves					
Debt Service Reserve ²	\$ 178,874	81.5%	18.5%	\$ 145,770	\$ 33,104
Wastewater Connection Fee Reserve	\$ -	81.5%	18.5%	\$ -	\$ -
Total Beginning Cash	\$ 5,323,460	81.5%	18.5%	\$ 4,338,259	\$ 985,201

1. Beginning cash balance for the Sewer Fund is found in trial balance. Source File: *Trial Balance - Water_Sewer as of 092021.pdf*

Cash Balances for individual funds from City staff: Email from Dec. 9, 2021

2. Beginning cash balance for two debt reserves from City staff: *Email from Dec. 9, 2021*

3. Connection fees are used for applicable items each year as they are collected.

Connection Fee revenue from current budget: *Water_Sewer Budget Report FY2021-22.pdf*

The credit to the cost basis related to outstanding bonds was included because some existing assets were at least partially funded with revenue bonds that will be paid in future years by the existing customers. Since new connections pay their share of existing asset values, including the remaining outstanding debt principal on those same assets would double count the asset values included in the capacity fees. For this reason, a credit is given for the value of future principal debt payments to avoid this double charging of new customers. **Figure 15** shows that the credit provided to future users is about \$1.5 million, or about 18.5% of the total outstanding principal costs.

Figure 15. Debt Service Allocated to Future Customers – Wastewater Utility

Bond Issue	Outstanding Principal ¹	% Allocation		\$ - Allocation	
		Existing Customers	Future Customers	Existing Customers	Future Customers
Enterprise Vehicle Leases	\$ 16,318	81.5%	18.5%	\$ 13,298	\$ 3,020
Wastewater Revenue Refunding Bond	\$ 2,555,000	81.5%	18.5%	\$ 2,082,152	\$ 472,848
SRF - Sewer Plant Expansion	\$ 1,058,677	81.5%	18.5%	\$ 862,750	\$ 195,927
BofA Leasing - Automated Meter Reading Equipment	\$ 230,820	81.5%	18.5%	\$ 188,103	\$ 42,717
Municipal Finance Corporation - Solar Equipment Lease	\$ 2,285,660	81.5%	18.5%	\$ 1,862,658	\$ 423,002
2020 Pension Bonds, Capital One - Sewer 13.4%	\$ 2,257,632	81.5%	18.5%	\$ 1,839,817	\$ 417,815
Grand Total	\$ 8,404,108	81.5%	18.5%	\$ 6,848,778	\$ 1,555,330

1. Sewer debt found in source files: *Water & Sewer Debt Schedules - June 30, 2020.xlsx*

D. Calculated Capacity Fees – Wastewater Utility

The sum of the existing and planned asset values (that is, the system buy-in and system development costs), along with the adjustments for existing cash reserves and outstanding principal payments, defines the total cost basis allocated to future customers. **Figure 16** summarizes how this cost basis is developed.

Figure 16. Summary of Cost Basis Allocated to Future Customers – Wastewater Utility

System Asset Values Allocated to Future Development	Replacement Cost
<i>Costs Included in Existing System Buy-In:</i>	
Existing Assets	\$ 11,905,736
Planned, Future Capital Projects	3,197,046
Total: Existing & Future System Costs	\$ 15,102,782
<i>Adjustments to Cost Basis:</i>	
Cash Reserves	\$ 1,555,330
Outstanding Long-Term Debt (Principal)	(985,201)
Total: Adjustments to Cost Basis	\$ 570,129
Total System Cost Basis for New Development	\$ 15,672,910

The total adjusted cost basis is then divided by the number of future customers, measured in EDUs, expected to connect to the system (1,726 EDUs shown in Figure 11). The calculation for the base wastewater capacity fee is shown in **Figure 17**.

Figure 17. Summary of New Base Capacity Fee – Wastewater Utility

Summary of Capacity Fee Calculation	System Cost Basis	Estimated EDU Increase	Base Capacity Fee per EDU
Current Capacity Fee			\$12,370
Proposed Sewer Capacity Fee	\$ 15,672,910	1,726	\$9,078

E. Wastewater Capacity Fee Findings Statements

The new wastewater capacity fees calculated in this study are based on regulatory requirements and generally accepted industry standards, and are further detailed in *Appendix B*. This study concludes the following findings:

- The purpose of the City’s wastewater capacity fee is to ensure that new connections reimburse and/or mitigate a reasonable portion of the City’s planned capital investments. These investments benefit and/or are necessary to accommodate increased demand for wastewater service.
- The City uses capacity fee proceeds to fund capital investments in the wastewater system, which include the future design and construction of planned facilities.
- All parcels seeking permission to connect to the City’s wastewater system are subject to the wastewater capacity fee, payment of which is a condition of connection approval.
- Capacity fees for new wastewater customers vary depending on the estimated number of EDUs the connection will serve, which is generally proportionate to the demands a parcel places on the wastewater utility system.

- The City has made investments in wastewater infrastructure and plans to invest further in expanded and upgraded facilities. These investments make possible the availability and continued reliable provision of utility service sufficient to meet demands of growth within the City's service area.
- Without capital investment in existing facilities, the wastewater system capacity available to serve the needs of future connections would be uncertain. Without planned investments in future facilities, wastewater service would not be sustainable at the level of service enjoyed by current users.
- Upon payment of a capacity fee, a new customer incurs the obligation to pay the same ongoing service rates as existing customers regardless of the date of connection to the systems or the actual start of service.

Section 4. Recommendations and Next Steps

A. Consultant Recommendations and Next Steps

NBS recommends the City take the following actions:

- **Approve and Accept this Study Report:** NBS recommends the City Council formally approve and adopt this Study and its recommendations and proceed with the steps outlined below to implement the new capacity fees. This will provide documentation of the study and the basis for adopting the new capacity fees.
- **Implement New Water and Wastewater Capacity Fees:** Based on the analysis presented in this report, the City Council should implement the new water capacity fee and new wastewater capacity fee as described in this study.
- **Periodically Review Capacity Fees:** Any time an Agency adopts new fees, they should be periodically reviewed to incorporate new capacity plans, significant repair and replacement projects, or new planning data (i.e. customer growth estimates). This will help ensure the fees generate sufficient revenue to cover the cost of capital projects, support the fiscal health of the City, and future customers bear their fair share of infrastructure costs. NBS also recommends applying an inflation factor to the capacity fees on an annual basis. Annually, the City should review the Engineering News Record's Construction Cost Indices and calculate the percentage change in construction costs and apply that change to the capacity fees to ensure they keep pace with cost inflation.

B. Principal Assumptions and Considerations

In preparing this study and the recommendations included herein, NBS has relied on a number of principal assumptions and considerations with regard to financial matters, number of customer accounts, asset records, planned capital improvements, and other conditions and events that may occur in the future. This information and 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 Study 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.

Appendix A. Water Capacity Fee Study Summary Tables

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Appendix B. Wastewater Capacity Fee Study Summary Tables

CITY OF GRASS VALLEY

Development Impact Fee Study **DRAFT** Final Report

February 28, 2023

Prepared by:



Corporate Headquarters

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Executive Summary

The City of Grass Valley has retained NBS Government Finance Group to prepare this study to analyze the impacts of new development on several types of City capital facilities and to calculate impact fees based on that analysis. The methods used in this study are intended to satisfy all legal requirements of the U. S. Constitution, the California Constitution and the California Mitigation Fee Act (Government Code Sections 66000 *et seq.*) and the Quimby Act (Government Code Section 66477) where applicable.

Organization of the Report

Chapter 1 of this report provides an overview of the legal requirements for establishing and imposing such fees, and methods that can be used to calculate impact fees.

Chapter 2 contains data on existing and future development used in this report.

Chapters 3 through 7 analyze the impacts of development on specific types of facilities and calculate impact fees for those facilities. The facilities addressed in this report are listed by chapter below:

- Chapter 3. Park Land, Park and Recreation Improvements and Trails
- Chapter 4. Fire Protection Facilities
- Chapter 5. Police Facilities
- Chapter 6. General Government Facilities
- Chapter 7. Storm Drainage System Improvements

Chapter 8 analyses the basis for an administrative charge that the City may wish to add to the impact fees calculated in this report and Chapter 9 contains recommendations for adopting and implementing impact fees, including suggested findings to satisfy the requirements of the Mitigation Fee Act.

Development Projections

Chapter 2 of this report presents estimates of existing development in Grass Valley and a forecast of future development out to 2040. Future development shown in Chapter 2 indicates that the City's population could increase by about 36% to almost 18,500 by 2040. Other measures of development such as employment and police and fire calls for service are projected to increase in the range of 18% to 28%.

The methods used to calculate impact fees in this report do not depend on assumptions about the rate or timing of future development. The future development projected in Chapter 2 may occur sooner or later than 2040 without affecting the validity of the impact fee calculations.

Chapter 2 also establishes values for factors such as population per unit, service population per unit, and police and fire calls per unit that are used in the impact fee calculations.

It is important to note that because of provisions of AB 602 that were incorporated into California law effective in 2022, impact fees for residential development in this study are based on unit size categories rather than unit type (e.g., single-family or multi-family units).

Impact Fee Analysis

The impact fee analysis for each type of facility addressed in this report is presented in a separate chapter. In each case, the relationship, or nexus, between development and the need for a particular type of facility is defined in a way that allows the impact of additional development on facility needs to be quantified.

The impact fees are based on capital costs for facilities and other capital assets needed to mitigate the impacts of additional development. Impact fees may not be used for maintenance or operating costs. Impact fees calculated in this report are shown on page S-5 of this Executive Summary.

The following paragraphs briefly discuss the methods used to calculate impact fees for the facilities addressed in this study.

Parks and Recreation Facilities. Chapter 3 of this report calculates impact fees for park land acquisition, park and recreation improvements and trails. The cost of park maintenance vehicles and equipment is included in the cost of park and recreation improvements. The following paragraphs discuss the three types of impact fees calculated in Chapter 3.

Park Land Impact Fees. The City has a Quimby Act ordinance that governs park land dedication and fees in lieu of dedication for residential development involving a subdivision or parcel map. This study calculates a separate park land impact fee that can be applied to residential development that does not involve a subdivision and therefore is not subject to Quimby Act in-lieu fees. These fees are based on the relationship between the City's current population and existing park acreage.

Park and Recreation Improvement Impact Fees. The park and recreation impact fees in Chapter 3 are based on the relationship between the City's existing population and the replacement cost of existing park and recreation improvements. Park maintenance vehicles and equipment are also included. Costs for facilities funded by Measure E are excluded from the impact fee analysis.

Trail Impact Fees. Impact fees for trails are based on the relationship between the City's existing population and the replacement cost of existing trails.

For all of the fees calculated in Chapter 3, the existing level of service is established as a cost per capita which is then converted into fees per unit of residential development based on the estimated average population per unit for each category of residential development defined in this report. Because parks and recreation facilities are intended to serve residents of the City, these fees apply only to residential development.

Fire Protection Facilities. Chapter 4 calculates impact fees for fire protection facilities, including apparatus and vehicles, based on the existing level of service in the City. The existing level of service is defined as the relationship between the replacement cost of existing Fire Department capital assets and the number of calls for service per year received by the Fire Department. That relationship is stated as a cost per call for service per year.

As part of this study, NBS analyzed the distribution of Fire Department calls for service for a full year to determine the average number of calls per unit per year generated by different types of development. The impact fee per unit for each type of development is calculated by multiplying the cost per call by the number of calls per unit per year for that type of development. Fire protection impact fees are intended to apply to all types of new development in the City.

Police Facilities. Chapter 5 calculates impact fees for Police Department facilities and vehicles based on the existing level of service in the City. The existing level of service is defined as the relationship between the replacement cost of existing Police Department facilities, vehicles and equipment and the number of calls for service per year received by the Department. That relationship is stated as a cost per call for service per year.

As part of this study, NBS analyzed the distribution of Police Department calls for service for a full year to determine the average number of calls per unit per year generated by different types of development. The impact fee per unit for each type of development is calculated by multiplying the cost per call and the number of calls per unit per year for that type of development. Police impact fees are intended to apply to all types of new development in the City.

General Government Facilities. Chapter 6 calculates impact fees for Grass Valley's general government facilities including City Hall, the corporation Yard, as well as a small number of general government vehicles. The impact of development on the need for those facilities is represented by service population, which is a weighted composite of resident population and employees of businesses in the City. See Chapter 2 for a more detailed discussion of service population. Impact fees for general government assets are based on the existing level of service which is defined as the relationship between the City's existing service population the replacement cost of existing assets. That relationship is stated as a cost per capita of service population.

Chapter 6 also calculates impact fees for animal control facilities. Those fees assume that the need for animal control services is driven by residential development. The existing level of service for animal control facilities is defined as the relationship between the City's existing population and the replacement cost of existing animal control facilities. That relationship is stated as a cost per capita of population.

The impact fees per unit for general government and animal control facilities for each category of development are calculated by multiplying the cost per capita by the population or service population per unit for that type of development.

Impact fees for general government facilities are intended to apply all types of new development in the City. Impact fees for animal control facilities are intended to apply only to residential development.

Storm Drainage Impact Fees. In Chapter 7, this report updates storm drainage impact fees based on a list of improvement needs from a March 1986 Storm Drainage Master Plan. Costs for those improvements have been escalated to 2022 levels by the Grass Valley City Engineer. No cost is shown in Chapter 7 for some improvements that have been completed. Costs for storm drainage improvements are allocated to various types of development based on the added impervious surface area per acre for each type of development. Added impervious surfaces such as roofs and paving increase the amount of runoff into the drainage system. Impact fees for storm drainage improvements are calculated as per-acre fees rather than per-unit fees as is the case for other impact fees in this study.

In addition, the land use categories used to calculate storm drainage impact fees are not consistent with the categories of development used for other impact fees in this study, so the storm drainage impact fees are shown in a separate schedule from other impact fees in the next section.

Impact Fee Summary

Table S.1 on the next page summarizes the impact fees calculated in this report. Because they are based on acreage rather than units, storm drainage impact fees are shown separately in Table S.5. Blank areas in Table S.1 indicate that some impact fees are calculated only for residential development. Table S.1 does not show impact fees that would apply to public facilities and K-12 public schools, because the City is unable or unlikely to impose those fees.

Table S.1 also does not show impact fees for park land acquisition calculated in this study because they would apply to a relatively small percentage of new residential developments. Residential development involving a subdivision or parcel map would be subject to the requirements of the City’s Quimby Act ordinance instead. (See Municipal Code Chapter 17.86 for park land dedication and in-lieu fee requirements for subdivisions).

Also note that, as discussed previously, residential development categories shown in Table S.1 are defined in terms of unit size rather than the unit type because of changes to State law adopted in AB 602 and effective in 2022.



Table S.1: Summary of Proposed Citywide Impact Fees

Development Type	Unit Type ¹	Park				General		Total
		Imprvmts	Trails	Fire	Police	Gov't ²		
Residential: <800 Sq. Ft.	DU	2,700.99	265.67	295.23	404.33	1,047.89	\$ 4,714.10	
Residential: 800-1,200 Sq. Ft.	DU	2,843.15	279.65	469.68	505.41	1,103.04	\$ 5,200.93	
Residential: >1,200-2,100 Sq. Ft.	DU	2,985.31	293.63	603.88	606.49	1,158.19	\$ 5,647.50	
Residential: >2,100 Sq. Ft.	DU	3,127.46	307.62	738.08	673.88	1,213.34	\$ 6,060.38	
Commercial	KSF			372.31	1,419.94	529.17	\$ 2,321.42	
Hotel/Lodging	Room			600.94	465.13	121.37	\$ 1,187.44	
Office	KSF			102.39	219.69	470.91	\$ 792.99	
Medical Office	KSF			663.49	1,412.88	451.49	\$ 2,527.87	
Hospital Facilities	Bed			2,213.05	1,514.74	3,514.83	\$ 7,242.62	
Light Industrial	KSF			44.20	120.72	208.75	\$ 373.67	
Manufacturing	KSF			102.87	59.87	300.99	\$ 463.74	
Warehouse	KSF			41.70	104.45	92.24	\$ 238.39	
College/University	Students			1.53	3.08	48.55	\$ 53.16	

¹ DU = dwelling unit; KSF = 1,000 gross square feet of building area; Room = hotel guest room; Bed = patient bed

² General government impact fees include animal control impact fees

Table S.2 shows the proposed impact fees from Table S.1 with the addition of a 0.6% administrative fee to cover the cost of periodic impact fee update studies. That percentage is calculated as the average annual cost of preparing an impact fee update study every five years (\$10,000) divided by the projected annual revenue from impact fees (\$1,663,931). That annual revenue estimate is based on 1/18th of the total impact fee revenue of \$29,951,000 projected from 2023 to 2040 based on the proposed impact fees shown in Table S.1 and the amount of future development shown in Chapter 2. See Chapter 8 for more detail.

Table S.2: Summary of Proposed Citywide Impact Fees Including 0.6% Administration Fee

Development Type	Unit Type ¹	Park		Fire	Police	General		Total
		Imprvmts	Trails			Gov't ²		
Residential: <800 Sq. Ft.	DU	2,717.47	267.29	297.03	406.79	1,054.28	\$ 4,742.86	
Residential: 800-1,200 Sq. Ft.	DU	2,860.49	281.36	472.55	508.49	1,109.77	\$ 5,232.66	
Residential: >1,200-2,100 Sq. Ft.	DU	3,003.52	295.42	607.56	610.19	1,165.26	\$ 5,681.95	
Residential: >2,100 Sq. Ft.	DU	3,146.54	309.49	742.58	677.99	1,220.75	\$ 6,097.34	
Commercial	KSF			374.58	1,428.60	532.39	\$ 2,335.58	
Hotel/Lodging	Room			604.61	467.97	122.11	\$ 1,194.69	
Office	KSF			103.02	221.03	473.78	\$ 797.83	
Medical Office	KSF			667.54	1,421.50	454.24	\$ 2,543.29	
Hospital Facilities	Bed			2,226.55	1,523.98	3,536.27	\$ 7,286.80	
Light Industrial	KSF			44.47	121.46	210.03	\$ 375.95	
Manufacturing	KSF			103.50	60.24	302.83	\$ 466.56	
Warehouse	KSF			41.95	105.09	92.80	\$ 239.84	
College/University	Students			1.54	3.10	48.84	\$ 53.49	

¹ DU = dwelling unit; KSF = 1,000 gross square feet of building area; Room = hotel guest room; Bed = patient bed

² General government impact fees include animal control impact fees



Table S.3 shows the City’s existing impact fees. The City’s existing residential impact fees are defined in terms of unit type (e.g., single-family or multi-family) while the proposed impact fees are defined in terms of unit size categories. To make a comparison between the two sets of fees possible, Table S.3 equates the two smaller unit size categories with multi-family units and the two larger unit size categories with single-family units.

Another area where the comparison requires some adjustment is for hospital facilities. The proposed impact fees for hospital facilities are based on the number of beds while the City’s existing impact fees for hospitals are per 1,000 square feet (KSF). The relationship between beds and square footage in a typical community hospital is roughly 2,000 square feet per bed, so in Table S.3 we have doubled the fees per KSF to convert them into per-bed fees for comparison.

Table S.3: Summary of Existing Impact Fees

Development Type	Unit Type ¹	Park					General Gov't.	Total
		Imprvmts	Trails	Fire	Police			
Residential: <800 Sq. Ft.	DU	2,423.49	0.00	715.87	289.13	393.87	\$ 3,822.36	
Residential: 800-1,200 Sq. Ft.	DU	2,423.49	0.00	715.87	289.13	393.87	\$ 3,822.36	
Residential: >1,200-2,100 Sq. Ft.	DU	2,945.92	0.00	870.19	346.82	478.57	\$ 4,641.50	
Residential: >2,100 Sq. Ft.	DU	2,945.92	0.00	870.19	346.82	478.57	\$ 4,641.50	
Commercial	KSF			772.29	635.05	256.96	\$ 1,664.30	
Hotel/Lodging	Room			164.75	126.88	54.93	\$ 346.56	
Office	KSF			1,005.77	288.14	334.98	\$ 1,628.89	
Medical Office	KSF			939.51	472.71	312.51	\$ 1,724.73	
Hospital Facilities	Bed			782.82	229.87	260.82	\$ 1,273.51	
Light Industrial	KSF			534.73	91.36	18.55	\$ 644.64	
Manufacturing	KSF			391.61	49.95	138.13	\$ 579.69	
Warehouse	KSF			295.40	64.89	98.75	\$ 459.04	
College/University	N/A					No Existing Fee		

¹ DU = dwelling unit; KSF = 1,000 gross square feet of building area; Room = hotel guest room; Bed = patient bed

Table S.4 shows the difference between the existing impact fees in Table S.3 and the proposed impact fees including the administrative fee from Table S.2. Numbers in parentheses indicate that the proposed fees are lower than the existing fees.

Table S.4: Difference Between Existing and Proposed Citywide Impact Fees

Development Type	Unit Type ¹	Park Imprvmts	Park Trails	Fire	Police	General Gov't.	Total
Residential: <800 Sq. Ft.	DU	293.98	267.29	(418.84)	117.66	660.41	\$ 920.50
Residential: 800-1,200 Sq. Ft.	DU	437.00	281.36	(243.32)	219.36	715.90	\$ 1,410.30
Residential: >1,200-2,100 Sq. Ft.	DU	57.60	295.42	(262.63)	263.37	686.69	\$ 1,040.45
Residential: >2,100 Sq. Ft.	DU	200.62	309.49	(127.61)	331.17	742.18	\$ 1,455.84
Commercial	KSF			(397.71)	793.55	275.43	\$ 671.28
Hotel/Lodging	Room			439.86	341.09	67.18	\$ 848.13
Office	KSF			(902.75)	(67.11)	138.80	\$ (831.06)
Medical Office	KSF			(271.97)	948.79	141.73	\$ 818.56
Hospital Facilities	Bed			1,443.73	1,294.11	3,275.45	\$ 6,013.29
Light Industrial	KSF			(490.26)	30.10	191.48	\$ (268.69)
Manufacturing	KSF			(288.11)	10.29	164.70	\$ (113.13)
Warehouse	KSF			(253.45)	40.20	(5.95)	\$ (219.20)

¹ DU = dwelling unit; KSF = 1,000 gross square feet of building area; Room = hotel guest room; Bed = patient bed

Table S.5 shows the proposed storm drainage impact fees. Unlike the other impact fees calculated in this study, the storm drainage fees are calculated per-acre rather than per-unit. The land use categories for those fees also differ from the development types used for other impact fees in this study because of the data available to calculate those fees.

Table S.5: Proposed Storm Drainage Impact Fees

Development Type	Impact Fee per Acre	Impact Fee + Admin Fee ¹
Residential: <1,200 Sq. Ft.	\$ 2,583.25	\$ 2,598.75
Residential: >1,200 Sq. Ft.	\$ 1,722.17	\$ 1,732.50
Commercial/Office	\$ 3,444.34	\$ 3,465.00
<i>Hotel/Lodging</i>		
<i>Office</i>		
<i>Medical Office</i>		
<i>Hospital Facilities</i>		
Industrial	\$ 3,444.34	\$ 3,465.00
<i>Light industrial</i>		
<i>Manufacturing</i>		
<i>Warehouse</i>		
Public/Quasi-Public	\$ 1,894.39	\$ 1,905.75
<i>K-12 Public Schools</i>		
<i>College/University</i>		

¹ Impact fees including the 0.6% administrative fee

Chapter 1. Introduction

Purpose

The purpose of this study is to analyze the impacts of development on the need for several types of public facilities provided by the City of Grass Valley and to calculate impact fees based on that analysis. This report documents the approach, data and methodology used in this study to calculate impact fees.

The methods used to calculate impact fees and in-lieu fees in this report are intended to satisfy all legal requirements governing such fees, including provisions of the U. S. Constitution, the California Constitution and the California Mitigation Fee Act (Government Code Sections 66000-66025).

Legal Framework for Developer Fees

This brief summary of the legal framework for development fees is intended as a general overview. It was not prepared by an attorney and should not be treated as legal advice.

U. S. Constitution. Like all land use regulations, development exactions, including impact fees, are subject to the 5th Amendment prohibition on taking of private property for public use without just compensation. Both state and federal courts have recognized the imposition of impact fees on development as a legitimate form of land use regulation, provided the fees meet standards intended to protect against “regulatory takings.” A regulatory taking occurs when regulations unreasonably deprive landowners of property rights protected by the Constitution.

In two landmark cases dealing with exactions, the U. S. Supreme Court has held that when a government agency requires the dedication of land or an interest in land as a condition of development approval or imposes ad hoc exactions as a condition of approval on a single development project that do not apply to development generally, a higher standard of judicial scrutiny applies. To meet that standard, the agency must demonstrate an “essential nexus” between such exactions and the interest being protected (See *Nollan v. California Coastal Commission*, 1987) and make an “individualized determination” that the exaction imposed is “roughly proportional” to the burden created by development (See *Dolan v. City of Tigard*, 1994).

Until recently, it was widely accepted that legislatively enacted impact fees that apply to all development in a jurisdiction are not subject to the higher standard of judicial scrutiny flowing from the Nollan and Dolan decisions. But after the U. S. Supreme Court decision in *Koontz v. St. Johns Water Management District* (2013), state courts have reached conflicting conclusions on that issue.

In light of that uncertainty, any agency enacting or imposing impact fees would be wise to demonstrate a nexus and ensure proportionality in the calculation of those fees.

Defining the “Nexus.” While courts have not been entirely consistent in defining the nexus required to justify exactions and impact fees, that term can be thought of as having the three

elements discussed below. We think proportionality is logically included as one element of that nexus, even though it was discussed separately in *Dolan v. Tigard*. The elements of the nexus discussed below mirror the three “reasonable relationship” findings required by the Mitigation Fee Act for establishment and imposition of impact fees.

Need or Impact. Development must create a need for the facilities to be funded by impact fees. All new development in a community creates additional demands on some or all public facilities provided by local government. If the capacity of facilities is not increased to satisfy the additional demand, the quality or availability of public services for the entire community will deteriorate. Impact fees may be used to recover the cost of development-related facilities, but only to the extent that the need for facilities is related to the development project subject to the fees.

The *Nollan* decision reinforced the principle that development exactions may be used only to mitigate impacts created by the development projects upon which they are imposed. In this study, the impact of development on facility needs is analyzed in terms of quantifiable relationships between various types of development and the demand for public facilities based on applicable level-of-service standards. This report contains all of the information needed to demonstrate compliance with this element of the nexus.

Benefit. Development must benefit from facilities funded by impact fees. With respect to the benefit relationship, the most basic requirement is that facilities funded by impact fees be available to serve the development paying the fees. A sufficient benefit relationship also requires that impact fee revenues be segregated from other funds and expended in a timely manner on the facilities for which the fees were charged. Nothing in the U.S. Constitution or California law requires that facilities paid for with impact fee revenues be available exclusively to development projects paying the fees.

Procedures for earmarking and expenditure of fee revenues are mandated by the Mitigation Fee Act, as are procedures to ensure that the fees are either expended in a timely manner or refunded. Those requirements are intended to ensure that developments benefit from the impact fees they are required to pay. Thus, over time, procedural issues as well as substantive issues can come into play with respect to the benefit element of the nexus.

Proportionality. Impact fees must be proportional to the impact created by a particular development project. Proportionality in impact fees depends on properly identifying development-related facility costs and calculating the fees in such a way that those costs are allocated in proportion to the facility needs created by different types and amounts of development. The section on impact fee methodology, below, describes methods used to allocate facility costs and calculate impact fees that meet the proportionality standard.

California Constitution. The California Constitution grants broad police power to local governments, including the authority to regulate land use and development. That police power is the source of authority for local governments in California to impose impact fees on development. Some impact fees have been challenged on grounds that they are special taxes imposed without voter approval in violation of Article XIII A. However, that objection is valid only

if the fees charged to a project exceed the cost of providing facilities needed to serve the project. In that case, the fees would also run afoul of the U. S. Constitution and the Mitigation Fee Act.

Articles XIII C and XIII D, added to the California Constitution by Proposition 218 in 1996, require voter approval for some “property-related fees,” but exempt “the imposition of fees or charges, as a condition of property development.” Thus impact fees are exempt from those requirements.

The Mitigation Fee Act. California’s impact fee statute originated in Assembly Bill 1600 during the 1987 session of the Legislature and took effect in January 1989. AB 1600 added several sections to the Government Code, beginning with Section 66000. Since that time, the impact fee statute has been amended from time to time, and in 1997 was officially titled the “Mitigation Fee Act.” Unless otherwise noted, code sections referenced in this report are from the Government Code.

The Mitigation Fee Act does not limit the types of capital improvements for which impact fees may be charged. It defines public facilities very broadly to include “public improvements, public services and community amenities.” Although the issue is not specifically addressed in the Mitigation Fee Act, it is clear both in case law and statute (see Government Code Section 65913.8) that impact fees may not be used to pay for maintenance or operating costs. Consequently, the fees calculated in this report are based on the cost of capital assets only.

The Mitigation Fee Act does not use the term “mitigation fee” except in its official title. Nor does it use the more common term “impact fee.” The Act simply uses the word “fee,” which is defined as “a monetary exaction, other than a tax or special assessment...that is charged by a local agency to the applicant in connection with approval of a development project for the purpose of defraying all or a portion of the cost of public facilities related to the development project”

To avoid confusion with other types of fees, this report uses the widely-accepted terms “impact fee” and “development impact fee” which both should be understood to mean “fee” as defined in the Mitigation Fee Act.

The Mitigation Fee Act contains requirements for establishing, increasing and imposing impact fees. They are summarized below. It also contains provisions that govern the collection and expenditure of fees and requires annual reports and periodic re-evaluation of impact fee programs. Those administrative requirements are discussed in the implementation chapter of this report.

Required Findings. Section 66001 (a) requires that an agency establishing, increasing or imposing impact fees, must make findings to:

1. Identify the purpose of the fee
2. Identify the use of the fee; and
3. Determine that there is a reasonable relationship between the use of the fee and the development type on which it is imposed

- 4. Determine that there is a reasonable relationship between the need for the facility and the type of development on which the fee is imposed

In addition, Section 66001 (b) requires that in any action imposing a fee as a condition of approval of a development project by a local agency, the local agency shall determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.

Some legal experts are of the opinion that the requirements of Section 66001 (a) apply when impact fees are based on a legislatively adopted fee schedule, while the requirements of Section 66001 (b) apply when impact fees are based on an administratively imposed (ad hoc) assessment.¹

The requirements outlined above are discussed in more detail below.

Identifying the Purpose of the Fees. The broad purpose of impact fees is to protect public health, safety and general welfare by providing for adequate public facilities. The specific purpose of the fees calculated in this study is to fund construction of certain capital improvements that will be needed to mitigate the impacts of planned new development on City facilities, and to maintain an acceptable level of public services as the City grows.

This report recommends that findings regarding the purpose of an impact fee should define the purpose broadly, as providing for the funding of adequate public facilities to serve additional development.

Identifying the Use of the Fees. According to Section 66001(a)(2), if a fee is used to finance public facilities, those facilities must be identified. A capital improvement plan may be used for that purpose but is not mandatory if the facilities are identified in a General Plan, a Specific Plan, or in other public documents. Section 66002 (b) requires that such capital improvement plans must be updated annually.

However, a new provision in Section 66016.5, which was added by AB 602 in 2021, requires that large jurisdictions adopt a capital improvement plan as part of an impact fee study. That requirement applies to impact fee studies adopted after January 1, 2022. “Large jurisdiction” means a county of 250,000 or more or any city within that county. The statute does not provide any detail about what must be included in the capital improvement plan or how it should relate to the impact fee study. And, that new requirement is inconsistent with the original language of Section 66001(a)(2), so it is unclear whether the annual update requirement in Section 66002(b) applies.

¹ See “The Mitigation Fee Act’s Five-Year Findings Requirement: Beware Costly Pitfalls” by Glen Hansen, Senior Council, Abbott and Kindermann and Rick Jarvis, Managing Partner, Jarvis, Fay and Gibson, presented at the 2022 League of California Cities City Attorneys Spring Conference



Reasonable Relationship Requirement. As discussed above, Section 66001 requires that, for fees subject to its provisions, a "reasonable relationship" must be demonstrated between:

1. the use of the fee and the type of development on which it is imposed;
2. the need for a public facility and the type of development on which a fee is imposed; and,
3. the amount of the fee and the facility cost attributable to the development on which the fee is imposed.

Although some legal experts contend that the third of these only pertains to "ad hoc" fees that are not part of a legislatively adopted fee schedule, we believe that all three are part of a complete "nexus" or "reasonable relationship" framework as discussed earlier. These three reasonable relationship requirements address the nexus and proportionality requirements often cited in court decisions as the standard for defensible impact fees. The term "dual rational nexus" is often used to characterize the standard used by courts in evaluating the legitimacy of impact fees. The "duality" of the nexus refers to (1) an impact or need created by a development project subject to impact fees, and (2) a benefit to the project from the expenditure of the fees.

However, although proportionality is reasonably implied in the dual rational nexus formulation, it was explicitly required by the Supreme Court in the *Dolan* case, and we prefer to list it as the third element of a complete nexus.

Development Agreements and Reimbursement Agreements. The requirements of the Mitigation Fee Act do not apply to fees collected under development agreements (see Govt. Code Section 66000) or reimbursement agreements (see Govt. Code Section 66003). The same is true of fees in lieu of park land dedication imposed under the Quimby Act (see Govt. Code Section 66477).

Existing Deficiencies. In 2006, Section 66001(g) was added to the Mitigation Fee Act (by AB 2751) to clarify that impact fees "shall not include costs attributable to existing deficiencies in public facilities,..." The legislature's intent in adopting this amendment, as stated in the bill, was to codify the holdings of *Bixel v. City of Los Angeles* (1989), *Rohn v. City of Visalia* (1989), and *Shapell Industries Inc. v. Governing Board* (1991).

That amendment does not appear to be a substantive change. It is widely understood that other provisions of law make it improper for impact fees to include costs for correcting existing deficiencies.

However, Section 66001(g) also states that impact fees "may include the costs attributable to the increased demand for public facilities reasonably related to the development project in order to (1) *refurbish existing facilities to maintain the existing level of service or* (2) *achieve an adopted level of service that is consistent with the general plan.*" (Emphasis added.)

Impact Fees for Existing Facilities. Impact fees may be used to recover costs for existing facilities to the extent that those facilities are needed to serve additional development and have the capacity to do so. In other words, it must be possible to show that fees used to pay for existing facilities meet the need and benefit elements of the nexus.

Recent Legislation

Several new laws enacted by the State of California in 2019 to facilitate development of affordable housing will affect the implementation of in-lieu fees and impact fees calculated in this study. Below are brief overviews of some key bills passed in 2019.

SB 330 – The Housing Crisis Act of 2019. Amendments to existing law contained in SB 330 prohibit the imposition of new approval requirements on a housing development project once a preliminary application has been submitted. That provision applies to increases in impact fees and in-lieu fees, except when the resolution or ordinance establishing the fee authorizes automatic, inflationary adjustments to the fee or exaction.

AB 1483 – Housing Data: Collection and Reporting. AB 1483 requires that a city, county or special districts must post on its website a current schedule of its fees and exactions, as well as associated nexus studies and annual reports. Updates must be posted within 30 days.

SB 13 – Accessory Dwelling Units. SB 13 prohibits the imposition of impact fees on accessory dwelling units (ADUs) smaller than 750 square feet and provides that impact fees for ADUs of 750 square feet or more must be proportional to the square footage of the primary dwelling unit. The proportionality requirement means that impact fees for ADUs of 750 square feet or more must be calculated on a case-by-case basis during the approval process.

Existing law requires a water or sewer connection fee or capacity charge for an accessory dwelling unit requiring a new or separate utility connection to be based on either the accessory dwelling unit's size or the number of its plumbing fixtures. SB 13 revises the basis for calculating the connection fee or capacity charge to either the accessory dwelling unit's square feet or the number of its drainage fixture units.

AB 602 – Amendments to the Planning and Land Use Law and the Mitigation Fee Act. AB 602, which was passed and signed in 2021, adds section 65940.1 to the Planning and Land Use Law requiring cities, counties and special districts that have internet websites to post schedules of fees, exactions and affordability requirements, annual fee reports, and an archive of nexus studies on that website, and to update that information within 30 days after any changes.

AB 602 also adds Section 66016.5 to the Mitigation Fee Act imposing several new requirements for impact fees that go into effect on January 1, 2022, including:

- A nexus study must identify the existing level of service for each facility, identify the proposed new level of service (if any), and explain why the new level of service is appropriate.
- If a nexus study supports an increase in an existing fee the local agency shall review the assumptions of the nexus study supporting the original fee and evaluate the amount of the fees collected under the original fee.
- Large jurisdictions (counties over 250,000 and cities within those counties) must adopt a capital improvement plan as part of the nexus study.

- All impact fee nexus studies shall be adopted at a public hearing with at least 30 days' notice, and the local agency shall notify any member of the public that requests notice of intent to begin and impact fee nexus study of the date of the hearing.
- Nexus studies shall be updated at least every eight years, from the period beginning on January 1, 2022.
- A nexus study adopted after July 1, 2022, shall calculate a fee imposed on a housing development project proportionately to the square footage of proposed units in the development. A nexus study is not required to comply with this requirement if the local agency makes certain findings specified in the law. A local agency that imposes a fee proportionately to the square footage of units in the development shall be deemed to have used a valid method to establish a reasonable relationship between the fee charged and the burden posed by the development.
- Authorizes any member of the public, including an applicant for a development project, to submit evidence that impact fees proposed by an agency fail to comply with the Mitigation Fee Act, and requires the legislative body of the agency to consider such evidence and adjust the proposed fee if deemed necessary.

SB 9, the California Housing Opportunity and More Efficiency (“HOME”) Act. SB 9 facilitates the subdivision of existing residential lots and allows for ministerial approval (without discretionary review or hearings) of no more than two dwelling units, including duplexes, on parcels zoned for single-family dwellings if the property satisfies certain requirements. To qualify under SB 9 the property must be located within either an urbanized area or urban cluster, as designated by the United States Census Bureau, or for unincorporated areas, within the boundaries of an urbanized area or urban cluster.

The law allows for qualifying lot splits to be approved ministerially upon meeting certain requirements. Each parcel may not be smaller than forty (40%) percent of the original parcel size and each parcel must be at least one thousand two hundred (1,200) square feet in size unless permitted by local ordinance. The parcel must be limited to residential use.

The law does not allow demolition or alteration of certain types of dwellings, including: (a) housing that is subject to a recorded covenant, ordinance, or law that restricts rents to affordable levels; (b) housing subject to rent control; (c) housing that has been tenant-occupied in the last three years; or (d) housing located in a historic district. In addition, the proposed development may not demolish more than 25% of the exterior structural walls of an existing unit, unless expressly permitted by a local ordinance.

A local agency may impose objective zoning standards, subdivision standards, and design standards unless they would preclude either of the two units from being at least 800 square feet in floor area.

No setback may be required for an existing structure, or a structure constructed in the same location and dimensions as an existing structure. Otherwise, a local agency may require a setback of up to four feet from the side and rear lot lines. Off-street parking of up to one space per unit may be required by the local agency, unless the project is located within a half-mile walking distance of a high-quality transit corridor or a major transit stop, or if there is a car share vehicle within one block of the parcel. If a local agency makes a written finding that a project would create a specific, adverse impact upon public health and

safety or the environment without a feasible way to mitigate such impact, the agency still may deny the project.

It is impossible to predict how much SB 9 will affect the number of future residential units constructed in the City. Unlike recent laws dealing with accessory dwelling units, SB 9 does not address the imposition of impact fees on the new dwelling units it allows, and it appears at this point that such units would be subject to the same impact fees as other new residential development.

Impact Fee Calculation Methodology

Any one of several legitimate methods may be used to calculate impact fees. The choice of a particular method depends primarily on the service characteristics of, and planning requirements for, the facility type being addressed. To some extent they are interchangeable, because they all allocate facility costs in proportion to the needs created by development.

Allocating facility costs to various types and amounts of development is central to all methods of impact fee calculation. Costs are allocated by means of formulas that quantify the relationship between development and the need for facilities. In a cost allocation formula, the impact of development represented by some attribute of development such as added population or added vehicle trips that represent the impacts created by different types and amounts of development.

Plan-Based or Improvements-Driven Method. Plan-based impact fee calculations are based on the relationship between a specified set of improvements and a specified increment of development. The improvements are typically identified in a facility plan, while the development is identified in a land use plan that forecasts potential development by type and quantity.

Using this method, facility costs are allocated to various categories of development in proportion to the service demand created by each type of development. To calculate plan-based impact fees, it is necessary to determine what facilities will be needed to serve a particular increment of new development.

With this method, the total cost of eligible facilities is divided by total units of additional demand to calculate a cost per unit of demand (e.g. a cost per capita for parks). Then, the cost per unit of demand is multiplied by factors representing the demand per unit of development (e.g. population per unit) to arrive at a cost per unit of development.

This method is somewhat inflexible in that it is based on the relationship between a specific facility plan and a specific land use plan. If either plan changes significantly the fees will have to be recalculated.

Capacity-Based or Consumption-Driven Method. This method calculates a cost per unit of capacity based on the relationship between total cost and total capacity of a system. It can be applied to any type of development, provided the capacity required to serve each increment of development can be estimated and the facility has adequate capacity available to serve the development. Since the cost per unit of demand does not depend on the particular type or quantity of development to be served, this method is flexible with respect to changing development plans.

In this method, the cost of unused capacity is not allocated to development. Capacity-based fees are most commonly used for water and wastewater systems, where the cost of a system component is divided by the capacity of that component to derive a unit cost. However, a similar analysis can be applied to other types of facilities. To produce a schedule of impact fees based on standardized units of development (e.g. dwelling units or square feet of non-residential building area), the cost per unit of capacity is multiplied by the amount of capacity required to serve a typical unit of development in each of several land use categories.

Standard-Based or Incremental Expansion Method. Standard-based fees are calculated using a specified relationship or standard that determines the number of service units to be provided for each unit of development. The standard can be established as a matter of policy or it can be based on the level of service being provided to existing development in the study area.

Using the standard-based method, costs are defined on a generic unit-cost basis and then applied to development according to a standard that sets the number of service units to be provided for each unit of development.

Park in-lieu and impact fees are commonly calculated this way. The level of service standard for parks is typically stated in terms of acres of parks per thousand residents. A cost-per-acre for park land or park improvements can usually be estimated without knowing the exact size or location of a particular park. The ratio of park acreage to population and the cost per acre for parks is used to calculate a cost per capita. The cost per capita can then be converted into a cost per unit of development based on the average population per dwelling unit for various types of residential development.

Facilities Addressed in this Study

Impact/in-lieu fees for the following types of facilities are addressed in this report:

- Park Land and Park Improvements
- Fire Protection Facilities
- Police Facilities
- General Government Facilities
- Storm Drainage System Improvements

Each of those facilities is addressed in a separate chapter of this report, beginning with Chapter 3. Chapter 2 contains data on existing and future development used in the impact fee analysis.

Chapter 2. Development Data

This chapter presents data on existing and future development that will be used to calculate impact fees in subsequent chapters of this report.

The information in this chapter may be used to establish levels of service, analyze facility needs, and allocate the cost of capital facilities among various types of development.

Land use and development data in this chapter are based on information from the U.S. Census Bureau and the American Community Survey (ACS), the California Department of Finance (DOF) Demographic Research Unit, the City of Grass Valley Community Development Department and other sources as noted in this chapter.

Study Area and Time Frame

The study area for this study is the Planning Area defined in Grass Valley’s 2020 General Plan. The timeframe for this study extends from the present time to 2040. Although the future development projected in this chapter is expected to occur by 2040, the actual timing of development cannot be predicted with certainty. The impact fee calculations in this report do not depend on when that development occurs.

Development Types

The development types for which impact fees are calculated in this study are listed below. Traditionally, impact fees for residential development are based on unit types such as single-family, multi-family and mobile home units.

However, AB 602, enacted in 2021, added Section 66016.5 to the Government Code. That section requires that, “[a] nexus study adopted after July 1, 2022, shall calculate a fee imposed on a housing development project proportionately to the square footage of proposed units of the development.” It further states that “[a] local agency that imposes a fee proportionately to the square footage of the proposed units of the development shall be deemed to have used a valid method to establish a reasonable relationship between the fee charged and the burden posed by the development.”

Consequently, the residential development categories used in this study are based on unit size rather than the type of unit. The list of development categories used in this study is shown below.

Residential: < 800 Sq. Ft.	Hotel/Lodging	Manufacturing
Residential: 800 – 1,200 Sq. Ft.	Office	Warehouse
Residential: >1,200 – 2,100 Sq. Ft.	Medical Office	Public Facilities
Residential: > 2,100 Sq. Ft.	Hospital Facilities*	K-12 Public Schools
Commercial	Light Industrial	College/University

* The Hospital Facilities category includes nursing homes and rehabilitation facilities.

Residential. The residential development categories used in this study are based on unit size and do not distinguish by unit type (e.g., single-family or multi-family).

Commercial. The Commercial category includes retail commercial and commercial services as described in the Commercial land use designation in the Land Use Element of the General Plan. Hotel and lodging uses are excluded from this category and are addressed in a separate category below.

Hotel/Lodging. This category encompasses hotels, motels, hostels, bed and breakfast establishments and similar lodging uses.

Office. The Office category includes development designed for general office uses.

Medical Office. The Medical Office category includes development designed for medical and dental offices, clinics, laboratories, and similar uses.

Hospital Facilities. This category includes hospitals, nursing homes, rehabilitation facilities and similar facilities intended primarily to provide in-patient services.

Light Industrial. This category includes development designed to accommodate a range of light industrial and service commercial uses, but not specifically intended for either large-scale manufacturing or warehousing.

Manufacturing. This category includes development designed for large-scale manufacturing operations.

Warehouse. This category includes development designed primarily for warehousing and storage, including self-storage facilities.

Public Facilities. This category includes government buildings and other public or quasi-public facilities including parks but excluding public schools and colleges which are addressed in separate categories, below. In many cases, the City may lack authority to charge impact fees to development in this category, or in the case of City facilities, it would be impractical to do so.

K-12 Schools. This category includes public schools from kindergarten through high school. The City has limited authority to charge impact fees to K-12 schools, except for water and sewer capacity charges. Private elementary and secondary schools would be treated as commercial uses or fees could be customized based on the impacts of a specific project as discussed in the section on other development types, below.

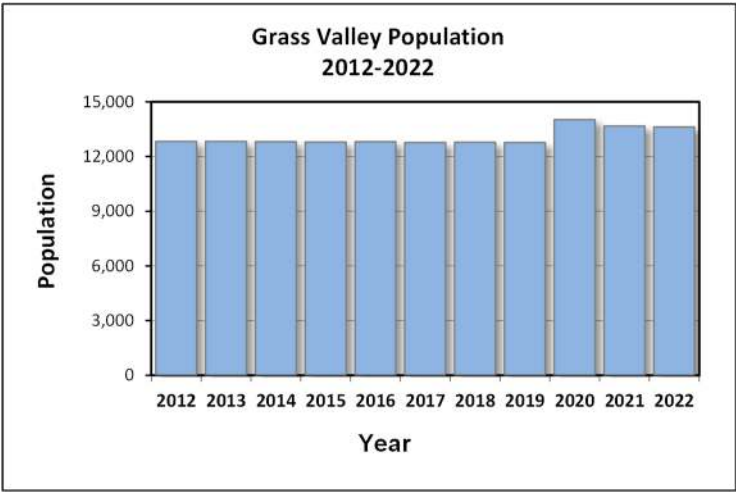
College/University. This category includes public and private colleges and universities.

Other Development Types. Certain types of development, such as churches and private schools, do not fit neatly into any of the categories listed above. Those developments are not legally exempt from impact fees, but no fee is calculated in this study for such uses. Fees for such developments can be calculated on an individual basis by considering factors such as service population or police and fire calls that will be generated by a proposed project and applying those factors to the cost per capita or cost per call shown in each impact fee chapter in this report.

Residential Development and Population

The chart below shows the California Department of Finance (DOF) official January 1 population estimates for the City of Grass Valley for the years from 2012 through 2022, except for the 2020 population which is based on the 2020 Census count.

This chart shows a slight decline in population from 2012 to 2019 and then a sudden jump in 2020. That appears to reflect underestimates by the Department of Finance for several years prior to 2020. After 2020, the estimated population falls back somewhat from the Census number.



The overall picture is one of slow growth over the last 10 years. On average the growth rate from 2012 to 2022 amounts to about 0.6% per year. According to the data depicted in this chart, Grass Valley has grown by 786 residents since 2012.

Units of Development

In this study, quantities of existing and planned development are measured in terms of certain units of development. Those units are discussed below.

Dwelling Units. Residential development is measured in terms of dwelling units (DUs).

Building Area. Many types of non-residential development in this study are measured in terms of building area in thousands of square feet, denoted as KSF.

Rooms. Development in the Hotel/Lodging category is measured in terms of rooms, meaning the number of guest rooms or suites.

Beds. Development in the hospital facilities category is measured by the number or patient beds.

Students. For both the K-12 Public Schools and the College/University categories, development is measured in terms of the number of students.

Demand Variables

In calculating impact fees, the relationship between facility needs and development must be quantified in cost allocation formulas. Certain measurable attributes of development such as population or police and fire department calls for service are used in those formulas to reflect the impact of different types and amounts of development on the demand for specific public services and the facilities that support those services.

Those attributes are referred to in this study as “demand variables.” Demand variables are selected either because they directly measure service demand created by various types of development, or because they are reasonably correlated with that demand.

For example, the service standard for parks in a community is typically defined as a ratio of park acreage to population. As population grows, more parks are needed to maintain the desired standard. Logically, then, population is an appropriate yardstick or demand variable for measuring the impacts of development on the need for additional parks.

Each demand variable has a specific value for each type of development. Those values may be referred to as “demand factors.” For example, each of the residential unit size categories used in this study is associated with a specific population per unit

Specific demand variables used in this study are discussed below. The values of demand factors used in this report are shown in Table 2.1 on page 2-9.

Population. Resident population is used as a demand variable to calculate impact fees for facilities like parks that are intended to serve residents of the City. Resident population is tied to residential development, so this variable reflects no demand from non-residential development.

Service Population. Population alone does not represent all of the impacts of development on the City’s administrative and general facilities such as City Hall and corporation yard facilities. A variable called service population is commonly used in this study to represent the impact of development on facilities that are impacted by both residential and non-residential development and do not have another useful demand variable.

Service population is a composite variable that includes both residents of the City and employees of businesses in Grass Valley. Resident population is included to represent the impacts of residential development and employees of business in the City are included to represent the impacts of non-residential uses, such as commercial, office and industrial development.

Because the impact of one new resident is not necessarily the same as the impact of one new employee, various components of the service population are weighted to reflect their relative impacts on demand for certain types of facilities.

Service population is intended to approximate the number of people creating a demand for service on an average day. It is difficult to estimate that number precisely for several reasons. Some residents work in the City, some residents commute to work outside the City, and some residents don’t work at paid jobs. In addition, non-residents may be present in the City for work, shopping, recreation, or any number of other reasons.

In this study, residents are assigned a weight of 1.0. Our estimate of the average number of hours per week that residents spend in the City is based in part on an analysis of Census Bureau data on how many residents work in the city, how many commute to work outside the City. We assume the average resident spends eight hours a week outside the City for activities like shopping and recreation.

Census Bureau American Community Survey (ACS) data for 2020 (the most recent available year) show that 86.6% of Grass Valley residents between ages 16 and 64 are employed. ACS data also indicate that about 35.8% of employed residents work outside the City.

Assuming that out-commuters spend 47.5 hours a week (9.5 hours per day) outside the City for work and commuting, and that all residents spend an average of eight hours a week outside the City for shopping and recreation leads us to the conclusion that out-commuters spend an average of 112.5 ($168 - 47.5 - 8 = 112.5$) hours per week in the City. Assuming other residents spend 160 ($168 - 8 = 160$) hours per week in the City, the weighted average for all residents is 153.1 hours per week in the City. Dividing that number by 168 hours per week gives us a weight of 0.911 for all residents (population) of the City.

Service population weights for employees associated with different types of development are based on estimates of the number of hours per week businesses of a certain type are in operation. This study assumes that retail and service commercial businesses operate 12 hours a day, 7 days a week (84 hours). For professional offices, industrial uses and public facilities, that number is estimated to be 45 hours (9 hours a day, 5 days a week). The weights assigned to employees of businesses associated with various types of non-residential development are based on the hours per week of operation divided by 168 total hours per week. The hours per week for each development as well as the weighting factor for each type of development are shown in Exhibit 2A on the next page. It should be noted that since all students in the K-12 Schools category are assumed to be residents of the City, the non-residential service population weight for that category is zero.

Those weights are intended to allow a balanced allocation of costs among non-residential development types. However, because of Grass Valley's importance as a commercial and healthcare center in the regional economy, those base weights would understate the overall impact of non-residential development on the City's daytime population, so a factor of 1.32 is applied to all non-residential service population weights except K-12 Schools, which brings the existing service population to 20,233, equal to the City's daytime population as estimated in the City's 2022 Strategic Plan Update.

Finally, for simplicity, all of the service population base weights are normalized by dividing them by residential base weight of 0.911 so that the normalized population weight equals 1.0 ($0.911 / 0.911 = 1.0$) and weights for each of the non-residential components are increased proportionately. The service population weights used in this study are shown in Exhibit 2A. Service population per unit factors based on the normalized service population weights and the number of employees per unit are shown in Table 2.1.

Exhibit 2A: Service Population Weights

Development Type	Avg Hrs per Wk	Total Hrs per Week	Base Svc Pop Weight ¹	Scaling Factor ²	Scaled Svc Pop Weight ³	Normalized Svc Pop Wt ⁴
Residential	153.1	168.0	0.911	1.00	0.911	1.000
Commercial	84.0	168.0	0.500	1.32	0.660	0.724
Hotel/Lodging	84.0	168.0	0.500	1.32	0.660	0.724
Office	45.0	168.0	0.268	1.32	0.354	0.388
Medical Office	36.0	168.0	0.214	1.32	0.282	0.310
Hospital Facilities	168.0	168.0	1.000	1.32	1.320	1.449
Light Industrial	45.0	168.0	0.268	1.32	0.354	0.388
Manufacturing	45.0	168.0	0.268	1.32	0.354	0.388
Warehouse	45.0	168.0	0.268	1.32	0.354	0.388
Public Facilities	45.0	168.0	0.268	1.32	0.354	0.388
K-12 Public Schools	0.0	168.0	0.000	1.00	0.000	0.000
College/University	12.0	168.0	0.071	1.32	0.094	0.103

¹ Base service population weight = average hours per week / total hours per week; K-12 Public School students are assumed to be residents so they are given a service population weight of zero

² Scaling factor is used to bring non-residential service population into alignment with non-residential demand for City services.

³ Scaled service population weight = base service population weight X scaling factor

⁴ Service population weight normalized to residential service population weight = scaled service population weight / residential service population weight

Police and Fire Calls for Service. The impact of development on the City’s police and fire facilities is measured by the number of calls for service per unit per year by development type. Those calls-for-service-per-unit factors are calculated using a random sample of calls for service for a one-year period to determine the distribution of calls by development type. Then the number of calls per year for each type of development is divided by the number of existing units for that type of development to arrive at calls per unit per year. In this study, data for fire calls for service were for the period October 2, 2020, to October 2, 2021. Data for police calls for service factors were for calendar year 2019. We avoided using data for 2020 as much as possible because we have found in other studies that 2020 was not a typical year because of the COVID-19 pandemic. The police and fire calls-for-service factors for each type of development defined in this study are shown in Table 2.1.

Note on Impact Fees for Accessory Dwelling Units (ADUs). Recent amendments to Section 65852.2 of the Government Code provide that impact fees may not be imposed on ADUs smaller than 750 square feet. It also establishes the following requirement for impact fees imposed on ADUs of 750 square feet or more:

“Any impact fees charged for an accessory dwelling unit of 750 square feet or more shall be charged proportionately in relation to the square footage of the primary dwelling unit.”

Although it is not spelled out in Section 65852.2, we think it is obvious that when calculating ADU impact fees in cases where the primary unit is a single-family detached unit, the starting point for the proportionality calculation is the fee that applies to the single-family unit. The law also allows for ADUs on lots or parcels where the primary unit is a multi-family unit. In that situation, it seems logical that the ADU impact fee should be proportional to the impact fee that applies to the multi-family unit, but we think ADUs within multi-family developments are likely to be rare and we don't address them further.

The formula for calculating proportional ADU impact fees would be:

Primary unit impact fee X (ADU square feet / Primary unit square feet)

One thing that becomes obvious in that formula is that, for an ADU of a particular size, a larger primary unit results in lower impact fees for the ADU. For example, if the ADU is 1,000 square feet and the primary unit is 2,000 square feet, the proportional impact fee for the ADU would be 50% of the impact fee that would apply to the primary unit. But if the primary unit is 1,200 square feet, the impact fee for the same-sized ADU would be 83.33% of the primary unit fee.

It seems likely that discrepancy is an unintended consequence of language in Section 65852.2 that was not thoroughly considered before adoption. It is also worth noting that for impact fee studies adopted after July 1, 2022, AB 602 requires that impact fees for all types of residential units must be proportionate to the square footage of a unit. Impact fees based on square footage will tend to reduce the inequity created by the proportionality language of Section 65852.2 because the fees that apply to a smaller primary unit would be less than the fees that apply to a larger primary unit. However, it may be a number of years before most cities in California adopt residential impact fees based on square footage. The City could attempt to minimize the inequities created by the ADU impact fee proportionality requirement in Section 65852.2 by adopting a policy setting a lower limit on the primary unit square footage used to calculate impact fees for ADUs.

Demand Factors

Exhibit 2B shows how population-per-unit factors were estimated for residential unit size categories used in this study. The Census Bureau and Department of Finance collect data on population per unit by unit type (e.g., single-family or multi-family) rather than by unit size. Consequently, we must estimate the population per unit for unit size categories.

Exhibit 2B shows the population per unit factors for the unit size categories used in this study. Those factors were estimated by NBS using data on the distribution of units by number of bedrooms from the American Community Survey (ACS). The estimated population is adjusted so that the total population and average population per unit approximately equal the total population and average population per unit from known data. The population and number of units in this data set are slightly different from the 2022 numbers shown in Table 2.2, but those differences are not significant for this purpose.

Exhibit 2B: Population per Unit by Unit Size

Unit Size in Sq Ft ¹	No. of Bedrms	No. of Units ²	% of Units	Pop at 2.01 per Unit ³	Est Pop per Unit ⁴	Adjusted Pop ⁵
<800	0 or 1	1,543	23.1%	3,101	1.90	2,932
800-1,200	2	3,179	47.5%	6,390	2.00	6,358
>1,200-2,100	3	1,688	25.2%	3,393	2.10	3,545
>2,100	4+	276	4.1%	555	2.20	607
Total/Average		6,686	100.0%	13,439	2.01	13,442

¹ Estimated square-feet-per-unit ranges based on number of bedrooms

² Distribution of units by number of bedrooms from American Community Survey Table B25041, 2020 5-Year Estimates

³ Population for all units in each square-footage range if all units were occupied by the overall average of 2.01 persons per unit

⁴ Estimated population per unit by NBS

⁵ Adjusted population = number of units X estimated population per unit

In Table 2.1 on the next page shows the demand factors used for each type of development defined in this study, including, the population-per-unit factors from Exhibit 2B. Those factors include population per unit for residential development and employees per unit for various types of non-residential development, as well as service population per unit and police and fire calls per unit per year for all types of development defined in this study.

Table 2.1: Demand Factors

Development Type ¹	Unit Type ²	Pop/Students per Unit ³	Empl per Unit ⁴	Svc Pop per Unit ⁵	Fire Calls per Unit ⁶	Police Calls per Unit ⁷
Residential: <800 Sq. Ft.	DU	1.90		1.90	0.220	1.200
Residential: 800-1,200 Sq. Ft.	DU	2.00		2.00	0.220	1.200
Residential: >1,200-2,100 Sq. Ft.	DU	2.10		2.10	0.530	1.900
Residential: >2,100 Sq. Ft.	DU	2.20		2.20	0.530	1.900
Commercial	KSF		1.50	1.09	0.277	4.214
Hotel/Lodging	Room		0.35	0.25	0.448	1.380
Office	KSF		2.50	0.97	0.076	0.652
Medical Office	KSF		3.00	0.93	0.494	4.193
Hospital Facilities	Bed		5.00	7.24	1.649	4.496
Light Industrial	KSF		1.10	0.43	0.033	0.358
Manufacturing	KSF		1.60	0.62	0.077	0.178
Warehouse	KSF		0.50	0.19	0.031	0.310
Public Facilities	KSF		2.50	0.97	1.250	11.686
K-12 Public Schools	Students	1.00		0.00	0.009	0.058
College/University	Students	1.00		0.10	0.001	0.009

¹ The square-foot-per-unit ranges shown in this table for residential development include all types of residential development including single-family, multi-family and mobile homes

² DU = dwelling unit; KSF = 1,000 gross sq ft of building area; Room = guest room or suite

³ Estimated average population per unit based on analysis of data from U. S. Census Bureau American Community Survey; see discussion in text

⁴ Employees per unit estimated by NBS using data from multiple sources including ESRI, the NCTC/ Grass Valley Travel Demand Forecasting Model and the Institute of Transportation Engineers (ITE)

⁵ Service population per unit = population, students or employees per unit X service population weight from Table 2.0; see discussion of service population weighting in text

⁶ Fire Department calls for service per unit per year based on analysis of a random sample of all 2019 calls for service; see discussion in text

⁷ Police Department calls for service per unit per year based on analysis of a random sample of all 2019 calls for service; see discussion in text

Existing and Future Development

Tables 2.2 through 2.4 on the following pages present data on existing and future development in Grass Valley. Data from those tables will be used throughout this report. Table 2.2 shows existing development as of January 2022.

It is important to note that in Tables 2.2 through 2.4, all residential development is grouped into a single category. The reason is that because of recent changes in state law, this study is required to calculate impact fees for unit-size categories rather than for unit types and we do not have data that would allow us to break out existing and future development into unit-size categories. However, impact fees throughout this report will be calculated for each category of residential development.



Table 2.2: Existing Development January 1, 2022 - Grass Valley

Development Type	Unit Type ¹	No. of Units ²	Population ³	Employees ⁴	Service Pop ⁵	Fire Calls per Year ⁶	Police Calls per Year ⁷
All Residential	DU	6,795	13,617		13,617	3,458	11,072
Commercial	KSF	2,469		3,704	2,691	685	10,405
Hotel/Lodging	Room	297		104	74	133	410
Office	KSF	865		2,163	839	66	564
Medical Office	KSF	269		807	250	133	1,128
Hospital Facilities	Bed	228		1,140	1,651	376	1,025
Light Industrial	KSF	1,002		1,102	431	33	359
Manufacturing	KSF	287		459	178	22	51
Warehouse	KSF	354		177	67	11	110
Public Facilities	KSF	88		220	85	110	1,028
K-12 Public Schools	Students	2,635			0	23	154
College/University	Students	3,500			350	4	32
Totals			13,617	9,876	20,233	5,054	26,338

¹ DU = dwelling unit; KSF = 1,000 gross sq ft of building area; Room = guest room or suite; Bed = patient bed

² Number of existing residential units based on the January 2022 CA Department of Finance E-5 report; existing non-residential units based on 2018 data from the NCTC/Grass Valley Travel Demand Forecasting Model

³ Existing household population from 2020 Census

⁴ Existing employees = existing units X employees per unit from Table 2.1

⁵ Existing service population = existing units X service population per unit from Table 2.1

⁶ Fire Department calls for service per unit per year based on analysis of a random sample of all 2019 calls for service; see discussion in text

⁷ Police Department calls for service per unit per year based on analysis of a random sample of all 2019 calls for service; discussion in text

Table 2.3 presents a forecast of future development in the City. The numbers in this table represent the difference between existing development in Table 2.2 and buildout development in Table 2.4.

Table 2.3: Future Development to 2040 - Grass Valley

Development Type	Unit Type ¹	No. of Units ²	Popu-lation ³	Emple-ees ⁴	Service Pop ⁵	Fire Calls per Year ⁶	Police Calls per Year ⁷
All Residential	DU	2,432	4,874		4,874	1,238	3,963
Commercial	KSF	401		601	437	111	1,690
Hotel/Lodging	Room	0		0	0	0	0
Office	KSF	364		910	353	28	237
Medical Office	KSF	0		0	0	0	0
Hospital Facilities	Bed	0		0	0	0	0
Light Industrial	KSF	82		90	35	3	29
Manufacturing	KSF	75		120	46	6	13
Warehouse	KSF	11		6	2	0	3
Public Facilities	KSF	14		35	14	18	164
K-12 Public Schools	Students	349			0	3	20
College/University	Students	419			42	0	4
Totals			4,874	1,762	5,803	1,406	6,124

Note: the numbers in Table 2.3 represent the difference between 2040 development in Table 2.4 and existing development in Table 2.2

Table 2.4 shows development in the City projected to 2040. Except for public facilities, 2040 units are based on projections in the NCTC/Grass Valley Travel Demand Forecast Model. Projections for future development in the Public Facilities category were adjusted by NBS based on a recent analysis of existing public facilities in Grass Valley.

Table 2.4: Total 2040 Development - Grass Valley

Development Type	Unit Type ¹	No. of Units ²	Popu-lation ³	Empl-o-yees ⁴	Service Pop ⁵	Fire Calls per Year ⁶	Police Calls per Year ⁷
All Residential	DU	9,227	18,491		18,491	4,696	15,035
Commercial	KSF	2,870		4,305	3,128	796	12,095
Hotel/Lodging	Room	297		104	74	133	410
Office	KSF	1,229		3,073	1,192	94	801
Medical Office	KSF	269		807	250	133	1,128
Hospital Facilities	Bed	228		1,140	1,651	376	1,025
Light Industrial	KSF	1,084		1,192	466	36	388
Manufacturing	KSF	362		579	224	28	64
Warehouse	KSF	365		183	69	11	113
Public Facilities	KSF	102		255	99	128	1,192
K-12 Public Schools	Students	2,984			0	26	174
College/University	Students	3,919			392	4	36
Totals			18,491	11,638	26,036	6,460	32,462

¹ DU = dwelling unit; KSF = 1,000 gross sq ft of building area; Room = guest room or suite; Bed = patient bed
² 2040 units from the NCTC/Grass Valley Travel Demand Forecasting Model
³ 2040 population = residential units X 2.06 average 2022 population per unit
⁴ 2040 employees = units X employees per unit from Table 2.1
⁵ 2040 residential service population = 2040 population; 2040 non-residential service population = units X service population per unit from Table 2.1
⁶ 2040 fire calls for service = 2040 units X calls per unit per year from Table 2.1
⁷ 2040 police calls for service = 2040 units X calls per unit per year from Table 2.1

Growth Potential

The numbers in Table 2.4 represent an increase of 36% in population and 18% in employment between 2022 and 2040. Police and Fire Department calls are projected to increase 28%.

The fees calculated in subsequent chapters of this report are intended to pay for the capital facilities needed to serve the additional demand created by future development forecasted in this chapter. Most of the fees calculated in this report are based on the cost to maintain the existing level of service for various types of facilities, so that the amount of future development does not affect the impact fee calculations. For those facilities, future development is used only to project revenue from the impact fees.

To the extent the future development is used to calculate impact fees in this study, those calculations depend on the amount of future development, but not on when that development occurs.

Chapter 3. Park Land and Park Improvements

This chapter calculates impact fees for park land acquisition, park improvements, maintenance equipment, and trails.

Methodology

This chapter calculates impact fees using the standard-based method discussed in Chapter 1. Standard-based fees are calculated using a specified relationship or standard that determines the number of service units to be provided for each unit of development. All of the impact fees calculated in this chapter are based on the City's existing level of service (LOS) as defined in the section titled Existing Facilities and Existing Level of Service, below. Impact fees calculated in that manner are designed to maintain the existing level of service as the City grows.

Service Area

The impact fees calculated in this chapter are intended to apply to all new residential development in the City, including portions of the City's Sphere of Influence (SOI) that may be annexed in the future.

Demand Variable

A "demand variable" is a quantifiable attribute of development that is used in impact fee calculation formulas to represent the impact of development. The demand variable used to calculate impact fees for parks and other facilities in this chapter is population.

Population is used here because the need for parks and related facilities is almost universally defined in terms of population. The Grass Valley Parks and Recreation Master Plan follows that practice.

Impact fees calculated in this chapter for different categories of residential development will vary depending on the estimated average population per unit for each category. Table 2.1 in Chapter 2 shows the population-per-unit factors for each category of residential development defined in this study.

Because added population is associated with residential development, the impact fees calculated in this chapter apply only to residential development.

Existing Facilities and Existing Level of Service

Existing Parks. In this chapter, calculation of impact fees for park land acquisition and park improvements are based on the City's existing ratio of improved park acres to population. Table 3.1 lists the City's existing parks and shows both City-owned acres and improved acres of parks. The improved acres shown in Table 3.1 also includes some acreage that is owned by the Grass Valley Unified School District and was improved by the City.

Table 3.1: Existing Parks

Park Name	Park Type	City-Owned Park Acres	Improved Park Acres
Condon Park	Community	81.00	18.00
Memorial Park	Community	7.40	7.40
Devere Mautino Park	Community	12.90	6.45
Minnie Park	Neighborhood	2.00	2.00
Morgan Ranch	Neighborhood	4.00	0.00
Dow Alexander Park	Pocket	0.30	0.30
Elizabeth Daniels Park	Urban	0.15	0.15
Grass Valley USD Joint Use Agreement		0.00	4.00
Total		107.75	38.30

Source: City of Grass Valley General Plan Recreation Element and Parks and Recreation Master Plan with additional information provided by City staff

Table 3.2 calculates the City’s existing level of service in terms of developed acres of City-improved park land per capita and per 1,000 population.

Table 3.2: Existing Level of Service - Park Acres per Capita

Total Improved Park Acres ¹	Existing Population ²	Existing Acres per Capita ³	Existing Acres per 1,000 ⁴
38.30	13,617	0.00281	2.81

¹ See Table 3.1

² See Table 2.2

³ Acres per capita = existing acres / existing population

⁴ Acres per 1,000 population = acres per capita X 1,000

Existing Park Maintenance Equipment. Table 3.3 lists the City’s existing park maintenance equipment and the replacement cost for each item. The cost of park maintenance equipment will be incorporated into the impact fees for park improvements. Replacement cost is used here to reflect the cost of acquiring the additional equipment that will be needed to maintain additional parks needed to serve new development.

Table 3.3: Existing Park Maintenance Equipment

Description	Model Year ¹	Replacement Cost ²
Post Hole Digger	1998	\$ 1,200
Aerator, John Deere 260S Aer-Way, x	1991	\$ 2,000
Generator, 8000 Watt Genarac w/ wheel kit	1991	\$ 2,000
Ford F250 4x2 P/U	2003	\$ 18,000
Ford F350 4x4 P/U	2012	\$ 40,000
Ford F350 4x4 P/U	2021	\$ 50,000
Tomco Equipment Trailer	1999	\$ 2,000
John Deere 4 x 2 Gator	2008	\$ 5,000
John Deer Tractor M301A, #108475	1974	\$ 7,500
Kubota RTV Utility Vehicle	2006	\$ 12,000
Grasshopper 932/3472 Lawnmower	2010	\$ 15,000
Grasshopper Mower	2001	\$ 12,000
Hurricane Blower	2020	\$ 12,000
Toro Reel Mower	2010	\$ 12,000
Tractor 3400 4x4, Hustler Mower	2002	\$ 17,000
J.D. Backhoe, compact Tractor & canopy	1990	\$ 18,000
Total		\$ 225,700

Source: Grass Valley City Engineer

Existing Trails. Table 3.4 lists the City’s existing trails with their length in linear feet (LF) and their estimated replacement cost.

Table 3.4: Existing Trails

Trail Name	Length (LF)	Unit Repl Cost ¹	Total Repl Cost ²
Wolf Creek	5,280	\$ 200.00	\$ 1,056,000
Litton Trail	2,640	\$ 200.00	\$ 528,000
Peabody Creek Trail	1,600	\$ 200.00	\$ 320,000
Total			\$ 1,904,000

Source: Grass Valley City Engineer

Cost Per Capita

Cost per Capita – Park Land. Below, we calculate a cost per capita for park land acquisition through impact fees. However, Grass Valley has an existing Quimby Act ordinance that establishes requirements for park land dedication or fees in lieu of dedication for residential subdivisions. Consequently, the park land impact fees calculated in this chapter are intended to apply only to residential development that does not involve a subdivision and is not subject to the Quimby Act. Table 3.5 calculates the cost per capita for park land acquisition based on the

existing ratio of park acres per capita from Table 3.2 and the estimated cost per acre to park land in Grass Valley.

Table 3.5: Cost per Capita - Park Land Acquisition

Acres per Capita ¹	Cost per Acre ²	Cost per Capita ³
0.00281	\$50,000	\$140.50

¹ See Table 3.2

² Land cost per acre estimated by Grass Valley City Engineer

³ Cost per capita = acres per capita X cost per acre

Cost per Capita – Park Improvements. Table 3.6 calculates a cost per capita for park improvements based on the existing ratio of park acres per capita from Table 3.2 and the estimated average cost per acre for park improvements. The types of improvements covered by the estimated cost per acre shown in Table 3.6 are listed below. It should be noted that not every park will have all of these types of improvements.

- Turf, landscaping and irrigation
- Baseball, softball and soccer fields
- Tennis, pickleball, basketball and bocce courts
- Playgrounds and tot lots
- Picnic pavilions
- Rest room buildings
- Parking

It is also important to note that the park improvement impact fees calculated in this chapter do not include the cost of some major recreational facilities that were funded by Measure E and/or Community Development Block Grants. Those facilities include the new swimming pool complex at Memorial Park and the skate park and the LOVE Building at Condon Park.

Table 3.6: Cost per Capita - Park Improvements

Acres per Capita ¹	Cost per Acre ²	Cost per Capita ³
0.00281	\$500,000	\$1,405.00

¹ See Table 3.2

² Cost per acre estimated by the Grass Valley City Engineer

³ Cost per Capita = acres per capita X cost per acre



Cost per Capita – Park Maintenance Equipment. Table 3.7 calculates the cost per capita for park maintenance equipment based on the total replacement cost of existing equipment from Table 3.3 and the City’s existing population.

Table 3.7: Cost per Capita - Park Maintenance Equipment

Existing Vehicles & Equipmt Repl Cost ¹	Existing Population ²	Cost per Capita ³
225,700	13,617	\$16.57

¹ See Table 3.3
² See Table 2.2
³ Cost per Capita = existing facilities replacement cost / existing population

Cost per Capita – Trails. Table 3.8 calculates the cost per capita for trails based on the total replacement cost of existing trails from Table 3.4 and the City’s existing population.

Table 3.8: Cost per Capita - Trails

Existing Facilities Replacement Cost ¹	Existing Population ²	Cost per Capita ³
1,904,000	13,617	\$139.83

¹ See Table 3.4
² See Table 2.2
³ Cost per Capita = existing facilities replacement cost / existing population

Impact Fees per Unit

Impact Fees per Unit - Park Land Acquisition. Table 3.9 calculates impact fees per unit by residential development type for park land acquisition. Those fees are based on the per-capita cost from Table 3.5 and population per dwelling unit factors from Table 2.1. These fees would apply only to residential development not involving a subdivision.

Table 3.9: Impact Fees per Unit - Park Land Acquisiiton

Development Type	Units ¹	Cost per Capita ²	Population per Unit ³	Impact Fee per Unit ⁴
Residential: <800 Sq. Ft.	DU	\$140.50	1.90	\$ 266.95
Residential: 800-1,200 Sq. Ft.	DU	\$140.50	2.00	\$ 281.00
Residential: >1,200-2,100 Sq. Ft.	DU	\$140.50	2.10	\$ 295.05
Residential: >2,100 Sq. Ft.	DU	\$140.50	2.20	\$ 309.10

¹ DU = dwelling units

² See Table 3.5

³ Population per DU; see Table 2.1

⁴ Impact fee per unit = cost per capita X population per unit

Impact Fees per Unit - Park Improvements (Including Park Maintenance Equipment). Table 3.10 calculates impact fees per unit by residential development type for park improvements. These fees also incorporate the cost of park maintenance equipment. They are calculated using the combined per-capita costs for park improvements and park maintenance equipment from Tables 3.6 and 3.7 and the population per unit factors from Table 2.1.

Table 3.10: Impact Fees per Unit - Park Improvements

Development Type	Units ¹	Cost per Capita ²	Population per Unit ³	Impact Fee per Unit ⁴
Residential: <800 Sq. Ft.	DU	\$1,421.57	1.90	\$ 2,700.99
Residential: 800-1,200 Sq. Ft.	DU	\$1,421.57	2.00	\$ 2,843.15
Residential: >1,200-2,100 Sq. Ft.	DU	\$1,421.57	2.10	\$ 2,985.31
Residential: >2,100 Sq. Ft.	DU	\$1,421.57	2.20	\$ 3,127.46

¹ DU = dwelling units

² Includes both park improvements and park maintenance vehicles and equipment; see Tables 3.6 and 3.7

³ Population per DU; see Table 2.1

⁴ Impact fee per unit = cost per capita X population per unit

Impact Fees per Unit – Trails. Table 3.11 calculates impact fees per unit by residential development type for trails. Those fees are based on the per-capita cost from Table 3.8 and population per dwelling unit factors from Table 2.1.

Table 3.11: Impact Fees per Unit - Trails

Development Type	Units ¹	Cost per Capita ²	Population per DU ³	Impact Fee per Unit ⁴
Residential: <800 Sq. Ft.	DU	\$139.83	1.90	\$ 265.67
Residential: 800-1,200 Sq. Ft.	DU	\$139.83	2.00	\$ 279.65
Residential: >1,200-2,100 Sq. Ft.	DU	\$139.83	2.10	\$ 293.63
Residential: >2,100 Sq. Ft.	DU	\$139.83	2.20	\$ 307.62

¹ DU = dwelling units

² See Table 3.8

³ Population per DU; see Table 2.1

⁴ Impact fee per unit = cost per capita X population per unit

Projected Revenue

The impact fees per unit in the previous four tables are based on residential unit size in square feet. Although projections of future residential development are available based on unit type (e.g., single-family and multi-family), no projections are available based on unit size, so it is not possible to project revenue from these impact fees based on the number of units.

However, we do have projections of added population from Chapter 2, so potential revenue can be projected using added population and the cost per capita for park improvements, major recreation facilities and trails. No projection of potential revenue is provided for park land acquisition impact fees because it is unknown how much future residential development will be in subdivisions, which are subject to Quimby Act park land in-lieu fees rather than the park land impact fees calculated in this chapter.

Projected Revenue – Park Improvements (Including Maintenance Equipment). Table 3.12 calculates projected revenue for the park improvement impact fees, using the added population from Table 2.3 and the cost per capita from Table 3.10.

Table 3.12: Projected Revenue - Park Improvement Impact Fees

Added Population ¹	Cost per Capita ²	Projected Revenue ³
4,874	\$1,421.57	\$6,928,755.91

¹ See Table 2.3

² See Table 3.10

³ Projected revenue = added population X cost per capita

Projected Revenue – Trails. Table 3.13 calculates projected revenue for the trails impact fees, using the added population from Table 2.3 and the cost per capita from Table 3.11.



Table 3.13: Projected Revenue - Trails

Added Population ¹	Cost per Capita ²	Projected Revenue ³
4,874	\$139.83	\$681,508.11

¹ See Table 2.3

² See Table 3.11

³ Projected revenue = added population X cost per capita

Updating the Fees

The impact fees calculated in this chapter are based the current estimated cost of park land, park improvements and trails. We recommend that the fees be reviewed annually and adjusted as needed using local cost data or an index such as the *Engineering News Record* Construction Cost Index (CCI). See the Implementation Chapter for more on indexing of fees.

Nexus Summary

As discussed in Chapter 1 of this report, Section 66001 of the Mitigation Fee Act requires that an agency establishing, increasing or imposing impact fees, must make findings to:

Identify the purpose of the fee;

Identify the use of the fee; and,

Determine that there is a reasonable relationship between:

- a. The use of the fee and the development type on which it is imposed;
- b. The need for the facility and the type of development on which the fee is imposed; and
- c. The amount of the fee and the facility cost attributable to the development project.

Satisfying those requirements also ensures that the fees meet the “rational nexus” and “rough proportionality” standards enunciated in leading court decisions bearing on impact fees and other exactions. (For more detail, see “Legal Framework for Impact Fees” in Chapter 1.) The following paragraphs explain how the impact fees calculated in this chapter satisfy those requirements.

Purpose of the Fee: The purpose of the impact fees calculated in this chapter is to mitigate the impact of new residential development on the need for parks, recreation facilities and trails in Grass Valley.

Use of the Fee. Impact fees calculated in this chapter will be used to provide additional parks, recreation facilities and trails to mitigate the impacts of new residential development in the City.

As provided by the Mitigation Fee Act, revenue from impact fees may also be used for temporary loans from one impact fee fund or account to another.

Reasonable Relationship between the Use of the Fee and the Development Type on Which It Is Imposed. The impact fees calculated in this chapter will be used to provide additional parks, recreational facilities and trails to serve the needs of added population associated with new residential development in Grass Valley.

Reasonable Relationship between the Need for the Facilities and the Type of Development on Which the Fee Is Imposed. New development increases the need for parks, recreation facilities and trails to maintain the existing level of service as described earlier in this chapter. Without additional parks, recreation facilities and trails, the increase in population associated with new residential development would result in a reduction in the level of service provided to all residents of the City.

Reasonable Relationship between the Amount of the Fee and the Facility Cost Attributable to the Development Project. The amount of the impact fees for park land, park improvements, major recreation facilities and trails calculated in this chapter depend on the estimated increase in population associated with each category of residential development. The fees per unit of development calculated in this chapter for each type of residential development are based on the estimated average population per unit for that type of development in Grass Valley. Thus, the fee charged to a development project reflects the impact of that project on the need for parks, recreation facilities and trails in the City.

Chapter 4. Fire Protection Facilities

This chapter calculates impact fees for facilities, apparatus and equipment needed to provide fire protection and emergency response services to new development in Grass Valley. Where the general term “facilities” is used elsewhere in this chapter, it is intended to include all types of capital assets needed by the Grass Valley Fire Department to carry out its mission.

The fire departments of Grass Valley and Nevada City merged in 2020, so that the Grass Valley Fire Department now also serves Nevada City under a contract between the two cities. The Department operates two fire stations in Grass Valley and one in Nevada City. The Grass Valley Fire Department also responds to emergency calls in the western portion of unincorporated Nevada County under an agreement with the Nevada County Consolidated Fire District.

The impact fees calculated in this chapter are based on the cost of City-owned fire facilities, apparatus and equipment located in Grass Valley and intended to serve the City of Grass Valley.

Service Area

The service area for impact fees calculated in this chapter is the City of Grass Valley. Those fees are intended to apply to all future development in the City, including portions of the Sphere of Influence (SOI) annexed in the future.

Demand Variable

A “demand variable” is a quantifiable attribute of development that is used in fee calculation formulas to represent the impact of development on a certain type of capital facilities. The demand variable used to calculate impact fees for fire facilities in this report is calls for service per year.

As part of this study, NBS analyzed a random sample of 570 of just over 5,000 calls for service received by the Grass Valley Fire Department in the City of Grass Valley from October 2, 2020, to October 2, 2021. That analysis was used to establish the number of calls for service per year originating from the various types of development defined in this study, which allowed us to determine the average number of calls per unit per year generated by each type of development. Table 2.1 in Chapter 2 shows the calls-per-unit-per-year factors derived from that analysis. Those factors are used to calculate impact fees per unit later in this chapter.

It is worth noting that calls-per-unit rates for residential development could not be established by unit size, but were categorized by type of unit (e.g., single-family, multi-family or mobile home). The fire calls-per-unit factors shown in Table 2.1 and used in this analysis apply the multi-family rates to the two smaller unit-size categories and the single-family rate to the two larger unit-size categories.

Methodology

This chapter calculates impact fees using the standard-based method discussed in Chapter 1. Standard-based fees are calculated using a specified relationship or standard that determines the number of service units to be provided for each unit of development.

Level of Service

In this case, the standard used to calculate impact fees is the existing level of service, defined as the replacement cost of existing fire protection facilities, apparatus and equipment divided by the total calls for service for the one-year 2020-2021 period to get a cost per call per year.

In 2021, AB 602 added Section 66016.5 to the Mitigation Fee Act. Among other things, after January 1, 2022, that section requires that if the level of service used in an impact fee study exceeds the existing level of service, the higher level of service must be justified. Using the existing level of service as the basis for the impact fees calculated in this chapter is consistent with the requirements of AB 602.

Facilities, Apparatus and Equipment

Table 4.1 lists the estimated replacement cost of Fire Stations #1 and #2. Fire Station #2 is on a site owned by Sierra College and leased to the City. The Grass Valley Fire Department also operates Fire Station #5 in Nevada City, but that station is not shown in Table 4.1 because it primarily serves Nevada City.

Table 4.1: Existing Fire Stations

Facility	Constr Date	Building Sq Ft ¹	Bldg Repl Cost ²	Site Acres ³	Est Land Value ⁴	FF&E Repl Cost ⁵	Impact Fee Cost Basis ⁶
Fire Station #1	1985	4,923	\$2,619,036	0.28	\$32,200	\$481,748	\$ 3,132,984
Fire Station #2	1999	4,500	2,395,424	Not City-Owned		\$231,611	\$ 2,627,035
Total							\$ 5,760,019

¹ Existing station square feet from the City's insured property schedule

² Building replacement cost based on recent construction costs

³ Site acreage provided by the Grass Valley Fire Department

⁴ Land value based on \$115,000 per acre

⁵ Replacement cost of furniture, fixtures and equipment (FF&E) from the City's insured property schedule

⁶ Impact fee cost basis = the sum of building replacement cost, estimated land value and the replacement cost of furniture, fixtures and equipment

Table 4.2 lists the City's existing firefighting apparatus and other vehicles. Costs for all vehicles and equipment reflect the estimated current dollar replacement costs as provided by City staff. Equipment costs are included in the replacement cost figures. Costs for vehicles funded by

Measure E representing more than \$2.6 million are excluded from the impact fee cost basis in Table 4.2.

Table 4.2: Existing Fire Department Apparatus and Vehicles

Model Year	Description	Assignment	Replacement Cost ¹	Impact Fee Cost Basis ²
2005	GMC Yukon	Fire Prevention 2	\$ 25,000	\$ 25,000
2015	Ford F250 4WD Pickup	Fire Utility U5	\$ 57,000	\$ 0
2015	Ford F250 Pickup	Fire Utility U2	\$ 57,000	\$ 0
2016	Ford F250 4WD Pickup	Battalion Chief	\$ 77,000	\$ 0
2017	Ford F250 4WD Pickup	Fire Chief 1300	\$ 77,000	\$ 0
2017	Ford F250 4WD Pickup	Fire Utility U1	\$ 77,000	\$ 0
2019	Dodge RAM 2500	Fire Prevention 3	\$ 65,000	\$ 0
2019	Dodge RAM 5500	Squad 2	\$ 200,000	\$ 0
2009	Spartan/Smeal Ladder Engine	Truck 2	\$ 850,000	\$ 850,000
2003	KME Engine	Engine 201	\$ 265,000	\$ 0
2015	KME Engine	Engine 202	\$ 565,000	\$ 0
2017	KME Engine	Engine 1	\$ 615,000	\$ 0
2019	KME Engine	Engine 2	\$ 630,000	\$ 0
2021	Repair Unit	Repair 1330	\$ 100,000	\$ 100,000
2015	Explorer PPV	Utility	\$ 35,000	\$ 35,000
Total			\$ 3,695,000	\$ 1,010,000

Table 4.3 summarizes the costs from the preceding tables and adds the existing cash balance of the Fire Impact Fee Fund.

Table 4.3: Total Impact Fee Cost Basis

Component	Total Cost Basis ¹
Existing Fire Stations	\$ 5,760,019
Existing Fire Apparatus and Vehicles	\$ 1,010,000
Fire Impact Fee Fund Balance	\$ 12,224
Total Cost	\$ 6,782,243

¹ See Tables 4.1, and 4.2; DIF fund balance as of 6/30/22

Cost per Call for Service

Table 4.4 calculates the cost per call for service for City fire facilities, apparatus and vehicles using the total cost basis from Table 4.3 and the existing number of calls for service per year.

Table 4.4: Cost per Call for Service

Total Cost Basis ¹	Existing Calls for Service ²	Cost per Call for Service ³
\$6,782,243	5,054	\$1,341.96

¹ Total cost basis; see Table 4.3
² Existing Fire calls for service per year ; see Table 2.2
³ Cost per call for service = total facility cost / existing calls for service per year

Impact Fees per Unit

Table 4.5 shows the calculation of fire facilities impact fees per unit of development, by development type. Those fees are calculated using the cost per call for service from Table 4.4 and the calls-per-unit-per-year factors from Table 2.1.

Table 4.5 Impact Fee per Unit

Development Type	Units ¹	Cost per CFS ²	CFS per Unit ³	Impact Fee per Unit ⁴
Residential: <800 Sq. Ft.	DU	\$1,341.96	0.220	\$ 295.23
Residential: 800-1,200 Sq. Ft.	DU	\$1,341.96	0.350	\$ 469.68
Residential: >1,200-2,100 Sq. Ft.	DU	\$1,341.96	0.450	\$ 603.88
Residential: >2,100 Sq. Ft.	DU	\$1,341.96	0.550	\$ 738.08
Commercial	KSF	\$1,341.96	0.277	\$ 372.31
Hotel/Lodging	Room	\$1,341.96	0.448	\$ 600.94
Office	KSF	\$1,341.96	0.076	\$ 102.39
Medical Office	KSF	\$1,341.96	0.494	\$ 663.49
Hospital Facilities	Bed	\$1,341.96	1.649	\$ 2,213.05
Light Industrial	KSF	\$1,341.96	0.033	\$ 44.20
Manufacturing	KSF	\$1,341.96	0.077	\$ 102.87
Warehouse	KSF	\$1,341.96	0.031	\$ 41.70
Public Facilities	KSF	\$1,341.96	1.250	\$ 1,677.44
K-12 Public Schools	Students	\$1,341.96	0.009	\$ 11.71
College/University	Students	\$1,341.96	0.001	\$ 1.53

¹ DU = dwelling unit; KSF = 1,000 gross square feet of building area; Room = guest room or suite; Bed = patient bed
² Cost per call for service per year; see Table 4.4
³ Calls for service per unit per year; see Table 2.1
⁴ Impact fee per unit = cost per call for service X calls for service per unit

Projected Revenue

In Table 4.6, potential revenue from the fire facilities impact fees can be estimated by applying the cost per call for service from Table 4.4 to the added calls for service to 2040 shown in Table 2.3 in Chapter 2. This projection assumes that future development occurs as shown in Chapter 2.

Table 4.6 Projected Revenue

Development Type	Units ¹	Cost per CFS ²	Added CFS ³	Projected Revenue ⁴
All residential	DU	\$1,341.96	1,238	\$ 1,660,876
Commercial	KSF	\$1,341.96	111	\$ 149,297
Hotel/Lodging	Room	\$1,341.96	0	\$ 0
Office	KSF	\$1,341.96	28	\$ 37,271
Medical Office	KSF	\$1,341.96	0	\$ 0
Hospital Facilities	Bed	\$1,341.96	0	\$ 0
Light Industrial	KSF	\$1,341.96	3	\$ 3,624
Manufacturing	KSF	\$1,341.96	6	\$ 7,715
Warehouse	KSF	\$1,341.96	0	\$ 459
Public Facilities	KSF	\$1,341.96	18	\$ 23,484
K-12 Public Schools	Students	\$1,341.96	3	\$ 4,088
College/University	Students	\$1,341.96	0	\$ 643
Total				\$ 1,859,884

¹ DU=dwelling unit; KSF=1,000 gross square feet of building area

² Cost per call for service per year; see Table 4.4

³ Added calls for service per year to 2040; see Table 2.3

⁴ Projected revenue = cost per call for service per year X added calls for service to 2040

Although Table 4.5 calculates impact fees for K-12 Schools and Public Facilities, the City either may not have authority, or would be unlikely to charge impact fees, to itself or other government agencies. Consequently, no projected revenue is shown for K-12 Schools or Public Facilities in Table 4.6. Revenue from those fees would amount to only about 1.3% of the total revenue projected in Table 4.6.

Updating the Fees

The impact fees calculated in this chapter are based current estimated replacement costs for fire facilities as shown in this chapter. We recommend that the fees be reviewed and adjusted annually using local cost data or an index such as the Engineering News Record Building Cost Index (BCI). See the Implementation Chapter for more on indexing of fees.

Nexus Summary

As discussed in Chapter 1 of this report, Section 66001 of the Mitigation Fee Act requires an agency establishing, increasing or imposing impact fees to make findings to:

Identify the purpose of the fee;

Identify the use of the fee; and,

Determine that there is a reasonable relationship between:

- a. The use of the fee and the development type on which it is imposed;
- b. The need for the facility and the type of development on which the fee is imposed;
and
- c. The amount of the fee and the facility cost attributable to the development project.

Satisfying those requirements also ensures that the fees meet the “rational nexus” and “rough proportionality” standards enunciated in leading court decisions bearing on impact fees and other exactions. (For more detail, see “Legal Framework for Impact Fees” in Chapter 1.) The following paragraphs explain how the impact fees calculated in this chapter satisfy those requirements.

Purpose of the Fee: The purpose of the impact fees calculated in this chapter is to mitigate the impact of new development on the need for fire facilities, apparatus and vehicles provided by the City of Grass Valley.

Use of the Fee. Impact fees calculated in this chapter will be used to provide additional fire facilities, apparatus and vehicles to mitigate the impact of new development on the need for fire protection services in the City. As provided by the Mitigation Fee Act, revenue from impact fees may also be used for temporary loans from one impact fee fund or account to another.

Reasonable Relationship between the Use of the Fee and the Development Type on Which It Is Imposed. The impact fees calculated in this chapter will be used to provide additional fire facilities, apparatus and vehicles and to serve the added demand for fire protection and emergency services associated with new development in Grass Valley.

Reasonable Relationship between the Need for the Facilities and the Type of Development on Which the Fee Is Imposed. New development increases the demand for fire protection and other emergency services provided by the City. Without additional facilities, apparatus and vehicles, the increase in demand associated with new development would negatively impact the ability of the Grass Valley Fire Department to provide services efficiently and effectively to all development in the City.

Reasonable Relationship between the Amount of the Fee and the Facility Cost Attributable to the Development Project. The amount of the fire facilities impact fees charged to a development project will depend on the increase in calls for service associated with that project. The fees per unit of development calculated in this chapter for each type of development are based on the

estimated calls for service per unit per year for that type of development in the City's service area. Thus, the fee charged to a development project reflects the impact of that project on the overall need for facilities, apparatus and vehicles used by the Grass Valley Fire Department to serve development in the City.



Chapter 5. Police Facilities

This chapter calculates impact fees for facilities and vehicles needed to provide police services to new development in Grass Valley.

Service Area

The service area for impact fees calculated in this chapter is the City of Grass Valley. Impact fees calculated in this chapter are intended to apply to all future development in the City, including portions of the Sphere of Influence (SOI) annexed in the future.

Demand Variable

A “demand variable” is a quantifiable attribute of development that is used in fee calculation formulas to represent the impact of development on a certain type of capital facilities. The demand variable used to calculate impact fees for police facilities, vehicles and equipment in this report is Police Department calls for service per year.

As part of this study, NBS analyzed a random sample of 650 of almost 27,000 calls for service received by the Grass Valley Police Department from calendar year 2019. We did not use 2020 data because we have found that the Covid pandemic skewed demand for law enforcement services during that year. Because the small number of calls for service generated by industrial development may not have been represented adequately in the random sample, additional analysis was done for industrial development using all 2019 calls for service.

Analysis of the random sample was used to establish the number of calls for service per year originating from the various types of development defined in this study and allowed us to determine the average number of calls per unit per year generated by each type of development. Table 2.1 in Chapter 2 shows the calls-per-unit-per-year factors derived from that analysis. Those factors are used to calculate impact fees per unit later in this chapter.

It is important to note that calls-per-unit rates for residential development could not be established for the unit size categories used in this study. Those calls were categorized by type of unit (e.g., single-family, multi-family or mobile home). The Police calls-per-unit factors shown in Table 2.1 and used in this analysis apply the multi-family rates to the two smaller unit-size categories and the single-family rate to the two larger unit-size categories.

Methodology

This chapter calculates impact fees using the standard-based method discussed in Chapter 1. Standard-based fees are calculated using a specified relationship or standard that determines the number of service units to be provided for each unit of development. The level of service used in this analysis is discussed in the next section.

Level of Service

In this case, the standard used to calculate impact fees is the existing level of service, defined as the replacement cost of existing Police Department facilities, vehicles and equipment divided by the total calls for service for the one-year 2019 period to get an average cost per call.

In 2021, AB 602 added Section 66016.5 to the Mitigation Fee Act. Among other things, after January 1, 2022, that section requires that if the level of service used in an impact fee study exceeds the existing level of service, the higher level of service must be justified. Using the existing level of service as the basis for the impact fees calculated in this chapter is consistent with the requirements of AB 602.

Facilities, Vehicles and Equipment

Table 5.1 lists the estimated replacement cost of the City’s existing Police Department facilities. Animal control facilities are addressed separately in Chapter 6.

Table 5.1: Existing Police Department Facilities

Facility	Constr Date	Building Sq Ft ¹	Bldg Repl Cost ²	Site Acres ³	Est Land Value ⁴	FF&E Repl Cost ⁵	Impact Fee Cost Basis ⁶
Police Station	1996	9,000	\$ 5,175,000	0.85	\$391,000	\$240,877	\$ 5,806,877
Police Range Storage (2)	1985	600	\$ 161,219			\$ 64,232	\$ 225,451
Police Range Covers (2)	1985	800	\$ 318,214			\$ 0	\$ 318,214
Total							\$ 6,350,542

¹ Existing buildings square feet from the City's insured property schedule
² Building replacement cost based on recent construction costs
³ Site acreage provided by the Grass Valley Police Department
⁴ Land value based on \$460,000 per acre
⁵ Replacement cost of furniture, fixtures and equipment (FF&E) from the City's insured property schedule
⁶ Impact fee cost basis = the sum of building replacement cost, estimated land value and the replacement cost of furniture, fixtures and equipment

Table 5.2 lists the City’s existing Police vehicles and equipment including community and facility cameras. Costs for vehicles and equipment reflect the estimated current dollar replacement costs as provided by City staff. The police department maintains facility security cameras (interior and exterior) of all City buildings as well as community camera platforms. The purpose of facility cameras is to provide security for city facilities and to provide forensic evidence of crimes. The community cameras are primarily designed for crime prevention, detection, and/or resource deployment. Community cameras are primarily focused on areas of high traffic such as the downtown core, parks, and retail locations. The Police Department’s experience is that community cameras have proven highly useful in crime detection and investigations.

Table 5.2: Existing Police Department Vehicles and Equipment

Description	Unit Count	Unit Cost ¹	Total Cost ²
Marked Patrol Vehicles	8	\$ 63,235	\$ 505,880
K9 Patrol Vehicles	3	\$ 69,235	\$ 207,705
Unmarked Investigations/Admin Vehicles	9	\$ 58,235	\$ 524,115
Special Duty Vehicles	4	\$ 58,235	\$ 232,940
Sworn Officer Personal Equipment ³	34	\$ 16,489	\$ 560,626
Community and Facility Cameras	185	Lump Sum	\$ 457,500
Total			\$2,488,766

¹ Patrol vehicles are 2021-2022 Chevy Tahoes with an estimated base cost of \$44,000 plus additional equipment cost

² Total cost = unit count X unit cost

³ Includes uniforms, badge, radio, body camera, firearm and other equipment required for each sworn officer

Table 5.3 summarizes the costs from the preceding tables and adds the current cash balance in the City’s Police Impact Fee Fund.

Table 5.3: Total Impact Fee Cost Basis

Component	Total Cost Basis ¹
Existing Buildings	\$ 6,350,542
Existing Vehicles and Equipment	\$ 2,488,766
Police Impact Fee Fund Balance	\$ 35,084
Total Cost	\$ 8,874,392

¹ See Tables 5.1, and 5.2; DIF fund balance as of 6/30/22

Cost per Call for Service

Table 5.4 calculates the cost per call for service for Police Department facilities, vehicles and equipment using the total cost basis from Table 5.3 and the existing number of calls for service per year.

Table 5.4: Cost per Call for Service

Total Cost Basis ¹	Existing Calls for Service ²	Cost per Call for Service ³
\$8,874,392	26,338	\$336.94

¹ Total cost basis; see Table 5.3

² Existing Police calls for service per year ; see Table 2.2

³ Cost per call for service = total cost basis / existing calls for service per year

Impact Fees per Unit

Table 5.5 shows the calculation of impact fees for Police Department facilities per unit of development, by development type. Those fees are calculated using the average cost per call for service from Table 5.4 and the calls-per-unit-per-year factors from Table 2.1.

Table 5.5 Impact Fee per Unit

Development Type	Units ¹	Cost per CFS ²	CFS per Unit ³	Impact Fee per Unit ⁴
Residential: <800 Sq. Ft.	DU	\$336.94	1.200	\$ 404.33
Residential: 800-1,200 Sq. Ft.	DU	\$336.94	1.500	\$ 505.41
Residential: >1,200-2,100 Sq. Ft.	DU	\$336.94	1.800	\$ 606.49
Residential: >2,100 Sq. Ft.	DU	\$336.94	2.000	\$ 673.88
Commercial	KSF	\$336.94	4.214	\$ 1,419.94
Hotel/Lodging	Room	\$336.94	1.380	\$ 465.13
Office	KSF	\$336.94	0.652	\$ 219.69
Medical Office	KSF	\$336.94	4.193	\$ 1,412.88
Hospital Facilities	Bed	\$336.94	4.496	\$ 1,514.74
Light Industrial	KSF	\$336.94	0.358	\$ 120.72
Manufacturing	KSF	\$336.94	0.178	\$ 59.87
Warehouse	KSF	\$336.94	0.310	\$ 104.45
Public Facilities	KSF	\$336.94	11.686	\$ 3,937.46
K-12 Public Schools	Students	\$336.94	0.058	\$ 19.69
College/University	Students	\$336.94	0.009	\$ 3.08

¹ DU = dwelling unit; KSF = 1,000 gross square feet of building area; Room = guest room or suite; Bed = patient bed

² Cost per call for service per year; see Table 5.4

³ Calls for service per unit per year; see Table 2.1

⁴ Impact fee per unit = cost per call for service X calls for service per unit

Projected Revenue

In Table 5.6, potential revenue from the police facilities impact fees can be estimated by applying the cost per call for service from Table 5.4 to the added calls for service to 2040 shown in Table 2.3 in Chapter 2. This projection assumes that future development occurs as shown in Chapter 2.

Table 5.6 Projected Revenue

Development Type	Units ¹	Cost per CFS ²	Added CFS ³	Projected Revenue ⁴
All residential	DU	\$336.94	3,963	\$ 1,335,211
Commercial	KSF	\$336.94	111	\$ 37,486
Hotel/Lodging	Room	\$336.94	0	\$ 0
Office	KSF	\$336.94	28	\$ 9,358
Medical Office	KSF	\$336.94	0	\$ 0
Hospital Facilities	Bed	\$336.94	0	\$ 0
Light Industrial	KSF	\$336.94	3	\$ 910
Manufacturing	KSF	\$336.94	6	\$ 1,937
Warehouse	KSF	\$336.94	0	\$ 115
College/University	Students	\$336.94	0	\$ 161
Total				\$ 1,385,178

¹ DU = dwelling unit; KSF = 1,000 gross square feet of building area;
 Room = guest room or suite; Bed = patient bed
² Cost per call for service per year; see Table 5.4
³ Added calls for service per year to 2040; see Table 2.3
⁴ Projected revenue = cost per call for service per year X added calls for service to 2040

Although Table 5.5 calculates impact fees for K-12 Schools and Public Facilities, the City either may not have authority, or would be unlikely to charge impact fees to itself or other government agencies. Consequently, no projected revenue is shown for K-12 Schools or Public Facilities in Table 5.6. Revenue from those fees would amount to only about 0.5% of the total revenue projected in Table 5.6.

Updating the Fees

The impact fees calculated in this chapter are based the current estimated replacement costs for Police Department facilities, vehicles and equipment as shown in this chapter. We recommend that the fees be reviewed and adjusted annually using local cost data or an index such as the Engineering News Record Building Cost Index (BCI). See the Implementation Chapter for more on indexing of fees.

Nexus Summary

As discussed in Chapter 1 of this report, Section 66001 of the Mitigation Fee Act requires an agency establishing, increasing or imposing impact fees to make findings to:

Identify the purpose of the fee;

Identify the use of the fee; and,

Determine that there is a reasonable relationship between:

- a. The use of the fee and the development type on which it is imposed;
- b. The need for the facility and the type of development on which the fee is imposed; and
- c. The amount of the fee and the facility cost attributable to the development project.

Satisfying those requirements also ensures that the fees meet the “rational nexus” and “rough proportionality” standards enunciated in leading court decisions bearing on impact fees and other exactions. (For more detail, see “Legal Framework for Impact Fees” in Chapter 1.) The following paragraphs explain how the impact fees calculated in this chapter satisfy those requirements.

Purpose of the Fee: The purpose of the impact fees calculated in this chapter is to mitigate the impact of new development on the need for Police Department facilities, vehicles and equipment provided by the City of Grass Valley.

Use of the Fee. Impact fees calculated in this chapter will be used to provide additional Police Department facilities, vehicles and equipment to mitigate the impact of new development on the need for police services in the City. As provided by the Mitigation Fee Act, revenue from impact fees may also be used for temporary loans from one impact fee fund or account to another.

Reasonable Relationship between the Use of the Fee and the Development Type on Which It Is Imposed. The impact fees calculated in this chapter will be used to provide additional Police Department facilities and vehicles needed to serve the added demand for police services associated with new development in Grass Valley.

Reasonable Relationship between the Need for the Facilities and the Type of Development on Which the Fee Is Imposed. New development increases the demand for services provided by the Grass Valley Police Department. Without additional facilities, vehicles and equipment the increase in demand associated with new development would negatively impact the ability of the Grass Valley Police Department to provide services efficiently and effectively and to maintain the existing level of service for all development in the City.

Reasonable Relationship between the Amount of the Fee and the Facility Cost Attributable to the Development Project. The amount of the police facilities impact fees charged to a development project will depend on the increase in calls for service associated with that project. The fees per unit of development calculated in this chapter for each type of development are

based on the estimated calls for service per unit per year for that type of development. Thus, the fee charged to a development project reflects the impact of that project on the need for facilities, vehicles and to serve additional development in the City.

Chapter 6. General Government Facilities

This chapter calculates impact fees for facilities and vehicles needed to provide general government services to new development in Grass Valley. The impact fees calculated in this chapter are based on the cost of the City's existing general government facilities and vehicles. This chapter also calculates a separate impact fee for the City's animal control facilities and vehicles. Where the term "facilities" is used alone in this chapter, it is intended to include facilities, vehicles and related capital assets.

Service Area

The service area for impact fees calculated in this chapter is the City of Grass Valley. Impact fees calculated in this chapter are intended to apply to all future development in the City, including portions of the Sphere of Influence (SOI) annexed in the future.

Demand Variable

A "demand variable" is a quantifiable attribute of development that is used in fee calculation formulas to represent the impact of development on a certain type of capital facilities. The demand variable used to calculate impact fees for general government facilities and vehicles in this report is service population, which is a weighted composite variable made up of population and employees of business in the City. See Chapter 2 for a detailed discussion of service population. The demand variable used to calculate impact fees for animal control facilities is population.

Different demand variables are used for the two types of facilities addressed in this chapter because the need for general government facilities is impacted by both residential and non-residential development, while the need for animal control facilities is impacted almost entirely by residential development.

Methodology

This chapter calculates impact fees using the standard-based method discussed in Chapter 1. Standard-based fees are calculated using a specified relationship or standard that determines the number of service units to be provided for each unit of development. The level of service used in this analysis is discussed in the next section.

Level of Service

In this case, the standard used to calculate impact fees is the existing level of service, defined as the replacement cost of existing general government facilities and vehicles divided by the existing service population, or in the case of animal control, by the existing population of the City.

In 2021, AB 602 added Section 66016.5 to the Mitigation Fee Act. Among other things, after January 1, 2022, that section requires that if the level of service used in an impact fee study

exceeds the existing level of service, the higher level of service must be justified. Using the existing level of service as the basis for the impact fees calculated in this chapter is consistent with the requirements of AB 602.

Facilities, Vehicles and Equipment

Table 6.1 lists the estimated replacement cost of the City’s existing general government and animal control facilities.

Table 6.1: Existing General Government and Animal Control Facilities

Facility	Constr Date	Building Sq Ft ¹	Bldg Repl Cost ²	Site Acres ³	Est Land Value ⁴	FF&E Repl Cost ⁵	Impact Fee Cost Basis ⁶
City Hall	1980	17,310	\$3,728,000	1.01	\$464,600	\$2,161,704	\$ 6,354,304
Corporation Yard							
Shop/Office	1970	2,800	335,065			\$ 481,748	\$ 816,813
Equipment Storage Bldg	1975	2,040	126,837			\$ 242,138	\$ 368,975
Equipment Storage Bldg	1970	3,400	133,377			\$ 240,877	\$ 374,254
Equipment Storage Bldg	1980	2,100	67,332			\$ 160,581	\$ 227,913
Paint Shop/Storage	1975	800	206,257			\$ 160,581	\$ 366,838
Storage Building	1990	500	35,566			\$ 32,116	\$ 67,682
Subtotal							\$ 8,576,779
Animal Control Building	1975	2,345	\$ 302,157			\$ 533,712	\$ 835,869
Total							\$ 9,412,648

¹ Existing buildings square feet from the City's insured property schedule
² Building replacement cost from the City's insured property schedule
³ Site acreage estimated by NBS
⁴ City Hall land value based on \$460,000 per acre
⁵ Replacement cost of furniture, fixtures and equipment (FF&E) based on personal property figure from the City's insured property schedule

Table 6.2 lists the City’s existing general government and animal control vehicles. Costs for vehicles reflect the estimated current dollar replacement costs as provided by City staff.

Table 6.2: Existing General Government and Animal Control Vehicles

Department	Model Year	Make	Model	Description	Replacement Cost ¹
Fleet	2020	Ram	5500	4X4, Crane, Compressor, Welder	\$ 85,000
Pool	2009	Ford	Escape	Hybrid, 4X4	\$ 38,536
Pool	2009	Ford	Escape	Hybrid, 4X4	\$ 38,536
Pool	2020	Toyota	Rav4	Hybrid, 4X4	\$ 38,536
Streets	2021	Ford	F-250	XL 4X4 Gas	\$ 46,355
Streets	2021	Ford	F-250	XL 4X4 Gas	\$ 46,355
Streets	2003	Ford	F-250	XL 4X4 Gas	\$ 42,220
Streets	2011	Bobcat	S650	Skid Steer	\$ 65,000
Streets	2012	Ford	F-350	XL, 4X4, Gas	\$ 46,355
Streets	2012	Ford	F-550	XL, 4X4, Diesel, Dump, Plow	\$ 46,355
Streets	2017	Ford	F-350	XL, 4X4, Plow	\$ 46,355
Streets	2017	Ford	F-250	XL, 4X4, Plow	\$ 46,355
Streets	2017	Ford	F-250	XL, 4X4, Plow	\$ 46,355
Streets	2018	Freightliner		Street Sweeper	\$ 220,000
Streets	2020	John Deere	410L	4X4,	\$ 145,000
Facilities	2021	Ram	2500	4X4, Liftgate	\$ 39,500
Streets	2021	International	CV515	4X4, Dump, Plow	\$ 65,000
Streets	2021	International	CV515	4X4, Dump, Plow	\$ 65,000
Subtotal General Government					\$ 1,166,813
Animal Control	2002	Ford	Ranger	4X4 Gas	\$ 25,980
Animal Control	2016	Chevy	2500	4X4, Animal Control Body	\$ 37,500
Subtotal Animal Control					\$ 63,480
Total					\$ 1,230,293

¹ Replacement cost provided by the City of Grass Valley City Engineer

Table 6.3 summarizes the costs from the preceding tables and adds the current cash balance in the City’s Admin/General Facilities Impact Fee Fund.

Table 6.3: Impact Fee Cost Basis

Component	Impact Fee Cost Basis ¹
Existing General Government Buildings	\$ 8,576,779
Existing General Government Vehicles	\$ 1,166,813
Admin/General Facilities Impact Fee Fund Balance ²	\$ 79,005
Subtotal General Government	\$ 9,822,597
Existing Animal Control Facilities	\$ 835,869
Existing Animal Control Vehicles.	\$ 63,480
Subtotal Animal Control	\$ 899,349

¹ See Tables 6.1, and 6.2

² Impact fee fund balance as of 6/30/22

Cost per Capita

General Government. Table 6.4 calculates the cost per capita for general government facilities and vehicles using the general government facilities cost basis from Table 6.3 and the City’s existing service population from Table 2.2.

Table 6.4: Cost per Capita - General Government Facilities

General Gov't Cost Basis ¹	Existing Service Population ²	Cost per Capita ³
\$9,822,597	20,233	\$485.47

¹ General government cost basis; see Table 6.3

² Existing service population ; see Table 2.2

³ Cost per capita of service population = total cost basis / existing service population

Animal Control. Table 6.5 calculates the cost per capita for animal control facilities and vehicles using the animal control facilities cost basis from Table 6.3 and the City’s existing population from Table 2.2.

Table 6.5: Cost per Capita - Animal Control Facilities

Animal Control Cost Basis ¹	Existing Population ²	Cost per Capita ³
\$899,349	13,617	\$66.05

¹ Animal control cost basis; see Table 6.3

² Existing population ; see Table 2.2

³ Cost per capita = cost basis / existing population

Impact Fees per Unit

General Government. Table 6.6 shows the calculation of impact fees for per unit of development, by development type, for general government facilities and vehicles. Those fees are calculated using the cost per capita of service population from Table 6.4 and the service population per unit from Table 2.1.

Table 6.6 Impact Fees per Unit - General Government Facilities

Development Type	Units ¹	Cost per Capita ²	Svc Pop per Unit ³	Impact Fee per Unit ⁴
Residential: <800 Sq. Ft.	DU	\$485.47	1.900	\$ 922.40
Residential: 800-1,200 Sq. Ft.	DU	\$485.47	2.000	\$ 970.95
Residential: >1,200-2,100 Sq. Ft.	DU	\$485.47	2.100	\$ 1,019.50
Residential: >2,100 Sq. Ft.	DU	\$485.47	2.200	\$ 1,068.04
Commercial	KSF	\$485.47	1.090	\$ 529.17
Hotel/Lodging	Room	\$485.47	0.250	\$ 121.37
Office	KSF	\$485.47	0.970	\$ 470.91
Medical Office	KSF	\$485.47	0.930	\$ 451.49
Hospital Facilities	Bed	\$485.47	7.240	\$ 3,514.83
Light Industrial	KSF	\$485.47	0.430	\$ 208.75
Manufacturing	KSF	\$485.47	0.620	\$ 300.99
Warehouse	KSF	\$485.47	0.190	\$ 92.24
Public Facilities	KSF	\$485.47	0.970	\$ 470.91
K-12 Public Schools	Students	\$485.47	0.000	\$ 0.00
College/University	Students	\$485.47	0.100	\$ 48.55

¹ DU = dwelling unit; KSF = 1,000 gross square feet of building area; Room = guest room or suite; Bed = patient bed
² Cost per capita of service population; see Table 6.4
³ Service population per unit; see Table 2.1
⁴ Impact fee per unit = cost per capita X service population per unit

Animal Control. Table 6.7 shows the calculation of impact fees for per unit of development, by development type, for animal control facilities and vehicles. Those fees are calculated using the cost per capita from Table 6.5 and the population per unit from Table 2.1. Those impact fees apply only to residential development.



Table 6.7 Impact Fee per Unit - Animal Control Facilities

Development Type	Units ¹	Cost per Capita ²	Population per Unit ³	Impact Fee per Unit ⁴
Residential: <800 Sq. Ft.	DU	\$66.05	1.900	\$ 125.49
Residential: 800-1,200 Sq. Ft.	DU	\$66.05	2.000	\$ 132.09
Residential: >1,200-2,100 Sq. Ft.	DU	\$66.05	2.100	\$ 138.70
Residential: >2,100 Sq. Ft.	DU	\$66.05	2.200	\$ 145.30

¹ DU = dwelling unit

² Cost per capita; see Table 6.5

³ Population per unit; see Table 2.1

⁴ Impact fee per unit = cost per capita X population per unit

Projected Revenue

General Government. In Table 6.8, potential revenue from the general government facilities impact fees can be estimated by applying the cost per capita of service population from Table 6.4 to the added service population to 2040 shown in Table 2.3. This projection assumes that future development occurs as shown in Chapter 2.

Table 6.8 Projected Revenue - General Government Facilities

Development Type	Units ¹	Cost per Capita ²	Added Svc Pop ³	Projected Revenue ⁴
All residential	DU	\$485.47	4,874	\$ 2,366,201
Commercial	KSF	\$485.47	437	\$ 212,152
Hotel/Lodging	Room	\$485.47	0	\$ 0
Office	KSF	\$485.47	353	\$ 171,372
Medical Office	KSF	\$485.47	0	\$ 0
Hospital Facilities	Bed	\$485.47	0	\$ 0
Light Industrial	KSF	\$485.47	35	\$ 16,992
Manufacturing	KSF	\$485.47	46	\$ 22,332
Warehouse	KSF	\$485.47	2	\$ 971
College/University	Students	\$485.47	42	\$ 20,341
Total				\$ 2,810,361

¹ DU = dwelling unit; KSF = 1,000 gross square feet of building area;
Room = guest room or suite; Bed = patient bed

² Cost per capita of service population; see Table 6.4

³ Added service population; see Table 2.3

⁴ Projected revenue = cost per capita X added service population

Although Table 6.6 calculates impact fees for K-12 Schools and Public Facilities, the City either may not have authority or would be unlikely to charge impact fees to itself or other government agencies. Consequently, no projected revenue is shown for K-12 Schools or Public Facilities in Table 6.8. Revenue from those fees would amount to only about 0.3% of the total revenue projected in Table 6.8.

Animal Control. In Table 6.9, potential revenue from the animal control facilities impact fees can be estimated by applying the cost per capita from Table 6.5 to the added population to 2040 shown in Table 2.3. This projection assumes that future development occurs as shown in Chapter 2.

Table 6.9 Projected Revenue - Animal Control Facilities and Vehicles

Development Type	Units ¹	Cost per Capita ²	Added Population ³	Projected Revenue ⁴
All residential	DU	\$66.05	4,874	\$ 321,908

¹ DU = dwelling unit
² Cost per capita; see Table 6.5
³ Added population; see Table 2.3
⁴ Projected revenue = cost per capita X added population

Updating the Fees

The impact fees calculated in this chapter are based the current estimated replacement costs for general government and animal control facilities and vehicles as shown in this chapter. We recommend that the fees be reviewed and adjusted annually using local cost data or an index such as the Engineering News Record Building Cost Index (BCI). See the Implementation Chapter for more on indexing of fees.

Nexus Summary

As discussed in Chapter 1 of this report, Section 66001 of the Mitigation Fee Act requires an agency establishing, increasing or imposing impact fees to make findings to:

- Identify the purpose of the fee;
- Identify the use of the fee; and,
- Determine that there is a reasonable relationship between:
 - a. The use of the fee and the development type on which it is imposed;
 - b. The need for the facility and the type of development on which the fee is imposed;
 and



- c. The amount of the fee and the facility cost attributable to the development project.

Satisfying those requirements also ensures that the fees meet the “rational nexus” and “rough proportionality” standards enunciated in leading court decisions bearing on impact fees and other exactions. (For more detail, see “Legal Framework for Impact Fees” in Chapter 1.) The following paragraphs explain how the impact fees calculated in this chapter satisfy those requirements.

Purpose of the Fee: The purpose of the impact fees calculated in this chapter is to mitigate the impact of new development on the need for general government and animal control facilities and vehicles provided by the City of Grass Valley.

Use of the Fee. Impact fees calculated in this chapter will be used to provide additional general government and animal control facilities and vehicles to mitigate the impact of new development in the City. As provided by the Mitigation Fee Act, revenue from impact fees may also be used for temporary loans from one impact fee fund or account to another.

Reasonable Relationship between the Use of the Fee and the Development Type on Which It Is Imposed. The impact fees calculated in this chapter will be used to provide additional general government and animal control facilities and vehicles to serve the added demand created by new development in Grass Valley.

Reasonable Relationship between the Need for the Facilities and the Type of Development on Which the Fee Is Imposed. New development increases the demand for general government and animal control services provided by the City of Grass Valley. Without additional facilities and, the increase in demand associated with new development would negatively impact the ability of the City to maintain the existing level of service as the City grows.

Reasonable Relationship between the Amount of the Fee and the Facility Cost Attributable to the Development Project. The amount of the general government and animal control facilities impact fees charged to a development project will depend on the increase in service population or resident population respectively. The fees per unit of development calculated in this chapter for each type of development are based on the estimated increase in service population or resident population associated with that type of development in the City’s service area. Thus, the fee charged to a development project reflects the impact of that project on the need for facilities and vehicles needed to maintain the existing level of service as the City grows.

Chapter 7. Storm Drainage Improvements

This chapter calculates impact fees for improvements to Grass Valley's storm drainage system. The impact fees calculated in this chapter are based on the City's March 1986 Storm Drainage Master Plan and Criteria (Master Plan), prepared by Cramer Engineering, with updates to planned improvements and improvement costs as of 2022, provided by the City Engineer.

Service Area

The service area for impact fees calculated in this chapter is the area covered by the drainage master plan.

Methodology

The method used to calculate impact fees in this chapter is the plan-based method discussed in Chapter 1. That method calculates impact fees by allocating the cost of specific facilities to the development served by those facilities. The City has a system of existing storm drainage facilities, and the planned improvements provided by the City Engineer are needed to correct some existing deficiencies and to accommodate future development. Therefore, the cost of planned drainage system improvements will be allocated to both existing and future development so that impact fees paid by future development are not used to pay for correcting deficiencies in the City's existing stormwater drainage system.

Level of Service

The level of service for storm drainage facilities used as a basis for the impact fees calculated in this chapter is explained in the Master Plan. Because the master planned level of service has been in effect since 1986, it represents the existing level of service.

In 2021, AB 602 added Section 66016.5 to the Mitigation Fee Act. Among other things, after January 1, 2022, that section requires that if the level of service used in an impact fee study exceeds the existing level of service, the higher level of service must be justified. Using the existing level of service as the basis for the impact fees calculated in this chapter is consistent with the requirements of AB 602.

Demand Variable

A demand variable is some measurable attribute of development that is used in impact fee calculation formulas to represent the impacts created by different types of development. The demand variable used in this chapter to calculate drainage impact fees is acres of impervious surface area (ISA). Impervious surface area refers to the portion of a development site occupied by hard surfaces, such as roofs and paving that prevent absorption of stormwater by the soil and thereby increase runoff into drainage facilities.

Drainage System Improvements

The City Engineer and Grass Valley’s Capital Improvement Plan identify the following planned improvement projects that are necessary to accommodate future development. Some of these improvements also benefit existing users, so the cost of these improvements is allocated to both existing and future development in calculating impact fees.

Table 7.1: Drainage System Improvements

Facility Number	Facility Location	Improvement Cost ¹
SD-L-6	E. Main Street	\$ 719,113
SD-L-8	Centerville Flume	\$ 830,665
SD-L-9	Master Plan Updates	\$ 300,000
SD-L-10	Freeman Lane	\$ 0
SD-L-11	Slide Ravine Drain	\$ 886,345
SD-L-13	Park Avenue to Ocean Avenue	\$ 981,578
SD-L-23	Washington-Bennett Drain	\$ 0
SD-R-1	Colfax Avenue Drain	\$ 4,461,488
SD-R-2	Woodpecker Ravine	\$ 1,207,523
SD-R-3	Matson Creek Phase 1	\$ 2,264,054
SD-R-4	Wolf Creek Improvements	\$ 0
SD-R-5	S. Auburn Street Drainage	\$ 1,390,761
SD-R-6	Matson Creek Phase 2	\$ 2,147,851
SD-R-7	Matson Creek Lateral	\$ 244,611
	Drainage Master Plan Update	\$ 100,000
Total		\$ 15,533,989

¹ Estimated 2022 costs provided by the Grass Valley Public Works Department; see Appendix A for project details and cost breakdown

Acres of Impervious Surface Area by Development Type

Table 7.2 identifies the number of acres projected for each development type at buildout as well as the ISA factor for each type of development. Those two factors are used to calculate total buildout ISA acres by development type.

Table 7.2: Impervious Surface Area - All Development at Buildout

Development Type	Buildout Net Dev Acres ¹	ISA Factor ²	Buildout ISA Acres ³	% ISA
Residential: <1,200 Sq. Ft.	2,734.4	0.60	1,640.6	45.5%
Residential: >1,200 Sq. Ft.	319.7	0.40	127.9	3.5%
Commercial	1,290.5	0.80	1,032.4	28.6%
<i>Hotel/Lodging</i>				
<i>Office</i>				
<i>Medical Office</i>				
<i>Hospital Facilities</i>				
Manufacturing/Industrial	625.0	0.80	500.0	13.9%
<i>Light industrial</i>				
<i>Manufacturing</i>				
<i>Warehouse</i>				
Public/Quasi-Public	680.2	0.44	299.3	8.3%
<i>K-12 Public Schools</i>				
<i>College/University</i>				
Parks & Open Space	259.9	0.03	7.8	0.2%
Total Impervious Surface Area	5,909.7		3,608.0	100.0%

¹ Net developed acres at buildout; Source: City of Grass Valley General Plan; excludes 10% of gross acreage to account for public infrastructure such as road right-of-way

² Factors estimated using the "User's Guide for the CA Impervious Surface Coefficients," Ecotoxicology Program, Intergrated Risk Assessment Branch, California Office of Environmental Health Hazard Assessment

³ Buildout ISA acres = buildout net developed acres x ISA factor

Cost per Acre of Impervious Surface Area

Based on data from Tables 7.1 and 7.2, Table 7.3 calculates the average cost of drainage system improvements per acre of impervious surface area.

Table 7.3: Cost per Acre of ISA

Total Improvement Cost ¹	Buildout ISA Acres ²	Cost per Acre of ISA ³
\$15,533,989	3,608.0	\$4,305.42

¹ See Table 7.1

² See Table 7.2

³ Cost Acre of impervious surface area (ISA) = total improvement cost / buildout ISA acres

Impact Fees Per Unit

Table 7.4 calculates the impact fee per developed acre by development type by multiplying the cost per acre from Table 7.3 by the ISA Factor for each development type in Table 7.2. The drainage impact fees in Table 7.4 are calculated for fairly broad categories of development. The development types that fall under each broad category are shown in italics.

Table 7.4: Impact Fee per Developed Acre by Development Type

Development Type	Cost per Acre of ISA ¹	ISA Factor ²	Impact Fee per Net Dev Acre ³
Residential: <1,200 Sq. Ft.	\$ 4,305.42	0.60	\$ 2,583.25
Residential: >1,200 Sq. Ft.	\$ 4,305.42	0.40	\$ 1,722.17
Commercial/Office	\$ 4,305.42	0.80	\$ 3,444.34
<i>Hotel/Lodging</i>			
<i>Office</i>			
<i>Medical Office</i>			
<i>Hospital Facilities</i>			
Industrial	\$ 4,305.42	0.80	\$ 3,444.34
<i>Light industrial</i>			
<i>Manufacturing</i>			
<i>Warehouse</i>			
Public/Quasi-Public	\$ 4,305.42	0.44	\$ 1,894.39
<i>K-12 Public Schools</i>			
<i>College/University</i>			

¹ See Table 7.3

² See Table 7.2

³ Impact fee per net developed acre = cost per acre of impervious surface area (ISA) X ISA factor

Projected Revenue

This chapter does not project revenue from storm drainage impact fees because a current estimate of the remaining undeveloped acres for each development type is not available.

Updating the Fees

The impact fees calculated in this chapter are based on cost estimates updated to 2022. We recommend that these fees be reviewed periodically and adjusted if necessary to reflect changes in costs. An index such as the *Engineering News Record Construction Cost Index* can be used for that purpose.



Nexus Summary

As discussed in Chapter 1 of this report, Section 66001 of the Mitigation Fee Act requires that an agency establishing, increasing or imposing impact fees, must make findings to:

Identify the purpose of the fee;

Identify the use of the fee; and,

Determine that there is a reasonable relationship between:

- a. The use of the fee and the development type on which it is imposed;
- b. The need for the facility and the type of development on which the fee is imposed;
and
- c. The amount of the fee and the facility cost attributable to the development project.

Satisfying those requirements also ensures that the fees meet the “rational nexus” and “rough proportionality” standards enunciated in leading court decisions bearing on impact fees and other exactions. (For more detail, see “Legal Framework for Impact Fees” in Chapter 1.) The following paragraphs explain how the impact fees calculated in this chapter satisfy those requirements.

Purpose of the Fee: The purpose of the impact fees calculated in this chapter is to pay for new development’s proportionate share of the cost of providing drainage system improvements to serve new development in Grass Valley.

Use of the Fee. Impact fees calculated in this chapter will be used to pay for future drainage system improvements needed to serve future development in Grass Valley. As provided by the Mitigation Fee Act, revenue from impact fees may also be used for temporary loans from one impact fee fund or account to another.

Reasonable Relationship between the Use of the Fee and the Development Type on Which It Is Imposed. The impact fees calculated in this chapter will be used to pay for the cost of drainage system improvements needed to serve new development in Grass Valley.

Reasonable Relationship between the Need for the Facilities and the Type of Development on Which the Fee Is Imposed. All development generates storm water runoff in proportion to the amount of impervious surface area added by development. The impact fees calculated in this chapter will pay for drainage system improvements needed to serve new development in Grass Valley as projected in Chapter 2 of this report.

Reasonable Relationship between the Amount of the Fee and the Facility Cost Attributable to the Development Project. The amount of the storm drainage impact fees charged to a development project is related to the amount of impervious cover associated with that project. The fees per unit of development calculated in this chapter for each type of development are based on the engineer’s estimates of the amount of storm water runoff per acre associated with that type of development.

Chapter 8. Administrative Fee

This chapter provides a cost-of-service analysis to substantiate an administrative fee that is added to each impact fee (see Executive Summary). This charge recovers the cost of accounting, reporting and other administrative activities required by the Mitigation Fee Act, as well as the cost of periodic updates to the impact fee study.

The following table establishes an Administration Fee for the impact fee program.

Administrative Costs of the Impact Fee Program			
Projected Impact Fee Revenue (2023 - 2040)	\$ 29,521,585		[1]
Average Annual Revenue	\$ 1,640,088		[2]
Average Annual Cost of Impact Fee Update Studies	\$ 10,000		[3]
Administrative Cost as % of Impact Fee Revenue	0.61%		[4]

Notes:

- [1] Projected impact fee revenue collected from 2023 through 2040
- [2] Average annual revenue = total projected revenue / 18 years
- [3] Estimated annual cost of impact fee update study every five years
- [4] Administrative cost as % of impact fee revenue = average annual revenue / average annual cost of impact fee study updates

The table above includes the allocated costs of program administration as established by estimated annual costs required, and the annualized costs of completing a comprehensive impact fee analysis every five years. The projected and annualized revenue assumptions were developed throughout the various chapters included in the body of this report. Two percent of the impact fee amount is a widely implemented administrative fee in California for impact fee programs. Comparatively, the fee calculated above for the City of Grass Valley’s program is well within the range of similar fees charged for other California local government agencies.



Chapter 9. Implementation

This chapter of the report contains recommendations for adoption and administration of impact fees, and for the interpretation and application of the development impact fees and in-lieu fees calculated in this study. It was not prepared by an attorney and is not intended as legal advice.

Statutory requirements for the adoption and administration of fees imposed as a condition of development approval (impact fees) are found in the Mitigation Fee Act (Government Code Sections 66000 *et seq.*).

Adoption

The form in which development impact fees are enacted should be determined by the City attorney. The specific requirements are different for impact fees under the Mitigation Fee Act, and for park land dedication and in-lieu fees under the Quimby Act. The latter requirements must be adopted by ordinance and are subject to the same noticing and public hearing procedures as any ordinance.

Procedures for adoption of fees subject to the Mitigation Fee Act, including notice and public-hearing requirements, are specified in Government Code Sections 66016 and 66018. It should be noted that Section 66018 refers to Government Code Section 6062a, which requires that the public hearing notice be published at least twice during the 10-day notice period. **However, Section 66016.5 added by AB 602 in 2021 requires that impact fee nexus studies be adopted at a public hearing with at least 30-days' notice.**

Government Code Section 66017 provides that fees subject to the Mitigation Fee Act do not become effective until 60 days after final action by the governing body.

Actions establishing or increasing fees subject to the Mitigation Act require certain findings, as set forth in Government Code Section 66001 and discussed in Chapter 1 of this report.

Examples of findings that could be used for impact fees calculated in this study are shown below. The specific language of such findings should be provided by the City Attorney. A more complete discussion of the nexus for each fee can be found in individual chapters of this report.

Sample Finding: Purpose of the Fee. The City Council finds that the purpose of the impact fees hereby enacted is to protect the public health, safety and welfare by requiring new development to contribute to the cost of public facilities needed to mitigate the impacts of new development.

Sample Finding: Use of the Fee. The City Council finds that revenue from the impact fees hereby enacted will be used to provide public facilities needed to mitigate the impacts of

new development in the City and identified in the 2022 City of Grass Valley Development Impact Fee Study by NBS.²

Sample Finding: Reasonable Relationship: Based on analysis presented in the 2022 City of Grass Valley Development Impact Fee Study by NBS, the City Council finds that there is a reasonable relationship between:

- a. The use of the fees and the types of development projects on which they are imposed; and,
- b. The need for facilities and the types of development projects on which the fees are imposed.

Administration

The California Mitigation Fee Act (Government Code Sections 66000 et seq.) mandates procedures for administration of impact fee programs, including collection and accounting, reporting, and refunds. References to code sections in the following paragraphs pertain to the California Government Code.

Notices and Statute of Limitations. Section 66006 (f) provides that a local agency, at the time it imposes a fee for public improvements on a specific development project, "... shall identify the public improvement that the fee will be used to finance." The required notification could refer to the improvements identified in this study or to a capital improvement plan.

Section 66020 (d) (1) requires that the agency, at the time it imposes an impact fee, provide a written statement of the amount of the fee and written notice of a 90-day period during which the imposition of the fee can be protested. Failure to protest imposition of the fee during that period may deprive the fee payer of the right to subsequent legal challenge.

Section 66022 (a) provides a separate procedure for challenging the establishment of an impact fee. Such challenges must be filed within 120 days of enactment.

Collection of Fees. Section 66007(a) provides that a local agency shall not require payment of fees by developers of residential projects prior to the date of final inspection, or issuance of a certificate of occupancy, whichever occurs first.

However, "utility service fees" (not defined, but likely referring to water and sewer connections) may be collected upon application for utility service. In a residential development project of more than one dwelling unit, Section 66007 (a) allows the agency to choose to collect fees either for

² According to Gov't Code Section 66001 (a) (2), the use of the fee may be specified in a capital improvement plan, the General Plan, or other public documents that identify the public facilities for which the fee is charged. The findings recommended here identify this impact fee study as the source of that information. Also note that Section 66016.5 (a)(6) requires that large jurisdictions adopt a capital improvement plan as part of an impact fee nexus study. However, that requirement applies only in counties of 250,000 or more, so it does not apply to Grass Valley.

individual units or for phases upon final inspection, or for the entire project upon final inspection of the first dwelling unit completed.

Section 66007 (b) provides two exceptions when the local agency may require the payment of fees from developers of residential projects at an earlier time: (1) when the local agency determines that the fees “will be collected for public improvements or facilities for which an account has been established and funds appropriated and for which the local agency has adopted a proposed construction schedule or plan prior to final inspection or issuance of the certificate of occupancy” or (2) the fees are “to reimburse the local agency for expenditures previously made.”

Statutory restrictions on the time at which fees may be collected do not apply to non-residential development.

Notwithstanding the foregoing restrictions, some cities collect impact fees for all facilities at the time building or grading permits are issued, and builders may find it convenient to pay the fees at that time.

In cases where the fees are not collected upon issuance of building permits, Sections 66007 (c) (1) and (2) provide that the City may require the property owner to execute a contract to pay the fee, and to record that contract as a lien against the property until the fees are paid.

Earmarking and Expenditure of Fee Revenue. Section 66006 (a) mandates that fees be deposited “with other fees for the improvement in a separate capital facilities account or fund in a manner to avoid any commingling of the fees with other revenues and funds of the local agency, except for temporary investments, and expend those fees solely for the purpose for which the fee was collected.” Section 66006 (a) also requires that interest earned on the fee revenues be placed in the capital account and used for the same purpose.

The language of the law is not clear as to whether depositing fees "with other fees for the improvement" refers to a specific capital improvement or a class of improvements (e.g., street improvements).

We are not aware of any municipality that has interpreted that language to mean that funds must be segregated by individual projects. And, as a practical matter, that approach would be unworkable because it would mean that no pay-as-you-go project could be constructed until all benefiting development had paid the fees. Common practice is to maintain separate funds or accounts for impact fee revenues by facility category (i.e., streets, park improvements), but not for individual projects.

Impact Fee Exemptions, Reductions, and Waivers. In the event that a development project is found to have no impact on facilities for which impact fees are charged, such project must be exempted from the fees.

If a project has characteristics that will make its impacts on a particular public facility or infrastructure system significantly and permanently smaller than the average impact used to calculate impact fees in this study, the fees should be reduced accordingly to meet the



requirement that there must be a reasonable relationship between the amount of the fee and the cost of the public facility attributable to the development on which the fee is imposed. The fee reduction is required if the fee is not proportional to the impact of the development on relevant public facilities.

In some cases, an agency may desire to voluntarily waive or reduce impact fees that would otherwise apply to a project as a way of promoting goals such as affordable housing or economic development. Such a waiver or reduction is within the discretion of the governing body but may not result in increased costs to other development projects. So, the effect of such policies is that the lost revenue must be made up from sources other than impact fees.

Credit for Improvements Provided by Developers. If the City requires a developer, as a condition of project approval, to dedicate land or construct facilities or improvements for which impact fees are charged, the City should ensure that the impact fees are adjusted so that the overall contribution by the developer does not exceed the impact created by the development.

In the event that a developer voluntarily offers to dedicate land, or construct facilities or improvements in lieu of paying impact fees, the City may accept or reject such offers, and may negotiate the terms under which such an offer would be accepted. Excess contributions by a developer may be offset by reimbursement agreements.

Credit for Existing Development. If a project involves replacement, redevelopment or intensification of previously existing development, impact fees should be applied only to the portion of the project that represents a net increase in demand for relevant City facilities, applying the measure of demand used in this study to calculate that impact fee.

Annual Report. Section 66006 (b) (1) requires that once each year, within 180 days of the close of the fiscal year, the local agency must make available to the public the following information for each separate account established to receive impact fee revenues:

1. A brief description of the type of fee in the account or fund;
2. The amount of the fee;
3. The beginning and ending balance of the account or fund;
4. The amount of the fees collected and interest earned;
5. Identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the percentage of the cost of the public improvement that was funded with fees;
6. Identification of the approximate date by which the construction of a public improvement will commence, if the City determines sufficient funds have been collected to complete financing of an incomplete public improvement;
7. A description of each inter-fund transfer or loan made from the account or fund, including interest rates, repayment dates, and a description of the improvement on which the transfer or loan will be expended;

8. The amount of any refunds or allocations made pursuant to Section 66001, paragraphs (e) and (f).

The annual report must be reviewed by the City Council at its next regularly scheduled public meeting, but not less than 15 days after the statements are made public, per Section 66006 (b) (2).

Five-Year Findings and Refunds under the Mitigation Fee Act. Prior to 1996, The Mitigation Fee Act required that a local agency collecting impact fees was required to expend or commit impact fee revenue within five years or make findings to justify a continued need for the money. Otherwise, those funds had to be refunded. SB 1693, adopted in 1996 as an amendment to the Mitigation Fee Act, changed that requirement in material ways.

Now, Section 66001 (d) requires that, for the fifth fiscal year following the first deposit of any impact fee revenue into an account or fund as required by Section 66006 (b), and every five years thereafter, the local agency shall make all of the following findings for any fee revenue that remains unexpended, whether committed or uncommitted:

1. Identify the purpose to which the fee will be put;
2. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged;
3. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used;
4. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.

Those findings are to be made in conjunction with the annual reports discussed above. If such findings are not made as required by Section 66001, the local agency could be required to refund the moneys in the account or fund, per Section 66001 (d).

Once the agency determines that sufficient funds have been collected to complete financing on incomplete improvements for which impact fee revenue is to be used, it must, within 180 days of that determination, identify an approximate date by which construction of the public improvement will be commenced (Section 66001 (e)). If the agency fails to comply with that requirement, it must refund impact fee revenue in the account according to procedures specified in Section 66001 (d).

For a useful discussion of the foregoing requirements, see “The Mitigation Fee Act’s Five-Year Findings Requirement: Beware Costly Pitfalls” by Glen Hansen, Senior Counsel, Abbott and Kindermann, and Rick Jarvis, Managing Partner, Jarvis, Fay and Gibson, presented at the 2022 League of California Cities City Attorneys Spring Conference.

Indexing of In-Lieu/Impact Fees. In-lieu fees and impact fees calculated in this report are based on current costs and should be adjusted periodically to account for changes in the cost of facilities

or other capital assets that will be funded by those fees. That adjustment is intended to account for escalation in costs for land, construction, vehicles and other relevant capital assets. The *Engineering News Record* Building Cost Index (BCI) and Construction Cost Index (CCI) are useful for indexing construction costs. Where land costs are covered by an impact fee or in-lieu fee, land costs should be adjusted based on changes in local land prices.

Requirements Imposed by AB 602

In 2021, the California Legislature passed AB 602 and the Governor signed it into law. AB 602 creates some new requirements for impact fees that will go into effect in 2022. The new law amends Government Code Section 65940.1 and adds Section 66016.5 to impose the following requirements:

- 1) A city, county or special district that has an internet website shall post on its website:
 - a) A current written schedule of fees, exactions and affordability requirements applicable to a proposed housing development project, and shall present that information in a manner that identifies the fees, exactions and affordability requirements that apply to each parcel and the fees that apply to each new water and sewer utility connection
 - b) All zoning ordinances and development standards and specifying the zoning, design and development standards that apply to each parcel
 - c) A list of the information that will be required from any applicant for a development project, as specified in Government Code Section 69540
 - d) The current and five previous annual fee reports required by Government Code Section 66006 and Subsection 66013 (d).
 - e) An archive of impact fee nexus studies, cost of service studies or equivalent conducted on or after January 1, 2018.
- 2) The above information shall be updated within 30 days of any changes
- 3) A City or County shall request from a development proponent, upon issuance of a certificate of occupancy or final inspection, the total amount of fees and exactions associated with the project for which the certificate it issued. That information must be posted on the website and updated at least twice a year.
- 4) Before adoption of an impact fee, an impact fee nexus study shall be adopted.
- 5) When applicable, the nexus study shall identify the existing level of service for each public facility, identify the proposed new level of service and explain why the new level of service is appropriate
- 6) If a nexus study supports the increase of an existing fee, the local agency shall review the assumptions of the nexus study supporting the original fee and evaluate the amount of the fees collected under the original fee.

- 7) A nexus study adopted after July 1, 2022, shall calculate a fee imposed on a housing development project proportionately to the square footage of the proposed units of the development. A local agency that imposes a fee proportionately to the square footage if the proposed units of the development shall be deemed to have used a valid method to establish a reasonable relationship between the fee charged and the burden posed by the development. A nexus study is not required to comply with this requirement if the agency makes certain findings outlined in the statute.
- 8) Large jurisdictions as defined in Section 53559.1 (d) of the Health and Safety Code (counties of 250,000 or more and cities in those counties) shall adopt a capital improvement plan as part of a nexus study.
- 9) All studies shall be adopted at a public hearing with at least 30-days' notice, and the local agency shall notify any member of the public that requests notice of intent to begin an impact fee nexus study of the date of the hearing.
- 10) Studies shall be updated at least every eight years, beginning on January 1, 2022.

Training and Public Information

Effective administration of an impact fee program requires considerable preparation and training. It is important that those responsible for collecting the fees, and for explaining them to the public, understand both the details of the fee program and its supporting rationale.

It is also useful to pay close attention to handouts that provide information to the public regarding impact fees. Impact fees should be clearly distinguished from other fees, such as user fees for application processing, and the purpose and use of particular impact fees should be made clear.

Finally, anyone responsible for accounting, capital budgeting, or project management for projects involving impact fees must be fully aware of the restrictions placed on the expenditure of impact fee revenues. Fees must be expended for the purposes identified in the impact fee nexus study in which they were calculated, and the City must be able to show that funds have been properly expended.

Recovery of Administrative Costs

To recover the cost of periodic impact fee update studies and ongoing staff costs for capital budgeting, annual reports, five-year updates and other requirements of the Mitigation Fee Act, an administrative charge may be added to the impact fees calculated in this report. Chapter 8 of this report calculates the percentage that the impact fees should be increased to cover the cost of administering the City's impact fee program. Table S.2 in the Executive Summary shows the impact fees calculated in this report with the administrative charge added.

APPENDIX A

Storm Drain Improvement Project Cost Detail

PROJECT DESCRIPTION:

Limits: _____ Along Slide Ravine from 180' south of Doris Drive to a point 235'+/- north of Doris Drive

Proposed Improvement (Scope): _____ Replace the existing inadequate natural channel with a new 42" pipe (Approximately 415 LF of new pipe). COGV Storm Drainage Master Plan (1986) PN#14 (Nodes14 to 37)

SUMMARY OF BASE PROJECT COST ESTIMATE

TOTAL DRAINAGE IMPROVEMENT ITEMS		<u>\$381,915</u>
ROCK EXCAVATION	50%	<u>\$190,958</u>
TOTAL PROJECT CONSTRUCTION COSTS		<u>\$572,873</u>
ENVIRONMENTAL MITIGATION	10%	<u>\$57,287</u>
ENGINEERING DESIGN COSTS	20%	<u>\$114,575</u>
CONSTRUCTION MANAGEMENT	15.0%	<u>\$85,931</u>
PROJECT CONSTRUCTION COSTS		<u>\$572,873</u>
TOTAL <u>BASE</u> PROJECT COSTS		<u>\$830,665</u>

ESTIMATE PREPARED	<u>February 2022</u>
BASE YEAR	<u>2022</u>

PROJECT DESCRIPTION:

Limits: Along Colfax Avenue from 300' east of Clark Street to Hwy 49 Frontage

Proposed Improvement (Scope): Replace the existing inadequate 74" pipe with a new 96" pipe or equivalent arch pipe (Approximately 880 LF of new pipe). COGV Storm Drainage Master Plan (1986) PN#2 (Nodes44 to 64)

SUMMARY OF BASE PROJECT COST ESTIMATE

TOTAL DRAINAGE IMPROVEMENT ITEMS		<u>\$2,949,744</u>
ROCK EXCAVATION	10%	<u>\$294,974</u>
TOTAL PROJECT CONSTRUCTION COSTS		<u>\$3,244,718</u>
ENVIRONMENTAL MITIGATION	10%	<u>\$324,472</u>
ENGINEERING DESIGN COSTS	15%	<u>\$486,708</u>
CONSTRUCTION MANAGEMENT	12.5%	<u>\$405,590</u>
PROJECT CONSTRUCTION COSTS		<u>\$3,244,718</u>
TOTAL <u>BASE</u> PROJECT COSTS		<u>\$4,461,488</u>

ESTIMATE PREPARED	<u>February 2022</u>
BASE YEAR	<u>2022</u>

East Main Street
Local Drainage Improvements

PROJECT DESCRIPTION:

Limits: East Main Street from the IdahoMaryland Intersection to Scandling Ave.

Proposed Improvement (Scope): Replace the existing undersized storm drain in E. Main Street with a new 30" pipe (Approximately 440 LF of new pipe). COGV Storm Drainage Master Plan (1986) PN#15 (Nodes70-69)

SUMMARY OF BASE PROJECT COST ESTIMATE

TOTAL DRAINAGE IMPROVEMENT ITEMS		<u>\$330,627</u>
ROCK EXCAVATION	50%	<u>\$165,313</u>
TOTAL PROJECT CONSTRUCTION COSTS		<u>\$495,940</u>
ENVIRONMENTAL MITIGATION	10%	<u>\$49,594</u>
ENGINEERING DESIGN COSTS	20%	<u>\$99,188</u>
CONSTRUCTION MANAGEMENT	15.0%	<u>\$74,391</u>
PROJECT CONSTRUCTION COSTS		<u>\$495,940</u>
TOTAL <u>BASE</u> PROJECT COSTS		<u>\$719,113</u>

ESTIMATE PREPARED	<u>February 2022</u>
BASE YEAR	<u>2022</u>

Freeman Lane
Local Drainage Improvements

PROJECT DESCRIPTION:

Limits: _____ Along Freeman Lane from Wolf Creek to a point 1000' towards Talorville Road.

Proposed Improvement (Scope): _____ Desing and construct drainage improvemetns along Freeman Lane to correct deficiencies.

SUMMARY OF BASE PROJECT COST ESTIMATE

TOTAL DRAINAGE IMPROVEMENT ITEMS		<u>\$489,000</u>
ROCK EXCAVATION	50%	<u>\$244,500</u>
TOTAL PROJECT CONSTRUCTION COSTS		<u>\$733,500</u>
ENVIRONMENTAL MITIGATION	10%	<u>\$73,350</u>
ENGINEERING DESIGN COSTS	20%	<u>\$146,700</u>
CONSTRUCTION MANAGEMENT	15.0%	<u>\$110,025</u>
PROJECT CONSTRUCTION COSTS		<u>\$733,500</u>
TOTAL <u>BASE</u> PROJECT COSTS		<u>\$1,063,575</u>

ESTIMATE PREPARED	<u>February 2022</u>
BASE YEAR	<u>2022</u>

**Matson Creek Lateral
Regional Drainage Improvements**

PROJECT DESCRIPTION:

Limits: _____

Across Parking Lot at 154 Hughes Road

Proposed Improvement (Scope): _____

Replace the existing inadequate system with a new 36" pipe or equivalent arch pipe (Approximately 220 LF of new pipe). COGV Storm Drainage Master Plan (1986) PN#17 (Nodes 31 to 33)

SUMMARY OF BASE PROJECT COST ESTIMATE

TOTAL DRAINAGE IMPROVEMENT ITEMS		<u>\$153,361</u>
ROCK EXCAVATION	10%	<u>\$15,336</u>
TOTAL PROJECT CONSTRUCTION COSTS		<u>\$168,697</u>
ENVIRONMENTAL MITIGATION	10%	<u>\$16,870</u>
ENGINEERING DESIGN COSTS	20%	<u>\$33,739</u>
CONSTRUCTION MANAGEMENT	15.0%	<u>\$25,305</u>
PROJECT CONSTRUCTION COSTS		<u>\$168,697</u>
TOTAL <u>BASE</u> PROJECT COSTS		<u>\$244,611</u>

ESTIMATE PREPARED	<u>February 2022</u>
BASE YEAR	<u>2022</u>

**Matson Creek Phase 1
Regional Drainage Improvements**

PROJECT DESCRIPTION:

Limits: _____

Along Matson Creek from just north of Harris Street to Wolf Creek

Proposed Improvement (Scope): _____

Replace the existing undersized box culvert with a new 66" pipe or equivalent arch pipe (Approximately 650 LF of new pipe). COGV Storm Drainage Master Plan (1986) PN#3 (Nodes 66 to 68 & under E. Main St.)

SUMMARY OF BASE PROJECT COST ESTIMATE

TOTAL DRAINAGE IMPROVEMENT ITEMS		<u>\$1,042,350</u>
ROCK EXCAVATION	10%	<u>\$104,235</u>
RIGHT OF WAY		<u>\$500,000</u>
TOTAL PROJECT CONSTRUCTION COSTS		<u>\$1,646,585</u>
ENVIRONMENTAL MITIGATION	10%	<u>\$164,658</u>
ENGINEERING DESIGN COSTS	15%	<u>\$246,988</u>
CONSTRUCTION MANAGEMENT	12.5%	<u>\$205,823</u>
PROJECT CONSTRUCTION COSTS		<u>\$1,646,585</u>
TOTAL <u>BASE</u> PROJECT COSTS		<u>\$2,264,054</u>

ESTIMATE PREPARED February 2022

BASE YEAR 2022

**Matson Creek Phase 2
Regional Drainage Improvements**

PROJECT DESCRIPTION:

Limits: Along Matson Creek from just W. Berryhill Drive to Harris Street

Proposed Improvement (Scope): Replace the existing undersized box culvert and open channel with a new 66" pipe or equivalent arch pipe (Approximately 935 LF of new pipe).
COGV Storm Drainage Master Plan (1986) PN#13 (Nodes 43 to 66)

SUMMARY OF BASE PROJECT COST ESTIMATE

TOTAL DRAINAGE IMPROVEMENT ITEMS		<u>\$1,420,067</u>
ROCK EXCAVATION	10%	<u>\$142,007</u>
TOTAL PROJECT CONSTRUCTION COSTS		<u>\$1,562,073</u>
ENVIRONMENTAL MITIGATION	10%	<u>\$156,207</u>
ENGINEERING DESIGN COSTS	15%	<u>\$234,311</u>
CONSTRUCTION MANAGEMENT	12.5%	<u>\$195,259</u>
PROJECT CONSTRUCTION COSTS		<u>\$1,562,073</u>
TOTAL <u>BASE</u> PROJECT COSTS		<u>\$2,147,851</u>

ESTIMATE PREPARED	<u>February 2022</u>
BASE YEAR	<u>2022</u>

PROJECT DESCRIPTION:

Limits: _____

Park Avenue to Ocean Avenue

Proposed Improvement (Scope): _____

Replace existing 8" storm drain with 15" and 18" pipe, from a DI located in Park Avenue, 375' west of S. Auburn Street to a DI located on Marshall Street, 200' north of Empire Street. Replace existing 15" SD with an 18" SD and extend 18" SD from Marshall Street to Ocean Avenue.

SUMMARY OF BASE PROJECT COST ESTIMATE

TOTAL DRAINAGE IMPROVEMENT ITEMS		<u>\$451,300</u>
ROCK EXCAVATION	50%	<u>\$225,650</u>
TOTAL PROJECT CONSTRUCTION COSTS		<u>\$676,950</u>
ENVIRONMENTAL MITIGATION	10%	<u>\$67,695</u>
ENGINEERING DESIGN COSTS	20%	<u>\$135,390</u>
CONSTRUCTION MANAGEMENT	15.0%	<u>\$101,543</u>
PROJECT CONSTRUCTION COSTS		<u>\$676,950</u>
TOTAL <u>BASE</u> PROJECT COSTS		<u>\$981,578</u>

ESTIMATE PREPARED February 2022

BASE YEAR 2022

PROJECT DESCRIPTION:

Limits: _____

Along South Auburn from Berryman Street to Hwy 49 Frontage

Proposed Improvement (Scope): _____

Replace the existing undersized and inadequate system with a new pipe or equivalent arch pipe (Approximately 1250 LF of new pipe). COGV Storm Drainage Master Plan (1986) PN#11 (Nodes 3 to 12)

SUMMARY OF BASE PROJECT COST ESTIMATE

TOTAL DRAINAGE IMPROVEMENT ITEMS		<u>\$919,512</u>
ROCK EXCAVATION	10%	<u>\$91,951</u>
TOTAL PROJECT CONSTRUCTION COSTS		<u>\$1,011,463</u>
ENVIRONMENTAL MITIGATION	10%	<u>\$101,146</u>
ENGINEERING DESIGN COSTS	15%	<u>\$151,719</u>
CONSTRUCTION MANAGEMENT	12.5%	<u>\$126,433</u>
PROJECT CONSTRUCTION COSTS		<u>\$1,011,463</u>
TOTAL <u>BASE</u> PROJECT COSTS		<u>\$1,390,761</u>

ESTIMATE PREPARED	<u>February 2022</u>
BASE YEAR	<u>2022</u>

Slide Ravine
Local Drainage Improvements

PROJECT DESCRIPTION:

Limits: Along Slide Ravine from upstream end of Centerville Flume Phase 4 to Carol Drive

Proposed Improvement (Scope): Replace the existing inadequate natural channel with a new 42" pipe (Approximately 500 LF of new pipe). COGV Storm Drainage Master Plan (1986) (Nodes 14 to the 500' north)

SUMMARY OF BASE PROJECT COST ESTIMATE

TOTAL DRAINAGE IMPROVEMENT ITEMS		<u>\$407,515</u>
ROCK EXCAVATION	50%	<u>\$203,758</u>
TOTAL PROJECT CONSTRUCTION COSTS		<u>\$611,273</u>
ENVIRONMENTAL MITIGATION	10%	<u>\$61,127</u>
ENGINEERING DESIGN COSTS	20%	<u>\$122,255</u>
CONSTRUCTION MANAGEMENT	15.0%	<u>\$91,691</u>
PROJECT CONSTRUCTION COSTS		<u>\$611,273</u>
TOTAL <u>BASE</u> PROJECT COSTS		<u>\$886,345</u>

ESTIMATE PREPARED	<u>February 2022</u>
BASE YEAR	<u>2022</u>

Woodpecker Ravine
Regional Drainage Improvements

PROJECT DESCRIPTION:

Limits: From a point in Colfax Avenue (200' feet west of Henderson Street) to a point in Memorial Lane (470ft south of Colfax Avenue)

Proposed Improvement (Scope): Replace the existing undersized pipe with a new 60" pipe or equivalent arch pipe (Approximately 650 LF of new pipe). COGV Storm Drainage Master Plan (1986) PN#6 (Nodes40 to 44)

SUMMARY OF BASE PROJECT COST ESTIMATE

TOTAL DRAINAGE IMPROVEMENT ITEMS		<u>\$798,363</u>
ROCK EXCAVATION	10%	<u>\$79,836</u>
TOTAL PROJECT CONSTRUCTION COSTS		<u>\$878,199</u>
ENVIRONMENTAL MITIGATION	10%	<u>\$87,820</u>
ENGINEERING DESIGN COSTS	15%	<u>\$131,730</u>
CONSTRUCTION MANAGEMENT	12.5%	<u>\$109,775</u>
PROJECT CONSTRUCTION COSTS		<u>\$878,199</u>
TOTAL <u>BASE</u> PROJECT COSTS		<u>\$1,207,523</u>

ESTIMATE PREPARED	<u>February 2022</u>
BASE YEAR	<u>2022</u>

Washington-Bennett
Local Drainage Improvements

PROJECT DESCRIPTION:

Limits: Along Bennett Street from Wolf Creek to East Main Street and along Richardson Street between East Main Street and Washington Street

Proposed Improvement (Scope): Replace the existing inadequate drainage system (Constructed as part of Richardson Street Extension Project) with a new 18" pipe. COGV Storm Drainage Master Plan (1986) (PN#24,Nodes1 to 7) Construction Cost based on actual cost.

SUMMARY OF BASE PROJECT COST ESTIMATE

TOTAL DRAINAGE IMPROVEMENT ITEMS		<u>\$78,672</u>
ROCK EXCAVATION	50%	<u>\$0</u>
TOTAL PROJECT CONSTRUCTION COSTS		<u>\$78,672</u>
ENVIRONMENTAL MITIGATION	2%	<u>\$1,573</u>
ENGINEERING DESIGN COSTS	20%	<u>\$15,734</u>
CONSTRUCTION MANAGEMENT	15.0%	<u>\$11,801</u>
PROJECT CONSTRUCTION COSTS		<u>\$78,672</u>
TOTAL <u>BASE</u> PROJECT COSTS		<u>\$107,780</u>

ESTIMATE PREPARED	<u>February 2022</u>
BASE YEAR	<u>2022</u>

APPENDIX B

Fee Comparison

City of Grass Valley
 Development Impact Fee Study 2022
 Fee Comparison

APPENDIX B

CITY OF GRASS VALLEY			COMPARISON AGENCIES				
Development Impact Fee Type	Current Fee ²	Proposed Fee ³	CITY OF AUBURN ⁴	CITY OF LINCOLN ⁵	TOWN OF TRUCKEE ⁶	CITY OF ROCKLIN ⁷	NEVADA COUNTY ⁸
Residential - Single Family or >1,200 s.f.							
Parks	\$2945.92 per d.u.	\$2,985.31 - \$3,127.46 per d.u.	\$3,500 per d.u.	Community Services Fee \$7,607.72 per EDU	\$1.99 per s.f.	Community Park Fee: \$711 per	\$2,495 - \$2,428
Fire	\$870.19 per d.u.	\$603.88 - \$738.08 per d.u.	\$362.66 per d.u.		\$1.20 per s.f.	Public Facilities Fee: \$4,187 per d.u.	\$0.42 per s.f.
Police	\$346.82 per d.u.	\$606.49 - \$673.88 per d.u.	n/a		n/a		n/a
General Gov't. / Public Buildings	\$478.57 per d.u.	\$1,158.19 - \$1,213.34 per d.u.	n/a		\$1.55 per s.f.		n/a
Storm Drainage	\$822.51 per d.u.	\$ 1,722.17 per Acre	\$1,507 per ESU	\$1059.96 - \$1795.3 per EDU	n/a	n/a	n/a
Residential - Multi-Family or <1,200 s.f.							
Parks	\$2423.49 per d.u.	\$2,700.99 - \$2,843.15 per d.u.	\$3,500 per d.u.	Community Services Fee \$7,607.72 per EDU	\$2.85 per s.f.	Community Park Fee: \$569 per	\$1,721 - \$2,428
Fire	\$715.87 per d.u.	\$295.23 - \$469.68 per d.u.	\$383.09 per d.u.		\$1.20 per s.f.	Public Facilities Fee: \$2,130 per d.u.	\$0.42 per s.f.
Police	\$289.13 per d.u.	\$404.44 - \$505.41 per d.u.	n/a		n/a		n/a
General Gov't. / Public Buildings	\$393.87 per d.u.	\$1,047.89 - \$1,103.04 per d.u.	n/a		\$1.55 per s.f.		n/a
Storm Drainage	\$241.45 per d.u.	\$ 2,583.25 per Acre	\$1,507 per ESU	\$1059.96 - \$1795.3 per EDU	n/a	n/a	n/a

City of Grass Valley
 Development Impact Fee Study 2022
 Fee Comparison

APPENDIX B

CITY OF GRASS VALLEY			COMPARISON AGENCIES				
Development Impact Fee Type	Current Fee ²	Proposed Fee ³	CITY OF AUBURN ⁴	CITY OF LINCOLN ⁵	TOWN OF TRUCKEE ⁶	CITY OF ROCKLIN ⁷	NEVADA COUNTY ⁸
Commercial							
Parks	n/a	n/a	n/a	\$994.82 per KSF	n/a	n/a	n/a
Fire	\$463.38 - \$772.29 per range of gross leasable area	\$ 372.31 per KSF	\$620 per KSF Retail; \$1,620 per KSF Restaurant/Bar/Lounge	\$370.82 per KSF	\$1.27 per s.f.	Public Facilities Fee: \$1.12 per s.f.	\$0.84 per s.f.
Police	\$382.82 - \$635.05 per range of gross leasable area	\$ 1,419.94 per KSF	n/a	\$ 731.15	n/a		n/a
General Gov't. / Public Buildings	\$154.33 - \$256.96 per range of gross leasable area	\$ 529.17 per KSF	n/a	\$ 231.11	\$1.57 per s.f.		n/a
Storm Drainage	\$116.40 per KSF of impervious surface	\$ 3,444.34 per Acre	\$1,507 per ESU	\$518.95 - \$879.26 per KSF	n/a	n/a	n/a

City of Grass Valley
 Development Impact Fee Study 2022
 Fee Comparison

APPENDIX B

CITY OF GRASS VALLEY			COMPARISON AGENCIES				
Development Impact Fee Type	Current Fee ²	Proposed Fee ³	CITY OF AUBURN ⁴	CITY OF LINCOLN ⁵	TOWN OF TRUCKEE ⁶	CITY OF ROCKLIN ⁷	NEVADA COUNTY ⁸
Hotel/Lodging							
Parks	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Fire	\$164.75 per Room	\$ 600.94 per Room	\$530 per KSF	n/a	\$1.27 per s.f.	n/a	\$0.84 per s.f.
Police	\$126.88 per Room	\$ 465.13 per Room	n/a	n/a	n/a	n/a	n/a
General Gov't. / Public Buildings	\$54.93 per Room	\$ 121.37 per Room	n/a	n/a	\$1.57 per s.f.	n/a	n/a
Storm Drainage	n/a	\$ 3,444.34 per Acre	\$1,507 per ESU	n/a	n/a	n/a	n/a
Office							
Parks	n/a	n/a	n/a	\$994.82 per KSF	n/a	n/a	n/a
Fire	\$854.95 - \$1037.95 per range of gross leasable area	\$ 102.39 per KSF	\$290 per KSF	\$370.82 per KSF	\$1.85 per s.f.	Public Facilities Fee: \$1.49 per s.f.	\$0.79 per s.f.
Police	\$174.50 - \$297.36 per range of gross leasable area	\$ 219.69 per KSF	n/a	\$731.15 per KSF	n/a		n/a
General Gov't. / Public Buildings	\$288.54 - \$345.66 per range of gross leasable area	\$ 470.91 per KSF	n/a	\$231.11 per KSF	\$1.57 per s.f.		n/a
Storm Drainage	n/a	\$ 3,444.34 per Acre	\$1,507 per ESU	\$518.95 - \$879.26 per KSF	n/a	n/a	n/a

City of Grass Valley
 Development Impact Fee Study 2022
 Fee Comparison

APPENDIX B

CITY OF GRASS VALLEY			COMPARISON AGENCIES				
Development Impact Fee Type	Current Fee ²	Proposed Fee ³	CITY OF AUBURN ⁴	CITY OF LINCOLN ⁵	TOWN OF TRUCKEE ⁶	CITY OF ROCKLIN ⁷	NEVADA COUNTY ⁸
Medical Office							
Parks	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Fire	\$939.51 per KSF	\$ 663.49 per KSF	\$ 1,050	n/a	\$1.85 per s.f.	n/a	\$0.79 per s.f.
Police	\$472.71 per KSF	\$ 1,412.88 per KSF	n/a	n/a	n/a	n/a	n/a
General Gov't. / Public Buildings	\$312.51 per KSF	\$ 451.49 per KSF	n/a	n/a	\$1.57 per s.f.	n/a	n/a
Storm Drainage	n/a	\$ 3,444.34 per Acre	\$1,507 per ESU	n/a	n/a	n/a	n/a
Hospital Facilities							
Parks	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Fire	\$782.82 per KSF	\$ 2,213.05 per KSF	\$1,050 per KSF	n/a	\$1.82 per s.f.	n/a	n/a
Police	\$229.87 per KSF	\$ 1,514.74 per KSF	n/a	n/a	n/a	n/a	n/a
General Gov't. / Public Buildings	\$260.82 per KSF	\$ 3,514.83 per KSF	n/a	n/a	n/a	n/a	n/a
Storm Drainage	n/a	\$ 3,444.34 per Acre	\$1,507 per ESU	n/a	n/a	n/a	n/a
Light Industrial							
Parks	n/a	n/a	n/a	\$1521.13 per KSF	n/a	n/a	n/a
Fire	\$534.73 per KSF	\$ 44.20 per KSF	\$110 per KSF	\$370.82 per KSF	\$0.91 per s.f.	Public Facilities Fee: \$0.74 per s.f.	\$0.44 per s.f.
Police	\$91.36 per KSF	\$ 120.72 per KSF	n/a	\$731.15 per KSF	n/a		n/a
General Gov't. / Public Buildings	\$18.55 per KSF	\$ 208.75 per KSF	n/a	\$352.96 per KSF	\$0.96 per s.f.		n/a
Storm Drainage	\$112.79 per KSF	\$ 3,444.34 per Acre	\$1,507 per ESU	\$622.95 - \$1054.70 per KSF	n/a	n/a	n/a

City of Grass Valley
 Development Impact Fee Study 2022
 Fee Comparison

APPENDIX B

CITY OF GRASS VALLEY			COMPARISON AGENCIES				
Development Impact Fee Type	Current Fee ²	Proposed Fee ³	CITY OF AUBURN ⁴	CITY OF LINCOLN ⁵	TOWN OF TRUCKEE ⁶	CITY OF ROCKLIN ⁷	NEVADA COUNTY ⁸
Manufacturing							
Parks	n/a	n/a	n/a	\$1521.13 per KSF	n/a	n/a	n/a
Fire	\$391.61 per KSF	\$ 102.87 per KSF	\$110 per KSF	\$370.82 per KSF	n/a	n/a	\$0.44 per s.f.
Police	\$49.95 per KSF	\$ 59.87 per KSF	n/a	\$731.15 per KSF	n/a	n/a	n/a
General Gov't. / Public Buildings	\$138.13 per KSF	\$ 300.99 per KSF	n/a	\$352.96 per KSF	n/a	n/a	n/a
Storm Drainage	\$112.79 per KSF	\$ 3,444.34 per Acre	\$1,507 per ESU	\$622.95 - \$1054.70 per KSF	n/a	n/a	n/a
Warehouse							
Parks	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Fire	\$295.40 per KSF	\$ 41.70 per KSF	n/a	n/a	\$0.91 per s.f.	n/a	\$0.44 per s.f.
Police	\$64.89 per KSF	\$ 104.45 per KSF	n/a	n/a	n/a	n/a	n/a
General Gov't. / Public Buildings	\$98.75 per KSF	\$ 92.24 per KSF	n/a	n/a	\$0.96 per s.f.	n/a	n/a
Storm Drainage	n/a	\$ 3,444.34 per Acre	\$1,507 per ESU	n/a	n/a	n/a	n/a

Notes:

- ¹ DU = dwelling unit; KSF = 1,000 gross sq ft of building area
- ² Residential - >1,200 s.f. assumes Single Family rate; <1,200 s.f. assumes Multi Family rate;
- ³ Proposed fees are maximum fees established by the NBS Impact Fee Study
- ⁴ Auburn fees effective 2022
- ⁵ Lincoln fees effective October 1, 2019
- ⁶ Truckee fees as of February 2022;
- ⁷ Rocklin Fee Schedule eff. 7/1/22; Public Facilities fees include public safety, and general government facilities
- ⁸ County of Nevada Park and Recreation Facilities Mitigation Fees FY 23; Nevada County Consolidated Fire District Fees as of August 2022,



City of Grass Valley City Council Agenda Action Sheet

Title: Water and Wastewater User Rates- Draft Rate Study

CEQA: Not a Project

Recommendation: That Council 1) receive a presentation on the Water and Wastewater rate study process and findings, 2) review the Proposition 218 Notice for maximum rate adjustments for Water and Wastewater User Rates, 3) receive an informational update on the implementation process for the proposed Water and Wastewater User Rates adjustments.

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

Council Meeting Date: 5/9/2023

Date Prepared: 5/3/2023

Agenda: Administrative

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 as well as a Development Nexus and Impact Fee Study, which will be discussed in a separate item. City Water and Wastewater user rates were last adjusted in 2012 and due to aging infrastructure and inflationary pressures, City utility rates have fallen below the cost of providing service. 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 as 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.

Water rate adjustments are proposed to steadily phase in with 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. The proposed maximum Water Rates table extracted from the Study Report is attached to this report. For informational purposes, the table also shows the annual rates anticipated (Maximum allowable) for each of the five years.

Similarly for Wastewater User Rates, Staff proposes to adopt the maximum rates shown on the table attached to this report. For informational purposes, the table also shows the annual rates anticipated during the next five years. Residential sewer bills include a fixed monthly charge for sewer service, similar to most agencies in California. The City charges reduced rates for apartments and mobile homes, which tend to discharge less wastewater than single family homes. Commercial sewer bills include a flat monthly charge plus a quantity charge based on water consumption.

NBS representatives will give the Council a presentation summarizing the Rate Study process, demonstrating how the proposed rates affect the current typical residential bill and a comparison to other municipalities, and the next steps in the implementation process. Staff recommends that Council review the Proposition 218 Notice for maximum rate adjustments for Water and Wastewater User Rates, and provide comments to Staff concerning the proposed implementation of the proposed Water and Wastewater User Rates adjustments.

Council Goals/Objectives: Implementation of the proposed Water and Wastewater User Rates executes portions of work tasks towards achieving/maintaining Strategic Plan Goal #4 - Economic Development and Vitality and Goal #7 Water & Wastewater Systems & Underground Infrastructure.

Fiscal Impact: The proposed water and wastewater user rate will be phased in over time to minimize the annual impact on customers. The recommended rates are established to recover the cost of service and to maintain the long-term financial health of the enterprise funds for water and wastewater.

Funds Available: N/A

Account #: N/A

Reviewed by: ___ City Manager

ATTACHMENT 1: CURRENT AND PROPOSED WATER USER RATES TABLE

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						
<u>Monthly Fixed Service Charges:</u>						
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						
<u>Rate per Tgal of Water Consumed:</u>						
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

ATTACHMENT 2: CURRENT AND PROPOSED WASTEWATER USER RATES TABLE

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 ¹						
Commercial						
Class A Usage ²	\$4.43	\$4.52	\$4.61	\$4.70	\$4.79	\$4.89
Class B Usage ³	\$5.34	\$5.68	\$5.79	\$5.91	\$6.03	\$6.15
Class C Usage ⁴	\$9.42	\$13.31	\$13.58	\$13.85	\$14.13	\$14.41
Class D Usage ⁵	\$3.96	\$4.10	\$4.18	\$4.26	\$4.35	\$4.44

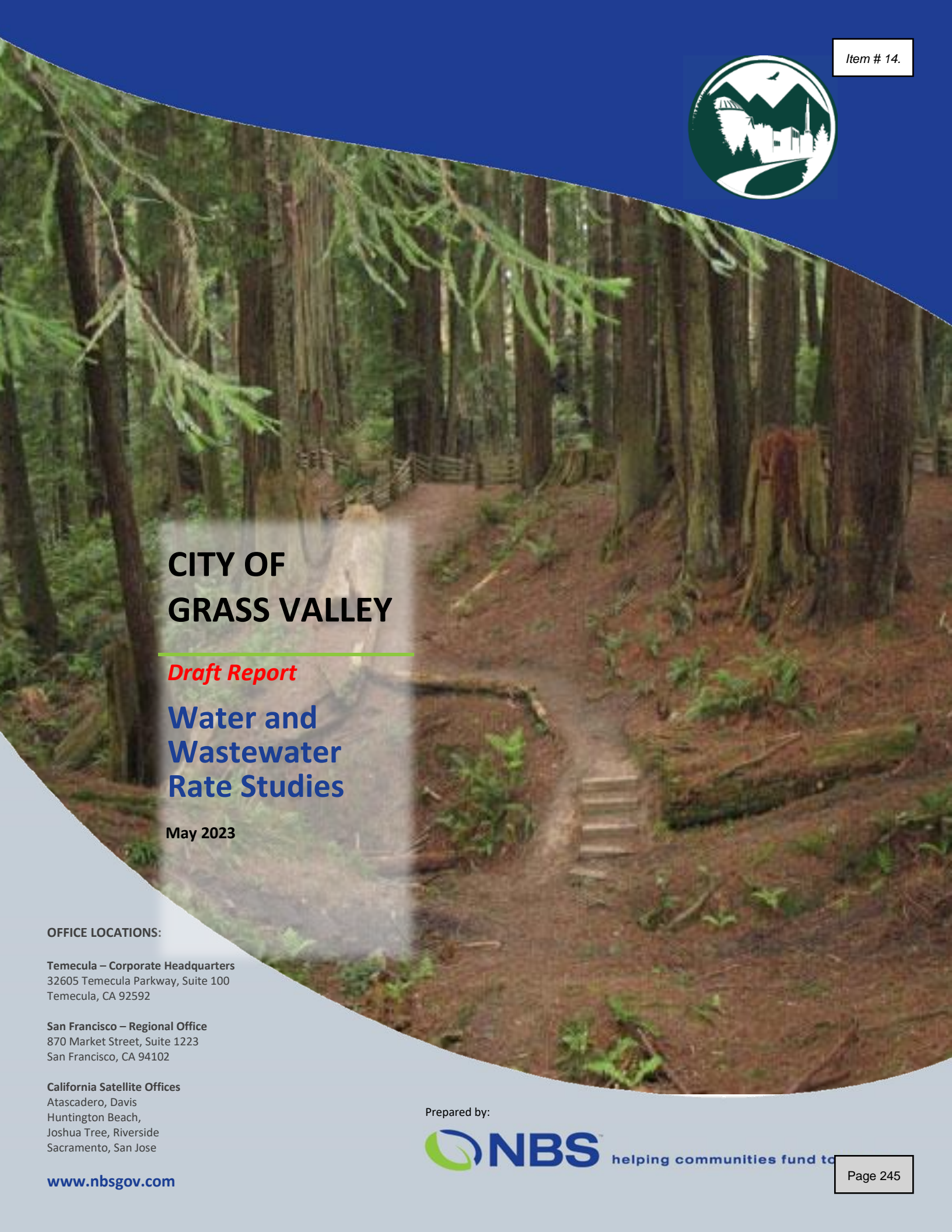
1. Tgal = thousand gallon, or 1,000 gallons

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 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

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

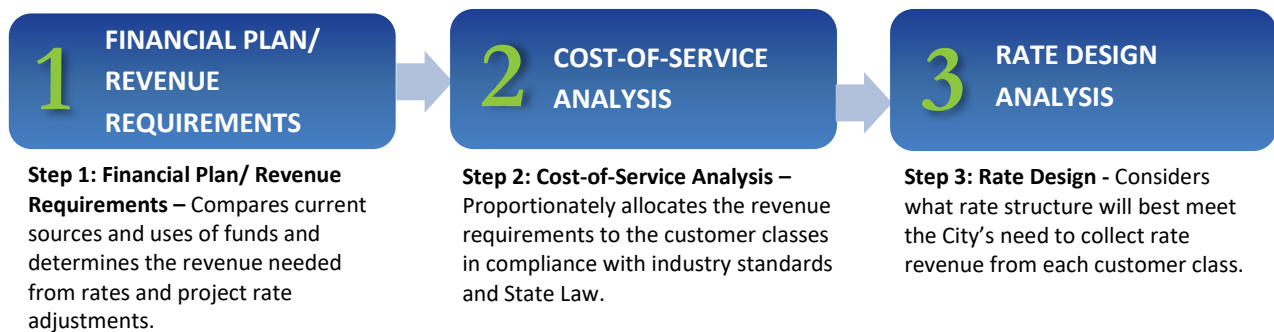
NBS recommends the City take the following measures:

- 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 Charges¹, 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*

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

*Public Utility Rates*², 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.³ 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.

² 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.

³ 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 Class⁴:** 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 law⁵ 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:

⁴ 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.

⁵ 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
Sources of Water Funds						
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
Projected Annual Rate Increase	0.00%	7.00%	7.00%	7.00%	7.00%	7.00%
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
Total Sources of Funds	\$ 2,337,150	\$ 2,451,870	\$ 2,655,980	\$ 2,829,799	\$ 3,011,298	\$ 3,206,663
Uses of Water Funds						
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
Total Use of Funds	\$ 2,298,418	\$ 2,042,204	\$ 2,121,614	\$ 2,206,118	\$ 2,296,057	\$ 3,075,723
Surplus (Deficiency) after Rate Increase	\$ 38,732	\$ 409,666	\$ 534,366	\$ 623,681	\$ 715,240	\$ 130,940
<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>
Surplus (Deficiency) before Rate Increase	\$ 38,732	\$ 294,166	\$ 215,586	\$ 128,586	\$ 31,489	\$ (754,674)
Net Revenue Requirement ²	\$ 2,181,268	\$ 1,925,834	\$ 2,004,414	\$ 2,091,414	\$ 2,188,511	\$ 2,974,674

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
Operating Reserve Fund						
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>
Capital Outlay Reserve Fund						
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>
System Reinvestment Reserve Fund						
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>
Emergency Reserve Fund						
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>
Debt Service Reserve Fund						
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>
Total Ending Balance	\$ 3,387,935	\$ 3,439,203	\$ 3,311,804	\$ 2,933,861	\$ 2,591,562	\$ 1,983,812
Total Recommended Minimum Target	\$ 1,266,495	\$ 1,287,425	\$ 1,332,850	\$ 1,388,700	\$ 1,446,400	\$ 1,504,800

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

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

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 ¹	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%
Total	2,491	100.0%

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 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%
Total	\$ 2,354,000	100%

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

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

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						
<u>Monthly Fixed Service Charges:</u>						
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						
<u>Rate per Tgal of Water Consumed:</u>						
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

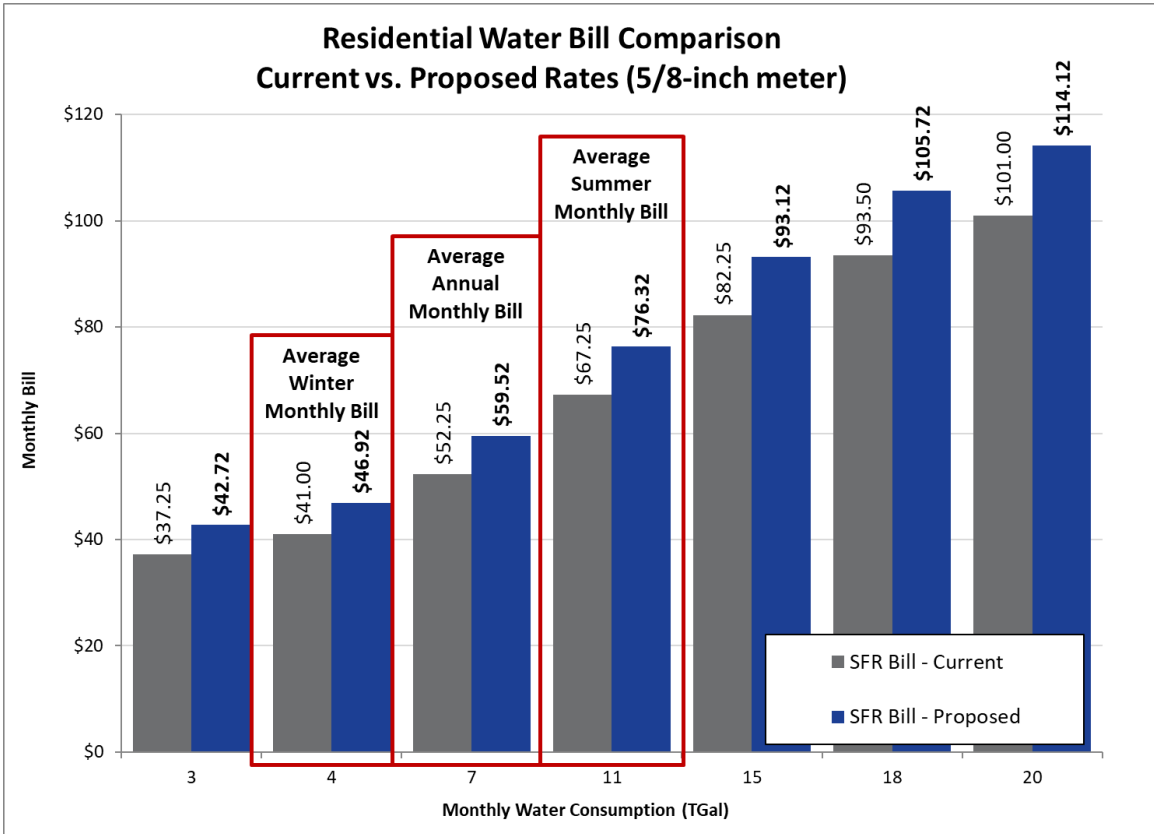
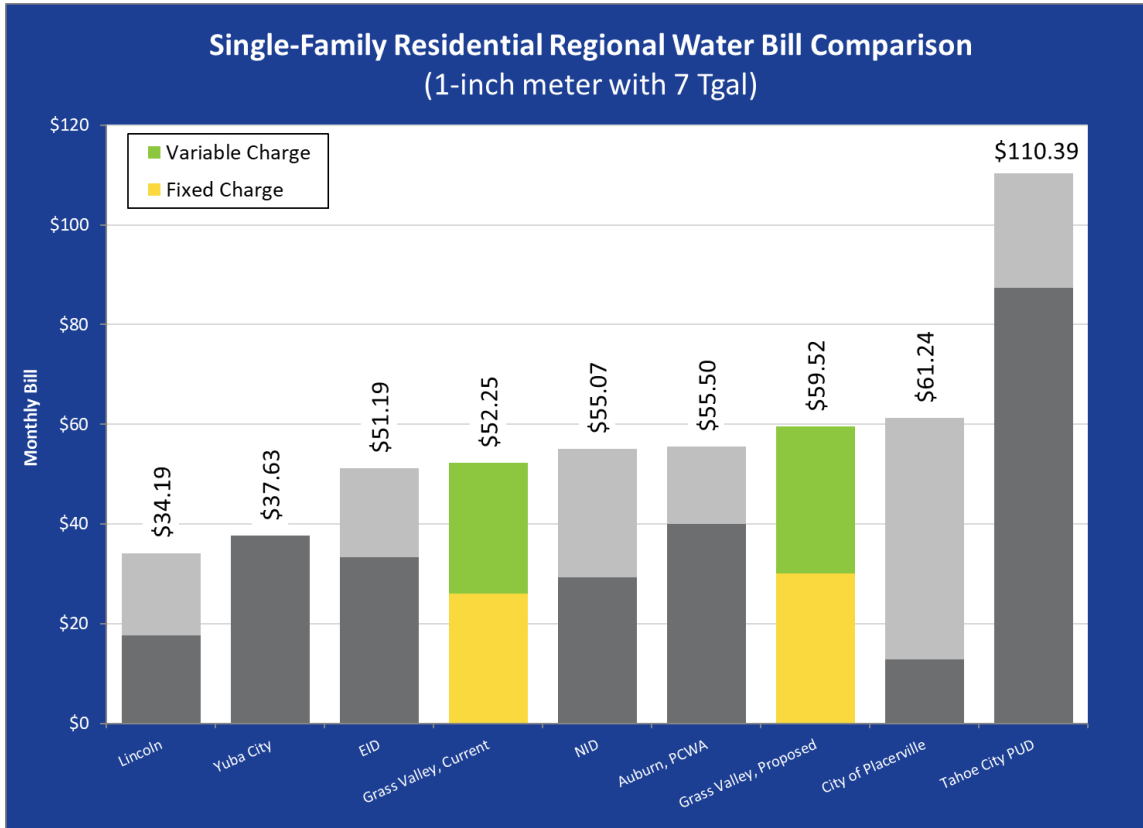


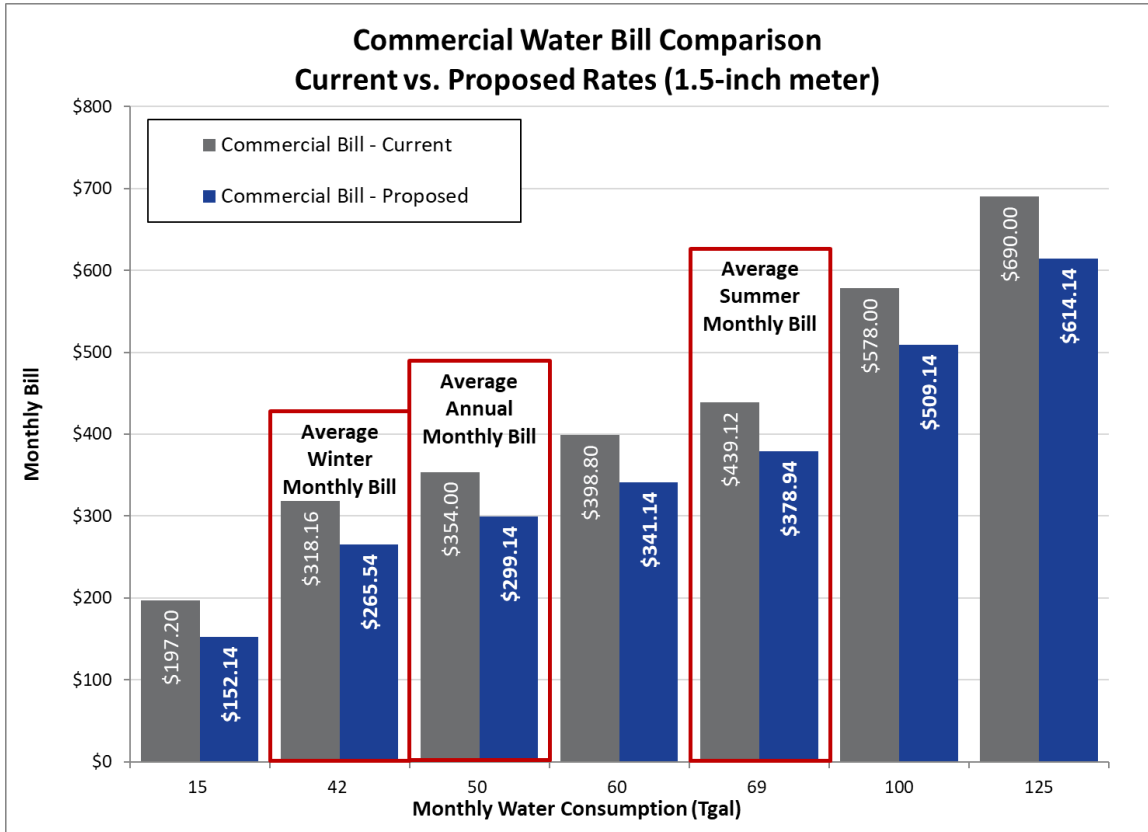
FIGURE 11. MONTHLY WATER BILL COMPARISON WITH OTHER COMMUNITIES



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
Sources of Sewer Funds						
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
Total Sources of Funds	\$ 5,060,000	\$ 5,115,680	\$ 5,106,992	\$ 5,097,668	\$ 5,087,261	\$ 5,087,166
Uses of Sewer Funds						
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
Total Use of Funds	\$ 5,278,043	\$ 3,932,292	\$ 4,014,416	\$ 4,311,050	\$ 4,449,089	\$ 4,152,435
Surplus (Deficiency) before Rate Increase	\$ (218,043)	\$ 1,183,389	\$ 1,092,576	\$ 786,617	\$ 638,172	\$ 934,731
Additional Revenue from Rate Increases ¹	-	71,250	191,900	290,738	391,553	494,384
Surplus (Deficiency) after Rate Increase	\$ (218,043)	\$ 1,254,639	\$ 1,284,476	\$ 1,077,355	\$ 1,029,725	\$ 1,429,115
Increase in Rate Revenue Needed to Avoid Deficit	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%
<i>Cumulative Increases</i>	0.00%	2.00%	4.04%	6.12%	8.24%	10.41%
Net Revenue Requirement²	\$ 4,968,043	\$ 3,566,611	\$ 3,657,424	\$ 3,963,383	\$ 4,111,828	\$ 3,815,269

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
Sewer Operating Reserve Fund						
Ending Balance	\$ 713,756	\$ 731,291	\$ 749,304	\$ 767,811	\$ 786,825	\$ 806,361
<i>Recommended Minimum Target</i>	713,756	731,291	749,304	767,811	786,825	806,361
Working Capital Reserve Fund						
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>	1,033,000	1,053,000	1,074,000	1,096,000	1,120,000	1,131,000
System Reinvestment Reserve Fund						
Ending Balance	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000
<i>Recommended Minimum Target</i>	300,000	300,000	300,000	300,000	300,000	300,000
Emergency Reserve Fund						
Ending Balance	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000
<i>Recommended Minimum Target</i>	300,000	300,000	300,000	300,000	300,000	300,000
Total Ending Balance (Unrestricted)	\$ 5,950,563	\$ 5,483,449	\$ 4,982,125	\$ 4,422,660	\$ 4,417,535	\$ 4,846,940
Recommended Min. Target (Unrestricted)	\$ 2,346,756	\$ 2,384,291	\$ 2,423,304	\$ 2,463,811	\$ 2,506,825	\$ 2,537,361

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 ¹					
Customer Class	Number of Accounts	June 21-Jan 22 Consumption (Tgal)	Annualized Consumption (Tgal)	Adjusted Annual Volume ² (Tgal)	Percentage of Volume
Single Family/Duplex	3,406	151,086	226,630	223,558	46.81%
Multi Family	207	26,633	96,496	95,188	19.93%
Mobile Home	2	23	78	77	0.02%
Commercial					
Class A Usage ³	562	68,599	102,899	101,504	21.25%
Class B Usage ⁴	14	20,468	30,702	30,285	6.34%
Class C Usage ⁵	59	10,919	16,378	16,156	3.38%
Class D Usage ⁶	33	6,768	10,152	10,015	2.10%
GV FLAT	37	558	838	826	0.17%
NID FLAT	51	0	0	0	0.00%
Total	4,371	285,055	484,172	477,610	100.00%
				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 guidelines⁶. 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.

⁶ 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 ³ (mg/l)	Calculated BOD (lbs./yr.)	Percent of Total	Average Strength Factor ³ (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 ⁴	101,504	130	110,051	13.8%	80	67,724	10.4%
Class B Usage ⁵	30,285	310	78,300	9.8%	120	30,310	4.6%
Class C Usage ⁶	16,156	1,000	134,742	16.9%	600	80,845	12.4%
Class D Usage ⁷	10,015	130	10,858	1.4%	100	8,352	1.3%
Total	476,784		799,274	100.0%		652,553	100.0%

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 ¹	Percentage of Accounts	Number of EDUs ¹	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%
Total	4,371	100%	7,548	100%

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			
Net Revenue Requirements¹	\$ 1,797,892	\$ 967,892	\$ 967,892	\$ 1,111,957	\$ 4,845,633	--
	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 ²	382,098	133,268	100,450	149,522	765,338	15.8%
Class B Usage ³	114,005	94,819	44,957	32,851	286,631	5.9%
Class C Usage ⁴	60,817	163,168	119,913	14,437	358,335	7.4%
Class D Usage ⁵	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%
Total	\$ 1,797,892	\$ 967,892	\$ 967,892	\$ 1,111,957	\$ 4,845,633	100%

- 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.
- Standard strength commercial customers include general, theaters, laundries, fairgrounds & dumping at WWTP.
- Moderate strength commercial customers include hotels & motels.
- High strength commercial customers include restaurants.
- 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 ¹						
Commercial						
Class A Usage ²	\$4.43	\$4.52	\$4.61	\$4.70	\$4.79	\$4.89
Class B Usage ³	\$5.34	\$5.68	\$5.79	\$5.91	\$6.03	\$6.15
Class C Usage ⁴	\$9.42	\$13.31	\$13.58	\$13.85	\$14.13	\$14.41
Class D Usage ⁵	\$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.

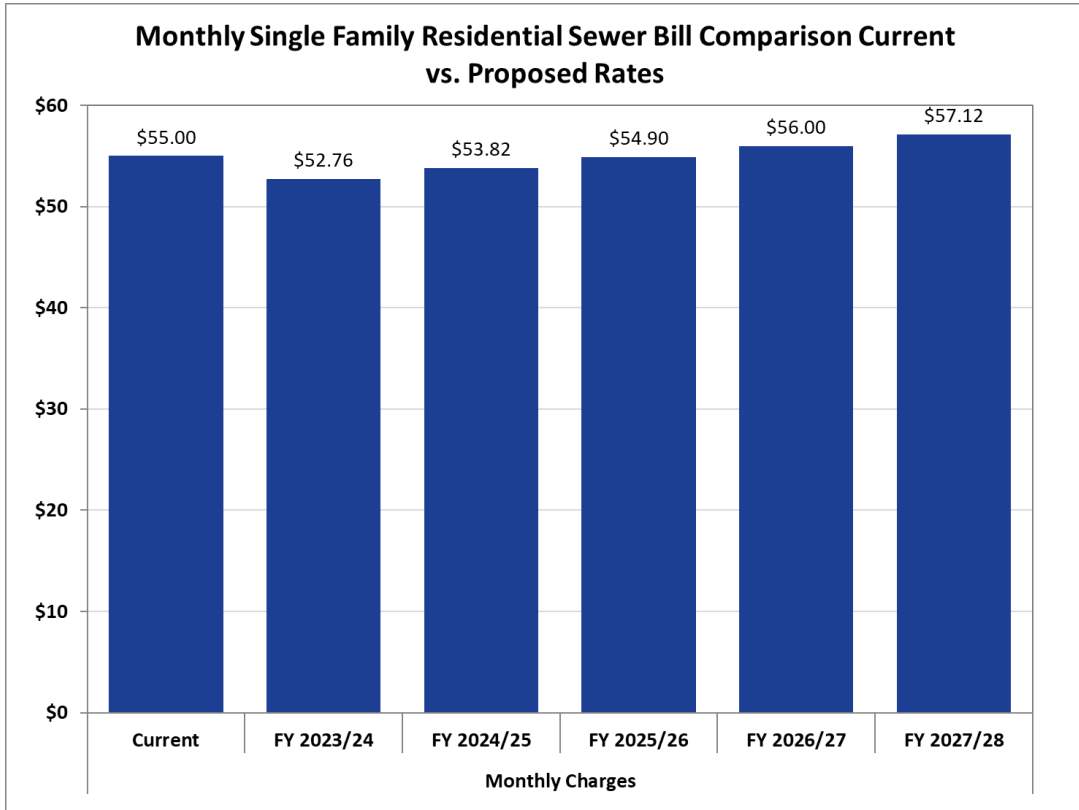


Figure compares typical single-family monthly wastewater bills with other communities.

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

FIGURE 20. MONTHLY SINGLE-FAMILY WASTEWATER BILL COMPARISON

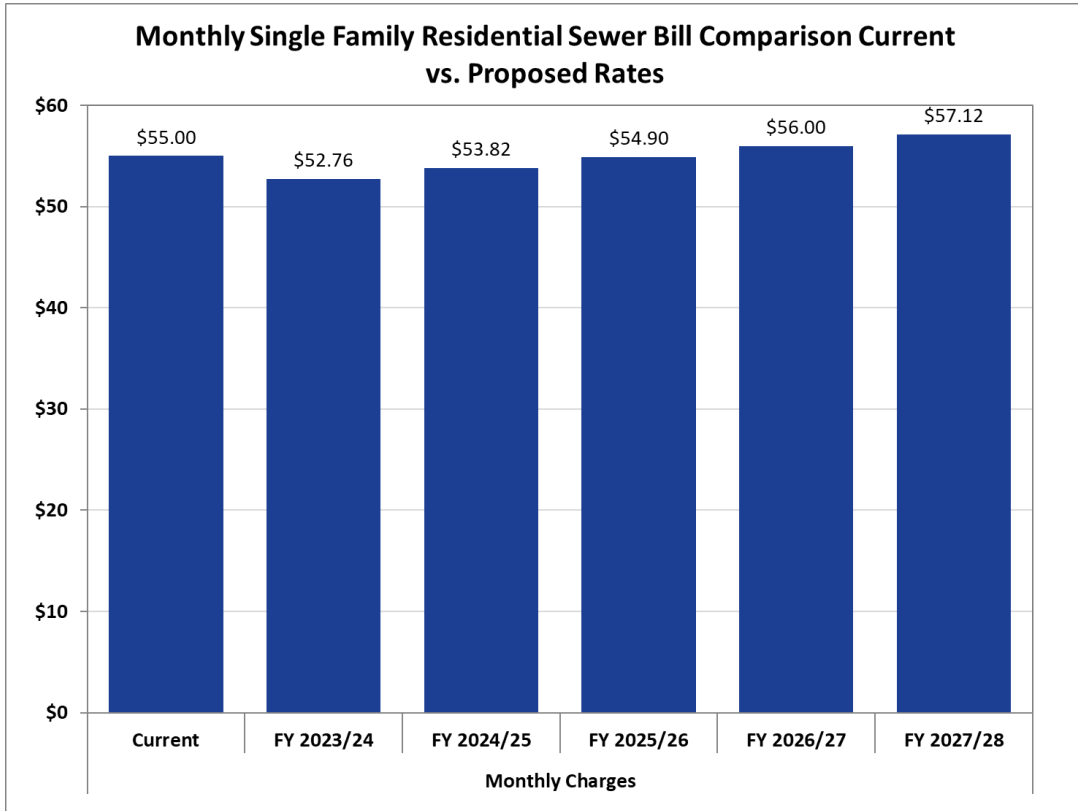


FIGURE 21. MONTHLY SINGLE-FAMILY WASTEWATER BILL COMPARISON WITH OTHER COMMUNITIES

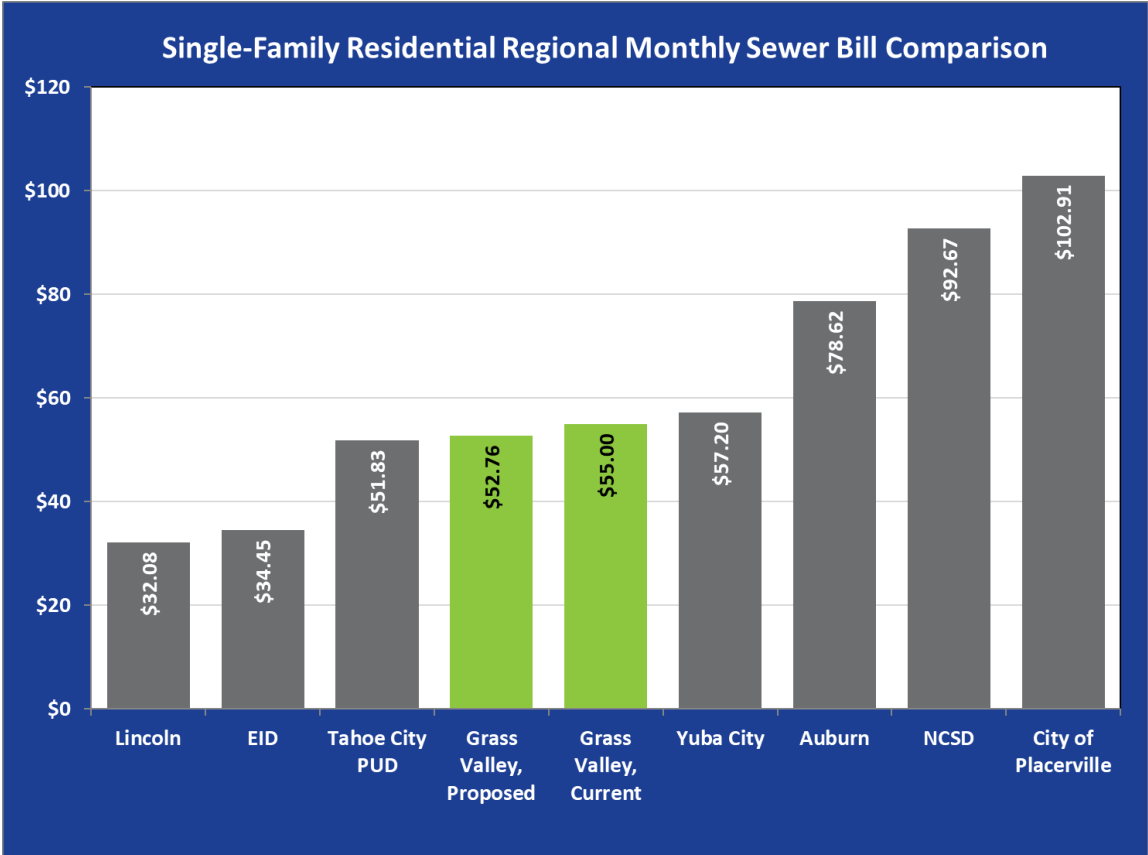
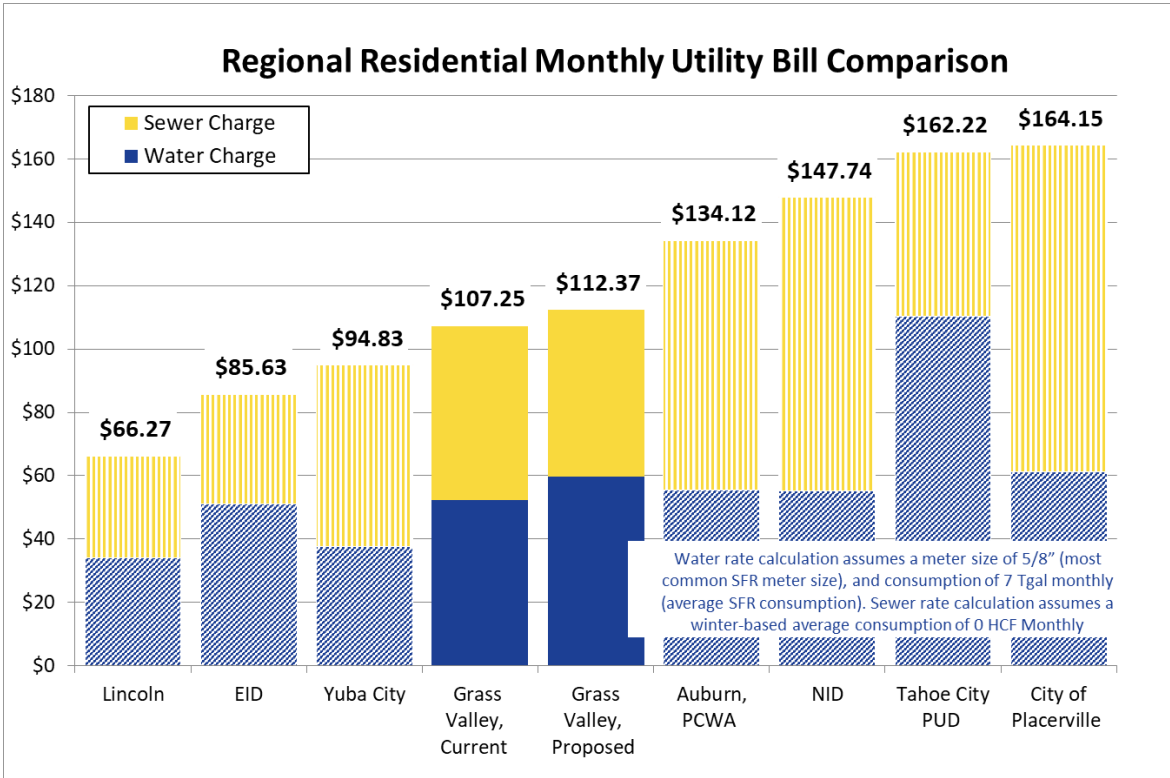


FIGURE 22. MONTHLY SINGLE-FAMILY WASTEWATER BILL COMPARISON WITH OTHER COMMUNITIES



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 & ACRONYMS⁷

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 ₃	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

⁷ 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**



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

DATE
City of Grass Valley
City Council Chambers
ADDRESS

Notice is hereby given that at the date, time and place shown above, the Grass Valley City Council will hold a public hearing to consider proposed water & 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 & sewer rates will enable the City to continue delivering safe and reliable service. The purpose of this notice is to describe the proposed rate increases and notify you of the public hearing.

All water customers currently pay a monthly fixed service charge by meter size and a volumetric rate (\$/hcf)¹ 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						
<u>Monthly Fixed Service Charges:</u>						
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						
<u>Rate per Tgal of Water Consumed:</u>						
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

All sewer customers currently pay a monthly fixed service charge by equivalent dwelling unit (EDU) and non-residential customers also pay a volumetric rate (\$/hcf)² based upon the average monthly amount of water used in winter months (typically when irrigation flow is at the lowest). These charges are included in the rate table shown below.

1 hcf means "one hundred cubic feet" and amounts to 748 gallons of water.
2 hcf means "one hundred cubic feet" and amounts to 748 gallons of water.

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 ¹						
Commercial						
Class A Usage ²	\$4.43	\$4.52	\$4.61	\$4.70	\$4.79	\$4.89
Class B Usage ³	\$5.34	\$5.68	\$5.79	\$5.91	\$6.03	\$6.15
Class C Usage ⁴	\$9.42	\$13.31	\$13.58	\$13.85	\$14.13	\$14.41
Class D Usage ⁵	\$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, then July 1 subsequently each year after 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 **DATE**. Protests may be mailed to the City, hand-delivered to the City Clerk’s Office, or brought in-person to the City Council Public Hearing. Protests will be accepted and tabulated pursuant to Proposition 218 guidelines. Pursuant to California Government Code Section 53755(a)(3)(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 owner or customer submitting the protest;
- Be received by the City **prior** to the close of the City Council public hearing on June 13, 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
ADDRESS