

City of Nevada City 2017 Annexation Plan and Strategy

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Prepared for:

Nevada County Local Agency Formation Commission

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Introduction

The purpose of this plan is to respond to the Nevada County Local Agency Formation Commission's (Nevada LAFCo) March 2017 request to submit a current plan and procedures ("Annexation Plan") to guide the orderly annexation of City of Nevada City Sphere of Influence (SOI) territory over the next 20 years. This will facilitate the City's ability to plan for growth and the corresponding pace of service expansion.

About the Nevada City Sphere of Influence

According to the City's GIS, the Nevada City SOI totals approximately 2,353.1 acres and surrounds the entire city limits. For purposes of a detailed evaluation and analysis of the City's annexation strategy, this Annexation Plan breaks down the City's SOI into several distinct areas based on land use and anticipated annexation timeframe. By the end of 2022, a total of 400 acres would be annexed into the city, consisting of four separate areas. Over the next six years (2023-2028), another 881 acres would be annexed, **resulting in approximately half of the total SOI annexed into the City limits over the next eleven years.** The remaining 1,221.1 acres of the SOI would be annexed over the last 9 years (2029-2037).

The table below provides a summary of the component areas of the City's SOI described in this Annexation Plan. Information on each of the component areas of the annexation phases are described later in this Annexation Plan.

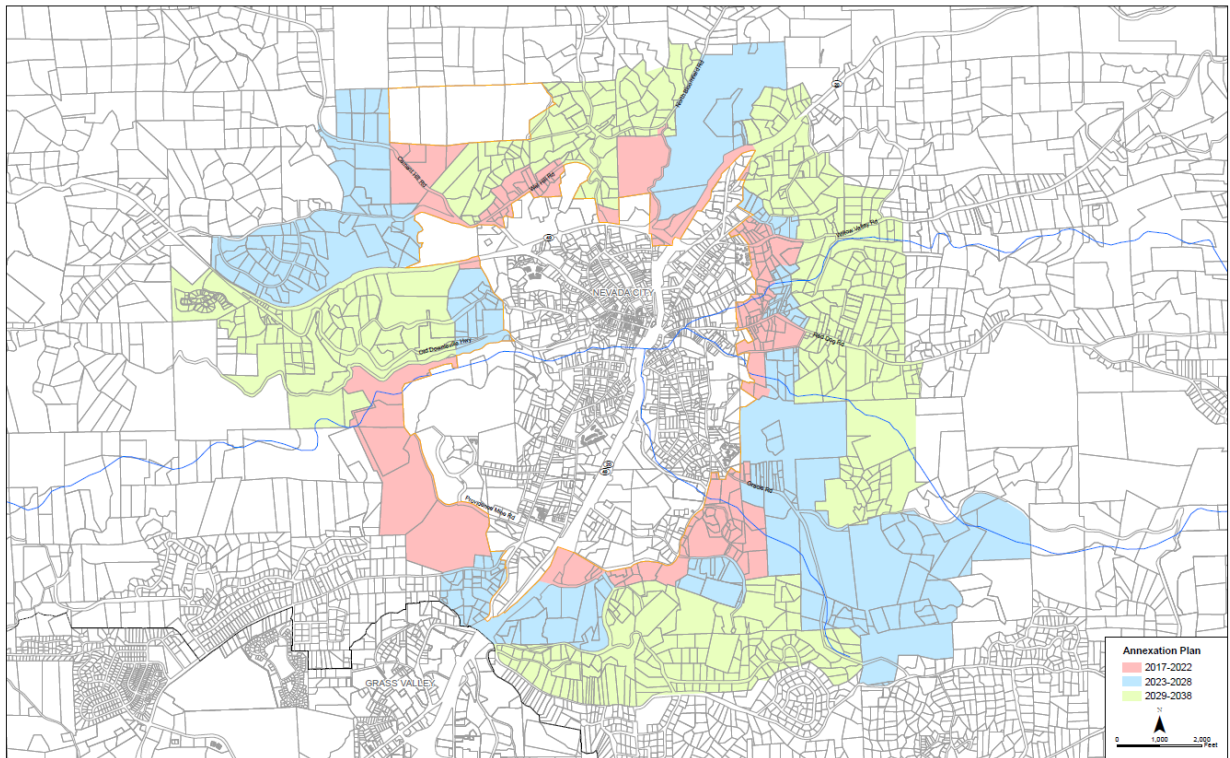
Area	Approx. Acres	Parcels	No. of Owners	City General Plan Use(s) ¹
2017-2019 ANNEXATIONS				
Sugarloaf Mountain	54	7	4	OS,P,SF
Providence Mine East	140	5	1	E-PD,OS
Gracie/Gold Flat	76	16	13	E, MF
Cement Hill Road	42	27	20	OS
Within 500-feet of Sewer	63	89	?	Varies
City Water/Sewer-Serviced Parcels	25	15	15	Varies
SUBTOTAL	400			
2020-2022 ANNEXATIONS				
City Water Facility & BLM Land	300	25	18	E,OS
Indian Trails Subdivision	122	33	30	E, OS
West/South of Airport Property	140	35	25	R, OS
Hurst Ranch	90	15	11	E-PD
Hwy 49 Frontage, South of Gold Flat	50	20	9	R-PD
Between Old Downieville /Hwy 49	45	16	12	R

¹ City General Plan Land Use Codes: Open Space (OS), Public (P), Single Family 4 du/ac (SF), Estate (E/E-PD), Mixed Residential 8/du/ac (MF), Rural 1 du/1-5 ac (R/R-PD), Service Lodging (SL).

Area	Approx. Acres	Parcels	No. of Owners	City General Plan Use(s) ¹
Manzanita Diggins	90	3	1	R-PD,SL,OS
SUBTOTAL	881			
2023-2037 ANNEXATIONS				
Long Term Growth: Area 1	36.7	42	39	R, P
Long Term Growth: Area 2	16.6	34	27	R
Long Term Growth: Area 3	45.6	11	11	R
Long Term Growth: Area 4	22	12	8	R
Long Term Growth: Area 5	114	53	49	E
Long Term Growth: Area 6	168.5	88	73	E, E-PD
Long Term Growth: Area 7	171	53	51	E, E-PD
Long Term Growth: Area 8	150	37	33	E
Long Term Growth: Area 9	113	60	59	E, E-PD
Long Term Growth: Area 10	114	52	43	E
Long Term Growth: Area 11	186	44	35	R,R-PD, OS
Long Term Growth: Area 12	83.7	67	60	R
SUBTOTAL	1,221.1			
GRAND TOTAL	2,353.1			

Additional information related to the City's SOI is contained in Appendix A.

CITY OF NEVADA CITY ANNEXATION PLAN



Approach

In organizing this plan, the City acknowledges several trends and projected State policies that will influence the pattern of development and the pressure to robustly develop. In terms of State policy projections, the State has declared a severe housing crisis throughout California. This crisis has not spared Nevada City and is manifested in high housing prices and swift sale transfers of moderately priced properties.

The City is also acutely aware of the potential devastation that may occur from the increasingly prevalent threat of wildfire. Encouraging compact development patterns along sewer and water service lines will create a more defensible fire-fighting environment. Finally, a trend that cannot be ignored is the increasing preference of people to live close to commercial, social, and entertainment hubs.

These factors combine in a manner that will make Nevada City, with its many and varied social events, with its extraordinary scenic amenities, and with its capacity to serve well beyond its current boundaries, an incredibly desirable place to develop and purchase property.

Development pressure is anticipated to be significantly higher than it has been in recent history. In navigating this new age of projected growth, a well-planned annexation strategy will be extraordinarily valuable in the coming decade.

Key Objectives

Working with Nevada LAFCo, key objectives of this document include:

- Prioritizing the planned annexation of the City's SOI territory as follows:
 - City owned properties and those currently being served by City sewer or water;
 - Properties in close proximity to existing sewer main lines;
 - Promote private property annexations through development incentives
 - Review development potential of outlying properties, identify scenic, environmental, and historic resources and encourage annexations that coincide with development goals that preserve those resources.
- Establishing principles to guide the annexation of property
 - Such as preservation of scenic resources and environmentally sensitive areas,
 - Ability to provide walkable improvements to new developments;
- Identifying considerations related to service expansion and preparedness;
 - Thresholds that trigger service capacity expansions;
- Providing clear expectations and procedures for property owners seeking annexation of their property.
- City & LAFCo to develop guidelines for bringing in undeveloped properties with development potential

Guiding Principles for Annexations into City

Several principles shall guide the City's processing of annexation proposals. These principles are intended to ensure properties are suitable candidates for annexation upon application, or at the time property owners are asked to consider annexation (either by the City or via application by another parcel owner).

Each proposed annexation territory or parcel proposed for annexation shall demonstrate consistency with the following principles:

- **Consistent with LAFCo Guidelines.** Is the proposal consistent with LAFCo law and local policies?
- **Neutral or positive financial impact on General Fund.** Does the proposed annexation have a neutral or positive financial impact on the General Fund?
- **Logical growth/plan boundaries.** Does the proposed annexation direct new growth and development activity into appropriate areas?
- **Sewer capacity.** Does the City's wastewater treatment plant have the capacity to serve the territory proposed for annexation?
- **Environmental benefit.** Does the annexation proposal improve the prospects that property and subsequent future development/improvements will connect to sanitary sewer? Can the annexation occur in a manner that does not adversely impact view sheds?
- **Public benefit to City and residents and the mutual benefit to annexed properties and owners.** Will the annexation result in a public benefit to the City and residents (e.g. increase in property tax revenue, opportunity for circulation improvements, reduced vehicle reliance, promotion of City trail systems, environmental considerations, etc.) and a commensurate benefit to the property to be annexed?

City's Interests in the SOI

Nevada City has several reasons for retaining the SOI and annexing all of these properties into the City. These include the following:

Well Failure

The nature of the Nevada County foothills are such that ground water resources are provided in reservoirs of fractured rock. California regularly experiences periodic extended drought conditions. The ability to regulate and monitor water use will become increasingly important throughout California as the population increases and drought patterns continue. While much of the SOI is within the Nevada Irrigation District Boundary, service agreements exist between NID and the City that allow service to be provided depending on proximity and eligibility of existing infrastructure. There are several properties in the SOI that are already served by City

water. There are also many areas in the SOI that are adjacent to existing City water line facilities. If necessary, City facilities can be extended where NID facilities do not exist using our service agreement. The City has its own historic water supply, supplemented by NID as needed under a this longstanding agreement. Water sources for the City's water system include Little Deer Creek and the DS Canal. The City's water treatment plant has capacity for 2 million gallons per day (mgd) and currently treats a maximum daily demand of 1.5 mgd. The City has adequate water treatment, storage and distribution facilities which can be expanded as necessary to accommodate projected growth within the current City limits and SOI. As a drought mitigation, the City recently reduced its water use by 20 percent via water recycling at its wastewater treatment plant.

Septic Tank Failure

The County's hydraulic mining legacy resulted in marginal soil quality in many areas of the County, including approximately 30% of the present City SOI. Septic drainage fields are required to meet standard percolation rates which are largely determined by the condition of top soil. Historic mining practices removed the top soil in many areas of the SOI and, as such, compromised their ability to accommodate standard septic systems. A standard septic system lasts approximately 50-years. With consideration of the substandard soils in the area, this life span may be considerably less than that and repair areas will be difficult to locate. The SOI boundary includes many areas that the City expects to be serving as these systems begin to fail. Many of the annexations that have occurred over the last 25 years were the result of failing septic systems. On any given day, the City's population swells to accommodate normal business, including the Rood Center, School activity, general commercial activity, and other business. Taking into account this daily population swell, the sewer capacity runs at just over 50% capacity. The City's Wastewater Treatment Plant has capacity for 0.69 million gallons per day (mgd). Current average dry weather flow ranges from 0.38 to 0.47 mgd. The City has adequate capacity to serve the SOI. Because all septic systems will eventually fail, the need to serve the present SOI area will intensify every day forward. Over the years, sewer failure has been a major factor in annexations.

Watershed Degradation

The present SOI boundary encompasses watersheds for Deer Creek, Little Deer Creek, Gold Run Creek, Oregon Ravine, Woodpecker Ravine, Woods Ravine, Rogers Williams Ravine, and Manzanita Ravine. All of these drainages run into the heart of the City. Potential upstream degradation and contamination of these water resources would directly impact aesthetic, ecological, and recreational resources within City limits. Most alarmingly, degradation of Little Deer Creek in particular, will directly impact quality of the City's water supply. The City's authority over land uses within the SOI is crucial for providing adequate protection of these resources from adverse development impacts and/or altered land use patterns.

Affordable Housing

Both the County and the City have acknowledged that our community is in need of additional affordable housing. Effective affordable housing is typically provided near commercial districts and within higher-density residential developments. The nature of high-density residential development (e.g. City R3 zoning equals 16 units/acre) requires that they be served by a sewer system as opposed to septic systems. Because the County does not have any sewer treatment plants available to serve the area within the SOI, it is reasonable to assume that any property proposed for an affordable housing project within the SOI would be served by City sewer, and therefore require annexation to the City.

The City is currently meeting its State mandated share of R-3 affordable housing zoning and can be expected to do so in the future. In addition, the City has a very progressive inclusionary housing ordinance which requires that 30% of all new housing developments, multi-family and single family housing subdivisions, include 30% smaller, affordable units (moderate income or below) which will remain affordable in the future. An additional 20% of homes in new single-family subdivisions are required to have second units for affordable housing. This results in about 50% affordable housing in new subdivisions. Since not all new housing developments are multi-family, this ensures that all new housing projects will contribute to the affordable housing stock. This method has been used on a number of housing projects, including all of those approved in the City since it was adopted. As the City annexes additional land, these policies will be in effect, and our community will continue to expand its affordable housing stock.

Another consideration is proximity of housing to jobs. The City serves as the hub for the County of Nevada (the area's largest employer), County Courthouse, Tahoe Forest Service, Caltrans and several Fire Districts. The SOI offers opportunity for development that is contiguous to the City and close to essential services with greatest opportunity for additional workforce housing.

View Shed

The City's view shed is of particular importance in terms of preserving our sense of history and general character as a city nestled within a wooded enclosure. Altering any of the land use patterns in any part of the view shed would irreversibly compromise this special character that is largely unique to Nevada City's charm, so cherished by City residents, sphere residents, and tourists. In fact, the 2008 LAFCo Sphere of Influence update references "the City's important view shed" and notes:

- "Future discretionary development and timber harvesting within this area would potentially impact the visual quality of the City. The General Plan includes the objective to 'foster a compact rather than a scattered development pattern in order to preserve the existing impression of a tightly clustered, fine-grained core within a tree-covered, rural surroundings.' "

“The City has also devoted significant attention to the entry points into the City. Loss of control over development and landscape-level maintenance could undermine the City’s efforts to maintain the sense of arrival in the City proper, as well as producing unnecessary sprawl.”

Annexation Plan Guidance from LAFCo Executive Officer

In a two-page outline dated April 12, 2017, the LAFCo Executive Officer provided specific questions that needed to be addressed in this Annexation Plan. These queries and the City's responses are provided below:

Priority Areas for Annexation

During the 2008 sphere update, the City provided LAFCo with a list of 30 properties outside city boundaries that had been connected to City sewer or water service. The City has annexed 15 of these properties (primarily in the Northside Annexation). Annexation of the remaining properties should be prioritized. Some of these properties are residential, and several are institutional. The City may also wish to consider whether there are any other properties that have been connected to the water or sewer system which are outside City boundaries (possible example which was not included on the City's 2008 list is a residence at 15617 Old Downieville Highway).

City Response: There are currently 16 properties that are served by City water or sewer that are outside City boundaries. These properties are prioritized for annexation in the near-term 2017-2022 and are included in the red colored area on the City's Annexation Plan Map dated August 2017.

Sewer Service

Treatment

According to the 2015 Wastewater MSR, the City's WWTP has a design capacity of 0.69 MGD, and currently discharges 0.47 MGD. Per the MSR, the system presently serves 1,380 connections (460 for businesses and institutions, 920 for residences). This leaves 0.22 MGD in capacity to serve lands within the current city boundaries and lands in the sphere that would be annexed.

City Response: The above mentioned design capacity is the state permitted plant dry-weather flow capacity of 0.69 mgd (million gallons per day). However, 0.47 MGD is not a correct number for average dry weather flow so this cannot be used as a comparison to capacity. Actual dry weather flow is 0.39 mgd or 56.5% of the flow allowed by the state permit as measured by average daily flows over the six-month period of May through October during the 2015 summer season.

This capacity calculation is incorrect. Based on above described average dry weather flows, the remaining capacity is 0.30 MGD. The City has the present capacity, without further expansion, to serve all existing properties, as they are currently developed, both within its boundaries and its Sphere of Influence. Expansion of the plant capacity beyond this amount can occur when necessary to accommodate projected growth. Plant expansions are typically identified 3-5 years before needed to allow time for design and permitting.

Please provide information regarding the following:

How much capacity (in EDUs and in GPDs) is needed to serve undeveloped properties within the current city boundaries? The City's Background Data Report for the 2014 Housing Element Update indicates potential for 550 additional units within current City boundaries.

City Response: Accurate wastewater forecasting requires a combination of a population-based per capita method for domestic (residential and commercial), and a land use based projection method. This cannot be broken down into EDU's or GPD's based on units without forecasting methodology. A simplistic calculation which is not accurate for planning purposes but is being provided for purposes of this report is as follows: Total Capacity 0.69MGD or 690,000 gpd capacity divided by 191 gpd/edu unit flow factor (from City of Grass Valley standards) = 3,612 equivalent dwelling units. Remaining Capacity 0.30MGD or 300,000 gpd capacity divided by 191 gpd/edu unit flow factor (from City of Grass Valley standards) = 1,571 equivalent dwelling units.

The 2014-2019 Housing Element projects that the maximum number of units that may develop within the current City limits may be 932 units, based on zoning density designations. However, this number assumes maximum build-out and also assumes 50% of existing single-family residences will develop with an accessory dwelling unit. In reality, the majority of the available parcels are encumbered by significant constraints such as topography, stream resources, floodplain encroachment, and/or easement acquisition requirements. The number of units that are available on vacant land that are not described as having significant encumbrances is approximately 125 multi-family units and 25 single-family units for a total of 150 units within the current City limits. As long as there are areas in the City's Sphere of Influence that have fewer encumbrances, the areas outside of the current City limits will receive more intense development pressure. Further, the City's current second dwelling build out is closer to 10-15% of existing single-family residential properties, though an inclusionary ordinance requires that new SFD development projects provide a minimum of 20% second dwelling units. A more accurate projection would be 15% of existing and proposed single-family residential properties are likely to develop with second dwelling unit.

Within the last 12 months the City has approved two development projects amounting to 76 units including 30% affordable units and 12 second dwelling units. The City has also approved building permits for nine new residential units since the adoption of the Housing Element. Recently recorded maps and expressed interest in construction is anticipated to markedly increase this number in the near term. Considering these recently approved projects and considering the existing constraints on available land, a realistic look at parcels within the City with likely development potential is less optimistic. While these parcels are feasible for development, development-friendly land in the surrounding SOI is more likely to require services well before those within the existing City limits.

Provide the projected range of units required to serve each of the "development areas" in the sphere (Manzanita Diggings, HEW Building, Hurst Ranch, Galleli Properties, Highway 49 Planned Development Area).

City Response:

Property Name	GP designation		Density Ratio		Max. Density Potential
<i>Providence Mine East</i>	<i>E-PD</i>	<i>126.11ac</i>	<i>E</i>	<i>1-3 ac min</i>	<i>42-126 units</i>
	<i>OS</i>	<i>13.11ac</i>	<i>OS</i>	<i>No density</i>	
<i>Hurst Ranch</i>	<i>E-PD</i>	<i>89.89.ac</i>	<i>E</i>	<i>1-3 ac min</i>	<i>23-89 units</i>
<i>HEW Building</i>	<i>P</i>	<i>7.52.ac</i>	<i>P</i>	<i>40 EDU</i>	<i>30-60 units*</i>
<i>Manzanita Diggings</i>	<i>R-PD</i>	<i>7.75 ac</i>	<i>R</i>	<i>1-5 ac min</i>	<i>40-319 units</i>
	<i>SL-PD</i>	<i>39 ac</i>	<i>SL</i>	<i>8 un/ac</i>	
	<i>OS</i>	<i>79.2 ac</i>	<i>OS</i>	<i>No density</i>	
<i>Hwy 49 Planned Development Area</i>	<i>R-PD</i>	<i>27.11ac</i>	<i>R</i>	<i>1-5 ac min</i>	<i>5-27 units</i>
<i>Gracie/Gold Flat</i>	<i>MF</i>	<i>6 ac</i>	<i>MF</i>	<i>8 un/ac</i>	<i>30-118 units</i>
	<i>E</i>	<i>70ac</i>	<i>E</i>	<i>1-3 ac min.</i>	
<i>* There is no assigned density for this property because it currently has a “Public” General Plan designation. The density range therefore represents the subject property as well as intervening parcels that would annex with the HEW building.</i>					

Annexation Horizon	GP designation		Density Ratio		Max. Density Potential
<i>Existing City Limits</i>	<i>Multiple</i>		<i>Multiple</i>		<i>544 units per Housing Element</i>
<i>Near Term (494ac)</i>	<i>E</i>	<i>344.59 ac</i>	<i>E</i>	<i>1-3 ac min</i>	<i>173 - 399</i>
	<i>P</i>	<i>31.5 ac</i>	<i>P</i>	<i>50 EDU</i>	
	<i>OS</i>	<i>109.52</i>	<i>OS</i>	<i>no density</i>	
	<i>MF</i>	<i>6.3</i>	<i>MF</i>	<i>8 un/ac</i>	
	<i>SF</i>	<i>2.58</i>	<i>SF</i>	<i>4 un/ac</i>	
<i>Mid Term (1,090)</i>	<i>E</i>	<i>423.13</i>	<i>E</i>	<i>1-3 ac min</i>	<i>264 - 1,132.4</i>
	<i>R</i>	<i>307.7</i>	<i>R</i>	<i>1-5 ac min</i>	
	<i>OS</i>	<i>297.56</i>	<i>OS</i>	<i>No density</i>	
	<i>SL</i>	<i>39</i>	<i>SL</i>	<i>8 un/ac</i>	
	<i>SF</i>	<i>22.6</i>	<i>SF</i>	<i>4 un/ac</i>	
<i>Long Term (1,383 ac)</i>	<i>E</i>	<i>881.8</i>	<i>E</i>	<i>881.8</i>	<i>388 - 1,332</i>
	<i>R</i>	<i>446.1</i>	<i>R</i>	<i>446.1</i>	
	<i>OS</i>	<i>50</i>	<i>OS</i>	<i>No density</i>	
	<i>P</i>	<i>5</i>	<i>P</i>	<i>5 EDU</i>	

Provide the projected range of units that could be required to serve areas considered at risk of septic or wastewater system failure (e.g., Eden Ranch, Indian Trails, Cement Hill, N. Bloomfield Rd/Lake Vera, Willow Valley Road, Red Dog/Boulder Street, Gold Flat Road, etc.).

City Response: The projected range of units is broken down into Existing City Limits, Near Term, Mid Term and Long Term Annexations Areas in the Table above.

Septic systems and private wastewater disposal systems are permitted through the County Environmental Health Department. This Department would typically make the final determination that a septic system is in failure and whether or not it can be remedied. The City has capacity to serve 100% of the areas within City boundaries and the Sphere of Influence. Areas that are within 500' of City sewer are generally able to connect to City sewer using the standard connection fee. Extensions of sewer beyond 500' is typically funded with an Assessment District. An Assessment District is a financing mechanism under The California Streets and Highways Code, Division 10 and 12 which enables cities, counties and special districts organized for the purpose of aiding in the development or improvement to, or within the district, to designate specific areas as Assessment Districts, with the approval of a majority of the landowners based on financial obligations, and allows these Districts to collect special assessments to finance the improvements constructed or acquired by the

District. Assessment Districts help each property owner pay a fair share of the costs of such improvements over a period of years at reasonable interest rates and insures that the cost will be spread to all properties that receive direct and special benefit by the improvements constructed.

Can the WWTP's licensed capacity be expanded, and if so, what would that entail?

City Response Expansion of the plant capacity can occur when necessary to accommodate projected growth. Plant expansions are typically identified 3-5 years before needed to allow time for design and permitting. As development occurs within existing City boundaries or the Sphere of Influence, the City evaluates its existing facilities to determine if new facilities or expansions to existing facilities are required to accommodate the impact from new development. This is normally done at a project-level analysis when project specifics are better described. Development Impact Fees (in accordance with California Mitigation Fee Act enacted in 1987) are used to offset costs associated with expansion of facilities for development.

Collection

According to the Background Data Report for the 2014 Housing Element Update, there are no trunk-lines serving the sphere of influence area outside city limits, other than those serving the former County HEW Building on Willow Valley Road and the CalTrans Yard on Gold Flat Road adjacent to the freeway.

City Response Trunk lines extend on nearly every road to City boundaries. These lines can be extended and expanded as necessary to accommodate the impact from new development or expansion of service area.

Provide information on the cost and feasibility of upgrading or installing sewer collection system in order to serve the sphere's "development areas" (Manzanita Diggings, HEW Building, Hurst Ranch, Galleli Properties, Highway 49 Planned Development Area) and describe how costs would be funded and allocated:

City Response: See above described funding mechanisms. It would funded by Connection Fees, Impact Fees or Assessment District depending on the location of existing development and new proposed development. Costs are generally \$215,000 / Quarter Mile (1,320 lf).

Provide information on the projected cost and how those costs would be apportioned to users for installing collection infrastructure to serve areas considered at risk of septic or wastewater system failure (e.g., Eden Ranch, Indian Trails, Cement Hill, N. Bloomfield Rd/Lake Vera, Willow Valley Road, Red Dog/Boulder Street, Gold Flat Road, etc.).

City Response See above described funding mechanisms. It would funded by Connection Fees, Impact Fees or Assessment District depending on the location of existing development and new proposed development. Costs are generally \$215,000 / Quarter Mile (1,320 lf).

Fire Protection and Emergency Response Services

The City participates in a Joint Operational Agreement along with Nevada County Consolidated and the City of Grass Valley. The three fire organizations provide service on a closest-resource response policy. According to call data from 2016, there were approximately 130 calls from the area within the sphere of influence (compared to over 400 calls from within the City).

Improved parcels within the City pay a special tax and an assessment to finance fire protection and emergency services totaling \$36 each (\$24 assessment plus a \$12 parcel charge). Parcels within the sphere of influence are within Nevada County Consolidated Fire Protection District boundaries, and each improved parcel within the District is charged a total of \$171 per year (fire assessment of \$116 and special tax of \$55). Lands annexed to the City would be detached from NCCFD and would no longer be charged the NCCFD fire taxes. In addition, the District's base year property tax revenues will be transferred to the City (the tax apportionment factor for the tax rate area surrounding the city is 5.888).

Would the JOA require any type of modification to ensure continued service to the lands within the sphere upon annexation, especially in light of the reduction in NCCFD's revenues?

City Response According to Nevada City Fire Chief, Sam Goodspeed, no modification should be required for the Fire District Joint Operating Agreement (JOA) based on the proposed Annexation Plan. In the future, should conditions require a modification, the local agencies will need to renegotiate their JOA. Currently Fire Agencies respond from the nearest facility regardless of the political boundary. Therefore, when properties are annexed they are still served from the nearest facility as a first responder.

Police Protection

According to the City's Background Data Report for the 2014 Housing Element Update, "without an increase in staffing, future annexations could affect the level of service, though response profiles and enhanced resources downtown indicate that levels of service are adequate for the foreseeable future. The City expects that staffing would scale up at approximately current levels of service as population increases."

Provide a projection of when the City would need to increase staffing levels to retain the 2/1000 officer to population ratio.

City Response: The City currently has 3 officers per 1,000 people since one additional officer is now employed as a result of Measure "C," providing a permanent funding source for the police department. This brings the City's current ratio to 3.4 police officers per 1,000 residents higher than any other jurisdiction in the County, and is approximately 30% higher than the 2.2 average ratio reported by the U.S. Bureau of Justice Statistics (BJS) for cities with a service population of 2,500 to 9,999. In 2014, the City re-established its canine program (previously retired in 1999) to assist with suspect detection/apprehension and narcotics detection, which supplements our sworn officer service.

The City's anticipated population growth corresponds to the average household population of 2.09 people per household as outlined in the following table:

<i>Horizon</i>	<i>Population</i>
<i>Current</i>	<i>3,060</i>
<i>Near-term</i>	<i>3,762 to 4,264</i>
<i>Mid-term</i>	<i>4,314 to 6,601</i>
<i>Long-term</i>	<i>5,125 to 9,384</i>

To maintain this high level of service (3 officers per 1,000 residents) the City would need to add 1 to 2 officers in the near term annexation territory, 3 to 7 officers with the mid-term annexation territory, and 5 to 18 officers with the long-term annexation territory depending on the pre-zoning and ultimate density potentials established. However, to maintain the standard of 2.2 ratio officers to residents, the City would not need to add any officers with the near term annexation territory, 0 to 4 officers with the mid-term annexation territory, and 0 to 9 officers with the long-term annexation territory.

Identify the revenue sources to support future staffing increases.

City Response: The City's Police Department is funded by the general fund, supplemental law enforcement fund, Proposition 172 Law Enforcement Fund, and the City's own Measure 'C' funds. As the City annexes territory, the general fund contribution will increase in correlation to increased property tax revenue.

Street Improvement and Maintenance

The City's Background Data Report for the 2014 Housing Element Update highlights the City's success at implementing a program for street maintenance and improvements through use of Measure 'S' funds (the 2006 voter approved half-cent sales tax measure). The report indicates the Measure 'S' funds represent less than half of the total funds the City dedicates to street improvement and maintenance.

Describe how the City would fund street improvement and maintenance to residentially developed areas within the sphere once they are annexed.

City Response: Funding for city street improvements and maintenance is provided through a combination of State, Federal and local City funds. State and Federal funds are primarily administered through Nevada County Transportation Commission and include Regional Surface Transportation Program funds, State Fuel Excise Tax "Gas Tax" Funds, Local Transportation Fund, Congestion Mitigation Air Quality Funds, and other Funds as appropriated by legislation. Local City funds include General Fund Contribution (used for operation costs) and voter approved tax measures (i.e. Measure S approved through 2023).

What are the City's plans to replace Measure 'S' funds once the tax measure sunsets in 2024?

City Response: Two to three years before expiration of Measure S, the City Council will consider options for ballot approval for additional tax measures. Other funding sources will continue to be utilized as described above

Capacity and Preparedness for Annexations

Like many areas outside of coastal California, the recovery from the most recent recession has been much slower, stalling new development throughout these areas of the state. Since the last SOI review coincided with the timing of the recession, Nevada City has not seen the anticipated level of annexation or new development. These economic conditions are improved today and interest from property owners and developers is much stronger than at any point over the past nine years.

Meanwhile, the City has not stood back and waited for development to resurrect investment in the community. Continued investment in City facilities and services along with current Municipal Service Reviews demonstrate the infrastructure capacity has been substantially enhanced since 2008. Additionally, the City's financial condition has improved substantially since the deep national recession and recent developments have positioned the City for additional economic growth, prosperity and financial stability.

- Voter Approval of Measure "C" (3/8 special sales tax – police and fire)
- Voter Approval of Measure Y (Regulations permitting home-sharing rentals)
- Construction of the 70+ unit InnTown Campground
- Approval of Hotel Investment Incentive Program
- Implementation of the City's "ParkEasy Nevada City" parking expansion program
- Imminent deployment of broadband infrastructure
- City consideration of a Density Bonus Ordinance
- Voter consideration of a gross receipts Business License Tax for cannabis related businesses

As the City grows, it will be necessary for the City to extend services to newly annexed parcels. However, it's important to note the City already provides some services to County residents noted below. The following Service Expansion Considerations have been developed to:

- Address the City's preparedness to extend services to newly incorporated areas; and
- Identify strategies related to extension of services to newly incorporated areas.

Present Capacity of Public Facilities and Adequacy of Public Service

Sewer Service

The City wastewater service area includes all properties within its boundaries. There are several properties that are currently being served outside of City limits which are expected to be annexed into the City cumulatively or when other annexations occur. The City currently serves a population of approximately 3,150 with 1,380 sewer connections. Approximately two

thirds of those are associated with residential use and the remaining one third serves commercial/institutional uses. The Discharger provides sewerage service for the community of Nevada City and serves a population of approximately 3,150.

Treatment

The wastewater treatment system consists of screening, grit removal, magnesium hydroxide addition, influent flow equalization and emergency storage, nitrification/denitrification, activated sludge, tertiary filters, chlorination, and dechlorination. Treated municipal wastewater is discharged to Deer Creek, a water of the United States and a tributary to the Yuba River, in accordance with permit requirements.

The Waste Water Treatment Plant (WWTP) is in compliance with Central Valley Regional Water Quality Control Board Discharge Permit. This is a five-year permit which was recently renewed on August 1, 2017 (Permit No. R5-2017-0060 NPDES NO. CA0079901). The state permitted plant dry-weather flow capacity is 0.69 mgd (million gallons per day). Actual dry weather flow is 0.39 mgd or 56.5% of the flow allowed by the state permit as measured by average daily flows over the six-month period of May through October during the 2015 summer season. As a result of ongoing upgrades, the WWTP has capacity to withstand heavy hydraulic loading for extended periods of time within permit limits. This was illustrated during Jan/Feb 2017 storms, when daily flow ran as high as 1.8 mgd, with a peak flow at 3.1 mgd for a period of about four hours.

Current daily flows are equivalent to those generated by a population of 7,000. Much of this excess is due to the presence of county government facilities and public schools. These institutional uses are not expected to increase substantially. As noted in the sewer system Master Service Review, system demand is expected to increase from the current total of 1,400 connections to almost 1,800 in the 2023 horizon, a population increase of approximately 700. This correlates with an increase in treatment-plant capacity utilization from 55% to approximately 80%.

Expansion of the plant can occur at the present site when necessary to accommodate projected growth. Funding for future WWTP upgrades is provided in the City's Capital Improvement Program and Wastewater Fund. Projects are implemented when necessary to 1) increase sewer capacity; 2) repair and replace aging infrastructure; and 3) provide new technologies that help protect the environment.

The facility's design capacity and City's subsequent significant capital investments over time were made because the facility anticipated serving all parcels within the current service area and SOI (per General Plan). The City has invested approximately \$6 million in improvements since 2006/07. A significant determination in developing the plan for future growth is the fact that sewage from the outlying parcels would flow by gravity to the only available wastewater facility which is the City WWTP. The only other alternative for wastewater is to have private septic systems or package treatment plants (i.e. mound systems, injection). The City has a track

record of annexing/serving parcels that experience failing septic systems and extending lines to these areas, and considering the substantial environmental benefits associated with connecting to a sanitary sewer system.

Collection

The City has an on-going program that continually improves service areas in the existing incorporated areas outside City limits. This work will continue, with long-term plans to increase trunk-line capacity as needed in accordance with the City Capital Improvements Plan. Nevada City's wastewater collection system extends to the City boundaries along major road rights of way and in drainages. Due in part to recent collection-system improvements, provision of service to most areas in the City's 2008 sphere of influence will simply consist of main-line extensions from current terminal points.

Fire and Emergency Medical Services

For more than a decade, the City of Nevada City, City of Grass Valley and the Nevada County Consolidated Fire District (NCCFD), have operated under a Joint Operational Area (JOA) master agreement to provide reciprocal fire protection and emergency medical response services. Through each party's participation, significant improvements in response times, joint firefighting training and safety, supervision, personnel recruitment and overall greater efficiency is provided to the citizens, visitors, and businesses within each jurisdiction (and beyond).

Nevada City's Fire Station 54 serves as one of seven JOA fire stations. The station was constructed, maintained and is staffed by six City of Nevada City funded professional firefighters and three interns, allowing the City to provide three firefighters per shift. The station performs approximately 1,000 calls for service annually, approximately 50% of which are provided on behalf of Grass Valley and NCCFD territory.

Removal of properties from the City's current sphere would not lessen the impact on the City's fire protection services because the JOA already serves these areas via its agreement. In fact, the Master Tax Sharing Agreement for Nevada City Annexations requires the City and NCCFD to continue to work cooperatively together to provide coordinated fire planning, suppression and prevention activities for area residents/businesses without interruption in the event of annexation. While Nevada City represents approximately 8% of the JOA population, Station 54 represents 14% of the available JOA Fire Stations and contributes more dollars per capita than each of the other two agencies toward fire protection services.

The City's commitment to quality fire protection and emergency response services is underscored by the community's November 2016 voter support (82%) for a 3/8-cent special sales tax to fund three firefighter positions. These positions were previously funded by NCCFD for more than a decade. Citing financial difficulties, NCCFD notified the City on November 12, 2014 that it would remove three firefighters from Station 54 on April 19, 2015 leading to the City's sales tax measure.

Pursuant to the JOA response standards, the closest available fire apparatus/resource will respond to calls for services. Response protocols often require multiple engine response depending on the type of service call and it is common to see two or three of the agencies responding to service calls of this nature. As a testament to the effectiveness of the reciprocal Master Services agreement, the Insurance Service Office (ISO) recently improved the Public Protection Classification ranking of Nevada City's fire suppression ranking from 5 to 3, which has the potential to lower insurance premiums for Nevada City residents.

Police Protection

The City's Police Department includes a sworn staff of 11 officers. This is a net increase of one officer position effective April 1, 2017 because of the passage of Measure C, a 3/8 of one percent sales tax for Fire and Police services. In addition to provide new resources for maintenance of Police facilities and the purchase of law enforcement equipment needs (including vehicles), Measure C improved the City's ratio of full-time officers per 1,000 residents from 3.1 to 3.4, which is approximately 30% higher than the 2.2 average ratio reported by the U.S. Bureau of Justice Statistics (BJS) for cities with a service population of 2,500 to 9,999.

The Police Department's sworn staff is supplemented by a corps of seven Reserve Officers and three civilian staff that assist with records management, evidence management and community service activities. In 2014, the City re-established its canine program (previously retired in 1999) to assist with suspect detection/apprehension and narcotics detection and is currently the only canine program in the County. This adds to the City's ability to provide high quality law enforcement services to the City and annexed SOI properties.

Pursuant to the 2009 Master Tax Sharing Agreement for Nevada City Annexations with the County of Nevada, the City will receive 40% of base property tax revenues from annexed parcels. It is anticipated that at least 50% of new City property tax revenues derived from annexation will be allocated to law enforcement services (consistent with existing General Fund department allocations).

Therefore, every \$32 million of additional assessed property valuation (80 parcels with an assessed value of \$400,000) will provide funding for approximately one additional police officer position. The City projects property tax associated with annexation and additional development will allow General Fund to support its higher than federal average staffing ratio of officers into the future. Also contributing to the City's high level of law enforcement service is an established mutual assistance agreement with Grass Valley Police.

Street Improvement and Maintenance

Unlike the unincorporated County territory, the City of Nevada City enjoys a voter-approved one-half cent sales tax (Measure S) for transportation purposes. This Sales tax measure will last until the end of 2023 and it generates approximately \$500,000 per year. The initiative provides the money to be used for all existing streets, sidewalks, etc., to be reconstructed and/or maintained, at the discretion of the Engineering staff. The City Council appointed an oversight

committee, which meets twice per year consisting of five residents at large to monitor the program and audit the expenditure of funds. The committee and staff have already recommended to the Council to either extend the program or develop a new measure to ensure ongoing maintenance and reconstruction needs are met. This tax measure has been well-received by the community and has resulted in significant infrastructure improvement throughout the city.

The road connections within the current sphere generally route traffic through Nevada City causing additional traffic within the City that could be cumulatively significant if not adequately addressed. Nevada City developed in the 1800s in a manner that connected town to various mining operations, with roads surrounding the City like spokes on a wheel. As a result, development almost anywhere in the current SOI territory would depend upon roads that would increase traffic in the City so it is of utmost interest to the City that provision is made for adequate circulation in any new development.

Several arterial roadways and collectors: Gracie Road, Red Dog Road, Willow Valley Road, Cement Hill Road, North Bloomfield Road, Coyote Road, Old Downieville Highway, Nevada City Highway, and Pittsburg Mine Road serve as the primary access route from residential properties within the present SOI to schools, commercial destinations, and recreational amenities within the City limits. The intense use of these roads by those within the SOI entering the City on a daily basis is a key reason the current SOI boundary was configured as it is today. Furthermore, the following 2008 LAFCo findings remain relevant:

- “Development within this area would potentially result in direct adverse traffic impacts on local City streets. Nevada City’s ‘prime circulation goal’ emphasizes ‘the importance of preserving the ‘eccentricities’ of the road network as an integral part of the special character of the City.”
- “Circulation policies include ‘maintain reasonable traffic levels on local streets...’ and ‘limit development served by traffic capacity constraints.’”

Other Services and Facilities

Water

The City supplies treated water to 1,350 connections which is approximately 70 percent of the water connections within the City’s boundaries. Nevada Irrigation District supplies treated water to 600 connections within the City. The unincorporated area outside of City limits (includes the SOI and areas beyond) is within NID’s annexation service area. However, the majority of these parcels do not have access to NID facilities. These parcels are taxed by NID because they are located within NID’s overall ‘service area’ regardless of whether they have access to services.

The City obtains raw water from Little Deer Creek, and supplements this source from the NID D.S. Canal. The City’s water system was first installed in the 1850s with water rights as follows:

- Water Right ID A026117 is a Post-1914 Claim of 47 AF per year per attached license.
- Water Right ID S010014 Pre-1914 is considered a ‘Statement of water diversion’. (Note: This is an unlimited diversion which is typical of pre-1914 rights on a natural water body.)
- Agreement with NID for raw water supply (typically used during late-summer). The current NID agreement is dated Jan. 1, 1983. Preceding this agreement is annual water use from South Yuba Canal Water Company (NID’s predecessor) which was first incorporated to supply water to Nevada City and mining areas in the mid 1800’s.

Water is treated at the Nevada City treatment plant with a capacity of 2.0 mgd. Maximum daily demand has decreased substantially in recent years due to State requirements for water savings through Building Code requirements, water recycling and efficient water use as a result of drought. Overall annual use has been reduced by 41.2% between the years of 2013 and 2016. The peak demand prior to water use savings was 1.54 mgd. The water treatment plant and supplemental source of water from NID interties has sufficient capacity.

The upper elevations of the City have limited fire flow because of reduced pressures. However, the City and NID have formal agreements for two interties to augment the system to insure adequate fire flow throughout the City. These interties have been employed in emergency situations and have proven adequate for demands of up to one million gallons in 12 hours.

The City’s treatment plant capacity is sufficient to continue service within the current service area and Sphere of Influence with growth expectations as described in the General Plan. Significant infrastructure improvements of aging and undersized distribution lines are implemented annually to provide continued water service reliability and fire flow capacity throughout the City. Projects are prioritized annually for City fiscal year budget and tri-annually in the City Capital Improvement Plan.

For areas within the sphere of influence outside existing City limits, a minimal number of additional parcels not already served by the City would be added to the system, given the territorial service agreement with NID. Therefore, future annexations would have a negligible impact on the water system. Other annexations would be served by NID, requiring a “will-serve” letter to occur. In cases of larger developments and new construction in unserved areas, NID service would also include hydrants to maintain the City’s fire-insurance ratings.

[Social and Economic Communities of Interest](#)

Of the four factors LAFCo is required to consider when determining a City’s Sphere of Influence, the consideration for “any social or economic communities of interest” is perhaps the hardest factor to quantify but of upmost importance to the City of Nevada City. It is understood that the areas in the entire Sphere of Influence are supported by City services whether it be for daily visits for school, work, or routine shopping, or incidental trips for music, social, and art events that regularly occur within the City, or for recreational and athletic opportunities at parks, trails, or the local health club. To the extent this social connection can be measured, the City offers the following:

- 1) The current SOI is entirely encompassed in the Nevada City Recreation District;
- 2) The geographic shape of the sphere is a bowl with several drainages culminating at Deer Creek within city limits. This geographic circumstance encompassing the SOI territory includes watershed and view shed resources that contribute to the City's overall community identity;
- 3) There are 10 school facilities located within the current City limits, and none located within the greater SOI territory;
- 4) The Historic District and the 7-Hills Business District, within the current City limits, are the only commercial hubs encompassed within the SOI boundary;
- 5) Several Homeowner's Association Groups submitted letters and/or came out in support of the City to retain the existing SOI at the February LAFCo meeting (all representing areas located in the SOI territory) including:
 - The Greater Champion Mine Neighborhood Association (Cement Hill Road)
 - Nevada Street/Willow Valley Neighborhood Association
 - Banner Mountain Homeowners Association
- 6) Nearly unanimous public comment at the February LAFCo meeting expressed opposition to reducing the current SOI, including over 74 letters and emails along with two-hours of public testimony characterized in The Union Editorial Board column on March 18th as "...filling the Eric Rood Administrative center and delivering comments – a vast majority opposed to the proposal [to slash Nevada City's sphere of influence]."
- 7) All properties in the SOI territory have Nevada City zip codes and all are served by the Nevada City Post Office.
- 8) An 1871 Historic Map of the City encompasses the greater SOI territory and specifically captures the current SOI boundary to the north follows the ridgeline of the view shed shown in the Birdseye View of Nevada City pictured, indicating its importance to the City since incorporation:



"Birdseye View of Nevada City," 1871, Drawn by August Koch

Inappropriate development within the view shed and watershed within the current sphere of Nevada City has potential serious impacts upon Nevada City's identity as a compact historic town surrounded by wooded hills. This identity is a driving factor in the decision by both city and SOI residents to locate where they are. Folks in the SOI identify with the City as is evident in their participation at City Council and Planning Commission meetings, at public workshops, in their participation at volunteer city/trail clean-up events, and in their many phone calls to various City personnel requesting service. The City Planner and Public Works staff are regularly approached by residents outside of the City limits looking for property or service information. We've recently had a resident in the SOI attempt to run for City Council only to find out he was not eligible. All this is anecdotal evidence of the intense connection those living beyond our current City limits have with Nevada City.

[Parks and Recreation Services](#)

The City presently manages approximately 10 acres of developed park area and 300 acres of open space, which includes approximately 12 miles of developed trail. The City has also recently approved a conceptual trail route on the Sugarloaf property that will add up to two miles of developed trail. Using the national standard of 5 acres per 1000 people, the amount of park and

recreation amenities managed by the City could accommodate 57,600 people (roughly 58% of the entire County population). The recreation programs further exemplify the extent to which the City serves the present SOI and beyond provided by the City's park system, particularly those programs associated with the pool at Pioneer Park. In 2016, 90% of swim lesson participants and 75% of adult aquatics program participants were from outside of the city limits. Furthermore, 96% of summer camp participants were from outside of the city limits, demonstrating the City is already serving a much larger service territory. The County does not have a Park District; The County will contribute funding to the City's parks and recreation amenities from time to time, but unlike Nevada City does not have a full-time Parks and Recreation Coordinator to operate recreational programs and manage amenities.

Community Identity

Nevada City's identity as an entertainment, cultural, social, and recreational center are all based in our foundation as an historic, compact town, surrounded by wooded hills. This identity is one that drives the City's tourist-oriented economy and one that attracts cultural and entertainment groups to the city as a venue for several prized events. The town is located in a natural "bowl" giving the impression of a compact historic mining town surrounded by hills and trees. The current sphere essentially encompasses that bowl out to the surrounding ridgelines so that development there could visually impact the City and its residents. The City's overall aesthetic, including view sheds in the SOI territory, appeals to artists, entertainers, tourists, as well as local event-goers and draws them to the City. Development patterns that are compatible with this character are essential in maintaining the City's overall identity and economy. The City has been nationally recognized for its historic aspect which depends upon maintaining that flavor for its continued economic vitality.

Growth and Annexation Strategy

Based on a comprehensive review of the City's SOI and considerations related to anticipated near-term annexations, the City has developed a three-phase approach to the annexation of SOI territory. Near Term annexations will promote an orderly approach to development as it primarily accommodates annexation of smaller parcels, as well as those already developed with single-family residences. Smaller parcel development tends to be less intense in nature and can be served by the City without need for expansive infrastructure extension or expansion of services. In many ways, those properties within the near-term phases are already being served in terms of Police, Fire, and Recreation services.

Besides this logical extension of the City boundary to accommodate properties the City already serves in some capacity, there is likely a financial benefit to those in the near-term annexation phases. The City has analyzed the typical cost-savings available to residents of the SOI upon annexation and determined that the average single-family residential parcel annexed into the City will yield savings to property owners of at least \$1,000 annually for a single-family house*² (see Appendix C).

The long-term (third) annexation phase will require some cooperation with future developers and require commitments to develop in a manner that is sensitive to view sheds and scenic resources. It is worth noting that development patterns of projects served by individual septic systems are fundamentally incongruous with development patterns of projects served by sewer. In the case of septic development, land uses may sprawl over a large area, whereas development on sewer necessarily requires that development be clustered in a manner that makes it economically feasible to hook into a sewer main line.

Because septic systems allow individual homes to be noncontiguous, rural development is more likely to be intermixed with agricultural uses and have characteristics associated with sprawl, such as low-density and fragmented patterns.

The inadvertent result of development projects served by sewer is clustered development that preserves open space. If development occurs on septic in areas of the current Sphere of Influence, it may become near impossible to extend sewer service should it be needed in the future. The long-term annexation phase will therefore include a plan for the logical extension of existing sewer main lines, which will influence the projected land use pattern toward one that promotes clustering and the preservation of important view sheds and scenic resources. One overlooked advantage of a clustered development pattern is its inherent support in a Fire District's ability to protect life and structure in their fight against wildfires, an increasingly prevalent threat to all of Nevada County. The inadvertent preservation of open space and wildlife corridors will be the happy result of City expansion as opposed to allowing sprawl from occurring in the vicinity of the City. As a whole, the City expects a development pattern that is

² Assumes a 35 gallon waste receptacle, and sewer usage of 4,000 (vs. septic estimated at zero cost) + taxes and insurance.

consistent with sewer line extension to be more environmentally and publicly responsible and a benefit to the entire community.

Phase 1: Years 2017 to 2019 (Approximately 400 acres)

There are four distinct annexations planned for Phase 1 consisting of approximately 400 acres. The attached Annexation Priorities Map identifies these Phase I territories in pink (see Appendix C). Below is a table that represents pending annexations and those that will encompass development proposals. Other near-term areas, such as those along Cement Hill Road, Wet Hill Road, Willow Valley Road, and Red Dog Road (amounting to approximately 105 acres) encompass several parcels that are smaller than the County’s required acreage for development on septic system and are within 500-feet of existing City sewer mains. (See Appendix D, Sewer Main Location Map)

Area	Approx. Acres	City General Plan Use(s) ³
2017-2019 ANNEXATIONS		
Sugarloaf Mountain	54	OS,P,SF
Providence Mine East	140	E-PD,OS
Gracie/Gold Flat	76	E, MF
Cement Hill Road	42	OS
Within 500-feet of Sewer	63	R, E, MF-PD, E-PD, P, SF
City Water/Sewer-Serviced Parcels	25	R, E, E-PD, P, SF

- a. **Sugarloaf Mountain** (54 acres). The City completed pre-zoning of the City-owned Sugarloaf Mountain property on July 12, 2017 and has submitted a Resolution of Intent to Nevada LAFCo on July 21, 2017 for further processing. The City-funded annexation includes a portion of the Sugarloaf Mountain property, the Nevada County Consolidated Fire District (NCCFD) Station 84 property, and four “clean-up” parcels. All properties are currently served by City services. The annexation request is set to be heard by the LAFCo Board on September 21, 2017. All of the recommended City pre-zones are consistent with existing City General Plan designations and are currently being served by City services and are proposed as shown in the following table:

³ City General Plan Land Use Codes: Open Space (OS), Public (P), Single Family 4 du/ac (SF), Estate (E/E-PD), Mixed Residential 8/du/ac (MF), Rural 1 du/1-5 ac (R/R-PD), Service Lodging (SL).

Property	Pre-Zoning Recommendation	Current Use
Sugarloaf Property:	OS	Recreational
NCCFD property:	P-SC-SP-AN	Fire Department
542 Coyote Rd:	R1-SC-AN	Vacant
544 Coyote Rd:	R1-SC-AN	Single-family dwelling
14849 Old Washington Rd:	R1-AN	Single-family dwelling

Staff had originally sought to include approximately 90 acres of the property neighboring Sugarloaf Mountain to the east, known as Manzanita Diggins, but LAFCo staff discouraged this because of the density potential associated with it and the developer's preference to not prepare a development proposal. Staff preferred to carry out the annexation with a Notice of Exemption. However, because the County's General Plan Designation supports use at an R2 density, staff does not expect that development at the City's highest density limitation (R2 or Service Lodge-SL) amounts to land use intensification and therefore, so long as the City can illustrate its ability to serve, should be annexed under the CEQA General Rule that an annexation that does not result in a potential increased land use intensity, will not have a significant effect on the environment. In the past, this has been a matter of discouragement to the City from carrying through with annexations. If the land use intensity does not have the potential to change significantly after an annexation, then the overall land use impact should be benign and the General Rule should apply. The City would appreciate LAFCo staff and the LAFCo Board acknowledging this as a viable exemption practice and encourage the City with some annexations that have future density potential.

- b. **Providence Mine East** (140 acres). The City has been in conversation with owner, Gary Gallelli, Jr. and his representatives for several years related to the planned annexation and development of this property. Renewed discussions have ensued in the last six months with the City planner and City Manager. This undeveloped territory is adjacent to the Nevada City Tech Center at the end of Providence Mine Road and will provide opportunities for the development of workforce/estate housing, trail connectivity and preservation of significant open space. The City has met with representatives at City Hall on several occasions and has had several conversations about the applicants planned development options. The owner has been encouraged by the recently approved 59-lot approval adjacent to his property and has indicated that they are nearly ready to submit a proposal. Therefore, even though this may fall under the scenario of similar land use

intensity whether in the County or City territory, the City expects to conduct a CEQA analysis on the overall development proposal soon.

- c. **Gracie/Gold Flat (76 acres).** This annexation proposal has been considered for nearly 20 years. In 1999, the owners formally submitted application to the City for annexation, though they did not submit with a formal project proposal. Early consultation with LAFCo staff had advised that annexations without a project proposal would be difficult for LAFCo staff to support. The project did not proceed further but the owners have been present at recent LAFCo meetings and have expressed renewed interest in resurrecting this application. Staff will work with the owner to determine if the density is more or less the same as would be if the project were to be developed in the County and look into proceeding with a General Rule CEQA exemption. City sewer has been extended into the County to serve existing problematic parcels nearby and is located within the project territory. There are several other parcels nearby that may be suitable to include in this proposed annexation territory. The City will initiate a survey of adjacent parcels upon receipt of an annexation application to determine if there is interest in expanding the annexation territory.
- d. **Cement Hill Road (42-acres):** This area represents large parcels that are owned by BLM and also encompasses the City's access easement to the Old Airport property. Because of its connection to the Old Airport Property, the City will prioritize its annexation over other BLM acquisition projects.
- e. **Properties within 500-feet of City Sewer (105 acres)** Several parcels in this SOI territory are smaller than the County's required acreage for development on septic system. Those slated for near-term annexation are those that are located within 500-feet of existing City sewer mains.
- f. **Annexation of Active City Water/Sewer Serviced Parcels** or those that may be easily served (25 acres). The City will initiate and fund annexation of all active City water and sewer serviced parcels (approximately 10 parcels). The City will also initiate annexation of any property within 200-feet of a city sewer main that may be processed with a CEQA exemption. Properties that are within 200-feet that do not fall under a CEQA exemption will be encouraged to prepare some baseline studies that will inform as to the most suitable development areas. CEQA document preparation will be funded by the property owner.

Phase 2: Years 2023 to 2028 (Approximately 881 acres)

The planned Phase 2 annexations consist of approximately 881 acres. In addition to completing the annexation of properties already served by City water and/or sewer, and those easily served by sewer, this phase will include the annexation of substantial recreation land (including the City's water facility and intake), and improve the city limit boundary between the City's airport property and the Indian Trails subdivision.

2020-2022 ANNEXATIONS	Acres	GP Des.
City Water Facility & BLM Land	300	E, OS
Indian Trails Subdivision	122	E, OS
West/South of Airport Property	140	R, OS
Hurst Ranch	100	E-PD
Hwy 49 Frontage, South of Gold Flat	84	R-PD
Between Old Downieville /Hwy 49	45	R
Manzanita Diggins	90	R-PD,SL,OS
SUBTOTAL	881	

- a. **City Water facility/intake and U.S. Department of Interior Bureau of Land Management (BLM) Recreation Land (300 acres).** These areas consist of approximately 25 parcels designated either for Estate or Open Space uses on the City's General Plan Land Use Map. The City currently leases approximately 40 acres of BLM lands for its water treatment plant facilities. These properties contain the City's municipal water works, including a reservoir, tank, pipelines and treatment plant. Due to increases in leasing costs, the City has initiated a conversation with BLM to acquire this property in fee title. In discussions with BLM staff, it was also learned that the City may acquire for public use 11 additional BLM parcels comprising 260 acres for as low as \$10 per acre to be retained for open space and public uses in perpetuity. City staff has met with BLM representatives and formally submitted a letter to ascertain the process for formally applying and requesting permission to survey these properties.

To this end, on April 26, 2017, the City Council directed staff to proceed with surveying, mapping, and environmental planning to acquire 300 acres of BLM properties (see Appendix E – BLM Property Map). The City is following the Federal Land Policy and Management Act (FLPMA) of 1976 and supplemental amendments to acquire the parcels. The acquisition process is expected to take approximately three years. The City will initiate and fund annexation of these properties.

Securing BLM property in the areas shown on the map promotes the Nevada City General Plan Objective to "preserve the existing impression of a historic town-surrounded by open forest," because many of these areas provide a forested buffer to more densely developed County projects.

- b. **West/South of Airport Property (140 acres).** This area still provides much of the wooded character that has historically defined the City as a compact core, surrounded by wooded hills. The City's General Plan designates these 35 parcels as Rural and Open Space. Intensified development of this area will need to consider the view shed impacts to the City.

Annexation to the City will provide the City an opportunity to preserve this character utilizing clustered development and encouraging preservation of the most scenic

exposures. Much Like the residents of the Indian Trails subdivision, the City expects that people identify socially and economically with the City in this area. Residents are likely to heavily use City streets and recreational services in high percentages. The City will benefit from annexing this area to its tax base and the residents will benefit from their ability to participate in municipal elections in an area they are already socially and economically connected. Annexation of this property will improve the city limit boundary between the airport property, currently an island that is non-contiguous with the rest of city limits, and the Indian Trails Subdivision, contributing to logical jurisdictional boundaries. Additionally, this annexation will provide an opportunity to improve access to the airport property via Cement Hill Road, particularly when the BLM property is acquired by the City.

- c. **Hurst Ranch (100 acres)** In February 2016 the property owner submitted for a pre-application review for a 75-lot subdivision accommodating 135 new dwelling units. Little Deer Creek runs along the northern border of the property and runs east to west. An unnamed ephemeral drainage channel runs south to north into the creek and bisects the proposed development. Slopes in excess of 20% are prevalent throughout the property. Because of the sensitive resources on the site, staff has indicated that a PD overlay would benefit development of the property to allow flexibility of standards in exchange for creative design that preserves the integrity of the landscape. The property owner has recently requested a subdivision application. The City is therefore anticipating annexation in conjunction with a development proposal. However, because of the resource constraints, it is considered more likely that it will be ready for annexation in the mid-term horizon, though could come in sooner if the owner decides to move more quickly.
- d. **Highway 49 Frontage South of Gold Flat Property (84 acres)** This area represents a principal gateway into Nevada City. The City already serves the CalTrans facility with sewer service. The large parcels south of Granholm Lane are owned by only a few landowners. It is important that this area be developed sensitively because it represents a transition from Grass Valley to Nevada City and should maintain community distinction. Development pressure will likely be high in this area within the coming years due to housing policies that we are beginning to see come out of the State pushing for a substantial increase in housing units. The City will prioritize this annexation in that timeframe.
- e. **Property between Old Downieville Highway and Hwy 49 (45 acres):** Old Downieville Highway provides a direct route into the heart of downtown. Just as described in section e, this area represents a transition from the County to Nevada City and the City will influence development in a manner that respects that distinction. Just west of the current City limits along American Hill Road and Old Downieville Highway are relatively large parcels that the City expects to see development pressure soon based on their

walkable nature and ability to tie into existing services. North of American Hill Road is the County Juvenile Hall facility that is already served by City sewer.

- f. **Manzanita Diggins** (90 acres) The County's Residential (RES) designation for the Manzanita Diggins property corresponds in area to the City's SL and PD designations. The R1 and R2 zoning districts are appropriate designations for the County's single-family (R1) and multi-family (R2) zoning districts. Similarly, the City's SL designation is appropriate for the Service Lodging zoning district, which also allows for R1 and R2 uses. However, the SL zoning district also allows for hotel and motel use, a use that is not supported by the County's RES General Plan designation. Because the County's General Plan Designation supports use at an R2 density, staff does not expect that a SL designation amounts to an intensification of service needs but does amount to a potential change in the anticipated land use.

In carrying out the City's annexation strategy, it will be helpful to receive guidance on whether or not the above Manzanita Diggins property scenario, whereby the potential highest land use intensity is virtually the same whether it be in the County or the City territory, can appropriately use a General Rule CEQA exemption, so long as the City can show service viability.

- g. **Indian Trails Subdivision** (122 acres). The City owns property adjacent to the Hirschman's Pond Trail system that extends to the southern boundary of the Indian Trails Subdivision. The City owns in fee title all of the Indian Trails open space. This property is currently outside the city limits despite the fact that a prominent trail segment runs along the southerly boundary of the subdivision. The residents of this community identify with Nevada City but are currently unable to participate in municipal elections and their property tax is not shared with the City because they are located in unincorporated territory. The extension of Police services to this subdivision can be accomplished with minimal impact to the department per the Police Chief. The City owns and maintains nearly 40 acres of open space containing a network of trails that surrounds the perimeter and offers connections to the Indian Trails subdivision at four locations. Due to proximity, it is likely that trail use is high amongst the residents of this subdivision. The trail network offers a walkable connection to downtown Nevada City via the "Rood Center Connection Path." This physical connection with the subdivision illustrates a tangible identification with the City which generally coincides with an emotional and social connection to the City. Staff expects that a survey of the subdivision would verify a social connection with the City in terms of attendance of entertainment events, school enrollment, general shopping practices, and employment.

Phase 3: Years 2023 to 2037 (Approximately 1,221.1 acres)

The planned "Phase 3" annexations are contained in the "long-term" sphere designation. These are areas the City suspects will have less near-term development pressure, and which may

require substantial service improvements. The City will be happy to annex earlier if approached by property owners so long as they can demonstrate the annexation is appropriate for orderly growth at that time. As the City expands in accordance with the near-term annexations, development pressure in these outlying portions of the sphere will intensify. Services will incrementally grow with near-term and mid-term annexations and will then be suitable for serving these long-term areas. Many of the areas have view shed and environmental resources that will be considered carefully by the City as they develop.

Area	Approx. Acres	City General Plan Use(s) ⁴
2023-2037 ANNEXATIONS		
Long Term Growth: Area 1	36.7	R, P
Long Term Growth: Area 2	16.6	R
Long Term Growth: Area 3	45.6	R
Long Term Growth: Area 4	22	R
Long Term Growth: Area 5	114	E
Long Term Growth: Area 6	168.5	E, E-PD
Long Term Growth: Area 7	171	E, E-PD
Long Term Growth: Area 8	150	E
Long Term Growth: Area 9	113	E, E-PD
Long Term Growth: Area 10	114	E
Long Term Growth: Area 11	186	R, R-PD, OS
Long Term Growth: Area 12	83.7	R
SUBTOTAL	1,221.1	

At this time, it is difficult to know where the most intense development pressure will occur in this long-term phase. The area between Highway 20 and Red Dog Road have fewer topographic constraints than other areas in the long-term horizon. This may make them more desirable for development as service improvements expand easterly.

The area west of Hurst Ranch includes the Nevada County Sportsmens club, already served by City water and a large area that will be more inclined to develop once the Hurst Ranch property is developed. Intervening between these properties is the 1960 Placer Glen subdivision whereby the parcels are almost all smaller than the current County policies for septic system development. For these reasons, it is important to include these in the long-term sphere horizon.

⁴ City General Plan Land Use Codes: Open Space (OS), Public (P), Single Family 4 du/ac (SF), Estate (E/E-PD), Mixed Residential 8/du/ac (MF), Rural 1 du/1-5 ac (R/R-PD), Service Lodging (SL).

The location and current City General Plan designation of these areas is noted overlaid on an aerial image of these properties (See Appendix F). All of these areas are designated for very low or lower density residential use, and would require the extension of and access to City services. Lastly, below is a table that illustrates that close to half of the parcels proposed in the long-term annexation phase are of a size below the County's required acreage for development on septic system. This is a great health and safety concern to the City and is a primary reason the City wishes to retain these areas in the SOI.

Long Term Annexation Area	Total number of parcels	Number of parcels below 1.5 acres
Area 1	42	23
Area 2a	21	10
Area 2b	12	8
Area 3	11	0
Area 4	12	1
Area 5	53	15
Area 6	88	29
Area 7	53	29
Area 8	37	11
Area 9	60	31
Area 10	52	24
Area 11	44	13
Area 12	67	56
TOTAL	552 parcels	250 (45.3%)

Annexation Procedures

Unincorporated territory within the Local Agency Formation Commission (LAFCo) adopted sphere of influence of Nevada City which may be approved for annexation by LAFCo may be rezoned for the purpose of determining the zoning that will apply to such property in the event of subsequent annexation. Parcels proposed for annexation to the City shall be rezoned consistent with the applicable General Plan designations. Developed residential parcels and parcels with development potential for nonresidential use shall be rezoned consistent with surrounding and/or like zoning district classifications which represent uses intended for the property. Rezoning is required to remain the same for two years after annexation.

The City will generally approve annexation proposals that are consistent with their underlying General Plan designation, that are located contiguous to parcels already in the City, that have been analyzed in terms of service costs, and for non-exempt projects, until an environmental analysis under the provisions of the California Environmental Quality Act (CEQA) has been prepared and adopted.

City staff has developed an “Annexation Review Flow Chart” (see Appendix G, Annexation Flow Chart) to assist property owners seeking annexation of their property. The flow chart summarizes the steps involved in private party and City-sponsored annexations. Environmental review processes are also identified.

Annexation Steps

When a project for annexation is proposed, the appropriate application form must be completed. Staff will circulate the application to all responsible and trustee agencies, including to Nevada LAFCo, in order to ascertain whether those agencies require more information to appropriately comment and/or recommend conditions of approval. After public comments are received and if the annexation project is deemed complete for processing, staff determines the appropriate CEQA analysis, as described in the “Environmental Review” section below.

Staff will recommend rezoning to the Planning Commission that is consistent with the underlying General Plan designation. The Planning Commission will make a recommendation to City Council on the CEQA document, the pre-zoning, and the overall annexation project based on the project’s consistency with General Plan policies and the City Municipal Code. The City Council will then consider action on a Resolution approving the environmental document pursuant to CEQA, a Resolution to proceed with an annexation application with LAFCo, and an Ordinance for adopting the rezoning .

General Plan Review and Possible Update

In its discussions with various property owners and developers, the City Planning staff has heard that the General Plan’s land use goals, standards and policies of the City are still applicable to meet the needs for development and annexation into the City limits. Still, staff recognizes that the General Plan may be perceived as dated (as it was adopted in 1980).

To address any potential concern, staff is prepared to bring to the City Council in the next 12 months an outline of the steps to update the City's General Plan, the advantages of such an update, and the costs and funding sources. If the City were to identify a funding source, a General Plan update may provide a useful platform to engage property owners and other stakeholders in the SOI to discuss how the City's land use policies could be adapted to better suit their plans for annexing into the City. Preliminary estimates indicate that a comprehensive General Plan update may be \$500,000 or more; funds which the City does not have designated for such use today.

Environmental Review

As part of the annexation process, LAFCo must determine whether an annexation is a project subject to the California Environmental Quality Act (CEQA) due to adverse environmental impacts that may occur. Generally application of the CEQA to projects depends upon a 3-step evaluation process: 1) a determination of whether the project proposed for approval may be considered exempt from CEQA, 2) if not exempted, preparation of an initial study to determine whether there is a fair argument that the project may produce significant adverse environmental impacts, and 3) if adverse impacts may occur, determine whether modifications to the project or conditions imposed upon approval can eliminate the effects or reduce them to a level of insignificance so that a mitigated negative declaration or negative declaration may be prepared. If impacts cannot be mitigated to a level of insignificance, an Environmental Impact Report is necessary.

A project is considered exempt from review under CEQA Section 15319 of the Guidelines when it involves the annexation of existing facilities developed to the allowed density and where the pre-zoning of said territory is consistent with the established land use pattern. Additionally, a project is considered exempt from the CEQA Section 15061(b) (3), when it can be seen with certainty that the annexation project will not have a significant effect on the environment.

If the property to be annexed has one or zero units of potential density then the annexation may proceed with an exemption from the CEQA because there is no potential density intensification. A property to be used for recreation or open space purposes would be considered as having zero units of potential density and a lot that could only support one additional primary residence would be considered one unit of potential density.

Annexation projects that do not fall under a CEQA exemption are required to go through environmental review to determine the potential environmental impacts of a proposed project. At a minimum, projects subject to CEQA will be required to be evaluated in terms of biological and archeological resources, and in terms of geological conditions. Other special studies, such as traffic or air quality studies, may be required based on the project scope in order for the Lead agency to evaluate the potential impacts in a comprehensive manner.

If additional density potential is available for the property to be annexed, or if the use will foreseeably be otherwise intensified post-annexation, then environmental review pursuant to

CEQA will be required. At a minimum, the property owner will have to supply professionally prepared studies that evaluate the biological, geotechnical, and archeological characteristics of the subject property. LAFCo staff will also require the property owner to provide at least a conceptual development plan that indicates proposed density and land uses. Because the respective General Plans of the City and the County generally reflect each other, it is possible that LAFCo may allow an annexation that does not change the kind or intensity of use after the annexation to proceed exempt from further environmental review. However, if use may be intensified or additional density allowed post-annexation, CEQA will apply and environmental documents will have to be prepared and approved prior to annexation.

Benefit Assessment District Formation.

In order to assure an adequate funding level for municipal services and facilities in developing areas of the City, it may be necessary for properties to collectively finance improvements.

Sewer: Areas that are within 500' of City sewer are generally able to connect to City sewer using the standard connection fee. Extensions of sewer beyond 500' is typically funded with an Assessment District. An Assessment District is a financing mechanism under The California Streets and Highways Code, Division 10 and 12 which enables cities, counties and special districts organized for the purpose of aiding in the development or improvement to, or within the district, to designate specific areas as Assessment Districts, with the approval of a majority of the landowners based on financial obligations, and allows these Districts to collect special assessments to finance the improvements constructed or acquired by the District. Assessment Districts help each property owner pay a fair share of the costs of such improvements over a period of years at reasonable interest rates and insures that the cost will be spread to all properties that receive direct and special benefit by the improvements constructed.

As development occurs within existing City boundaries or the Sphere of Influence, the City evaluates its existing facilities to determine if new facilities or expansions to existing facilities are required to accommodate the impact from new development. This is normally done at a project-level analysis when project specifics are better described. Development Impact Fees (in accordance with California Mitigation Fee Act enacted in 1987) are used to offset costs associated with expansion of facilities for development.

Water: The Nevada Irrigation District (NID) follows a similar procedure as described above. Most, if not all of the SOI territory is already within NID's district boundaries and therefore the City does not anticipate that expansion of the City's water treatment plant will be necessary with any annexation proposal.

City Sponsorship of Annexation

Sewer Connectivity

The City is inventorying and will consider sponsoring the annexation of privately-owned properties contiguous to City boundaries and located within 500-feet of an existing sewer main line, and whereby the size of the property will accommodate no more than a single unit of

density. Properties with additional units of density may be considered if the property owner provides current analytic studies of the property in question. At a minimum, these studies shall include biological, geotechnical, and archeological analysis of the subject property. The property owner must also provide a conceptual development plan that indicates proposed density and land uses. The City Planner and/or Nevada LAFCo may require other analytic studies depending on the property location and planned land uses. Those contiguous properties within this 500-foot distance can feasibly be served without appreciable extension of sewer main lines whenever the affected property owners decide to further develop their territory. This policy is consistent with the County's Land Use and Development Code, Section L-VI 1.7: which provides:

- "Connection to a public sewer system shall be required for all new construction when the public sewer system is within two hundred (200) feet of any boundary of an existing property or within five hundred (500) feet of any boundary of a proposed parcel map or tentative map, as measured in a straight line, so long as a connection can be legally and physically achieved. A system permit shall not be required in said instance so long as connection is made in accordance with the rules and regulations of the public entity operating the public sewer system (See Appendix D, map of existing sewer mains).
- In the event that an existing on-site wastewater disposal system fails, the Department may compel connection to a public sewer system if the property boundary is within two hundred (200) feet of the public sewer system as measured in a straight line, so long as a connection can be legally and physically achieved."

Cost Considerations

The City has prepared a summary of the annual cost of living for a typical household in Nevada City vs. unincorporated Nevada County. The analysis indicates residents in unincorporated Nevada County will yield annual cost savings of approximately \$1,000 based primarily on applicable fire taxes, and to a lesser degree, slightly different garbage collection rates (See Appendix C, Financial Impacts of Annexation).

One other cost consideration for annexations is that the cost of submitting an annexation application for LAFCo review is \$2,500. This fee is likely one barrier to encouraging property owners to annex individual parcels. Where parcels can be annexed simultaneously with contiguous properties, this fee may be distributed amongst the property owners. One benefit of this annexation plan is that the public can clearly see where contiguous annexations are sensible and will also aid the City in encouraging a contiguous annexation pattern.

APPENDIX “A”: Nevada City Sphere of Influence

The City’s SOI is a planning boundary outside of the legal city limits designating the City’s probable future boundary and service area. The Nevada County Local Agency Formation Commission (Nevada LAFCo) is responsible for establishing the City’s SOI. The present SOI boundary was established in 1983, and reconfirmed in 2002 and 2008. When reconfirming the City’s SOI in 2008, Nevada LAFCo documented the capacity of the City’s facilities and infrastructure and confirmed its adequacy to meet current and future demands. This Appendix provides a summary of how the City’s SOI continues to meet the four factors identified in Government Code 56425(e) and local Nevada LAFCo policies.

History of Nevada City and Annexation Growth

Nevada City was incorporated on April 19, 1856 with the original boundary defined as 640 acres in 1869. Today the city limits comprise approximately 1,224 acres and includes a population of 3,260 residents. The full-service City’s daytime population expands to approximately 6,000 to accommodate visitors and employees. The first annexations began about 1950 and, more or less, proceeded thereafter, based on demand by property owners. The City’s SOI presently includes 2,907 acres.

Present and Planned Land Use

The overall goal of California LAFCo’s is to encourage orderly growth and development and to discourage urban sprawl. The Legislature’s specific policy statement declares a preference for accommodating growth within, or through the expansion of, the boundaries of local agencies and that responsibility should be given to the agency or agencies that can best provide government services. The present SOI boundary represents areas currently served by the City in terms of recreation service, fire service, police service, and arterial roadways.

Presently, the County and City engage in a dialogue for properties within the existing SOI using the adopted policy language shown below. This has worked well and has resulted in logical and orderly development consistent with the City’s General Plan and with the County General Plan which provides as follows:

- A. Policy 1.8.3 Within the City/Town spheres of influence, the Nevada County General Plan Land Use Maps will generally reflect the City’s/Town’s General Plan land use mapping. In some instances, the County may provide for a less intensive land use due to infrastructure capability, environmental constraints or effect on land use and development patterns outside the city’s sphere. However, the County’s Plan will not preclude implementation of the City’s/Town’s Plan by providing for a significantly more intensive land use than the City’s/Town’s Plan.
- B. Policy 1.8.4 “For all discretionary projects within a City’s/Town’s sphere, the County shall first request that the City/Town determine whether or not it desires to annex the project. If the City/Town does desire annexation, the applicant will be directed

to the City/Town. If the City/Town does not desire annexation, the application will be referred to the City/Town for review and comment.”

Present and Probable Need for Public Facilities

The probable need for public sewer is imminent as residential septic systems fail and as drought patterns continue. The need to connect to City sewer would likely be a result of one or more of the following factors:

- Groundwater or surface water contamination due to poorly functioning septic systems;
- Undesirable maintenance and costs associated with their onsite septic system;
- No suitable soil and/or condition to sustain current septic systems;
- Desire to convert areas currently used for septic tanks and leach fields for other uses; and
- New regulations that may prohibit or discourage new septic systems and encourage conversion of existing units.

The City has more than enough capacity to provide continued and expanded service to the present SOI as needed. The City has service agreements for fire, water, and police services and longstanding relationships with related parties. The harmonious manner in which these service agreements are carried out provide better response and service to the entire community, including that of the City, its entire SOI, and arguably beyond that boundary.

The SOI provides for orderly growth in areas that are immediately adjacent and connected to infrastructure and other essential services. This is consistent with the overall goal and policies established by State law to promote logical and orderly development and to prevent urban sprawl. Nevada City is a “full-service city” that provides water, wastewater, police, fire protection and emergency response services. Housing, retail and employment are in close proximity to jobs and essential services, and the character and sustainability is preserved by the City’s General Plan and current SOI policy.

Conservation and protection of water resources riparian areas, natural environment and forestland within the City boundary and SOI is also further defined in the City’s General Plan. As areas are annexed into the City, important considerations are given to preservation and recreational use of open space.

The City has prepared a map (see Attachment A) that further define seven distinct SOI geographic areas:

- **Geographic Area 1:** This area is adjacent to both the Old Airport property and the Sugarloaf property. The City’s primary access road to its Old Airport property traverses this area. This area is primarily developed with low density residences. It encompasses the ridgeline and the City’s northern view shed. This area has a history of hydraulic

mining and, as such, contains soils that are likely marginally able to support septic repair areas once the current systems fail. As intervening parcels experience failing septic systems and are annexed to the City, sewer lines will be extended to eventually serve this area as well.

Geographic Area 2: Area 2 encompasses medium density residential uses and is served by Willow Valley Road and Boulder Street. This area lends itself to walkable improvements and housing, which could make it a good fit for well-designed workforce housing in the future. This area also encompasses the watersheds of Deer Creek and Little Deer Creek. As previously discussed degradation of these resources could have severe adverse implications for the City's water supply, as well as ecological and aesthetic resources. Deer Creek is a prominent resource throughout the City. Any degradation of this resource would have detrimental impacts on the City's sense of place, history, and quality of life.

Geographic Area 3: This area encompasses the City's water treatment plant and also a portion of the Little Deer Creek watershed. The City currently serves the Nevada County Sportsman's Club with treated water. The City supports expanding the SOI to encompass the point at which Little Deer Creek diverts to the canal providing the City's water supply.

Geographic Area 4: This area represents the City's southern view shed and serves as a drainage shed from the Banner Lava ridge. There are several large and developable parcels that would be best suited for workforce residential development. The topography of this area is such that it lends itself to gradient water flow from the City's water plant. The City has the capacity and, because of the gradient, the ability to serve this area with sewer. Given recent statewide efforts to ease restrictions on the development of accessory dwelling units, there is a particular concern in this area for the possible proliferation of septic systems given the number and size of existing parcels, many of which are large enough to subdivide.

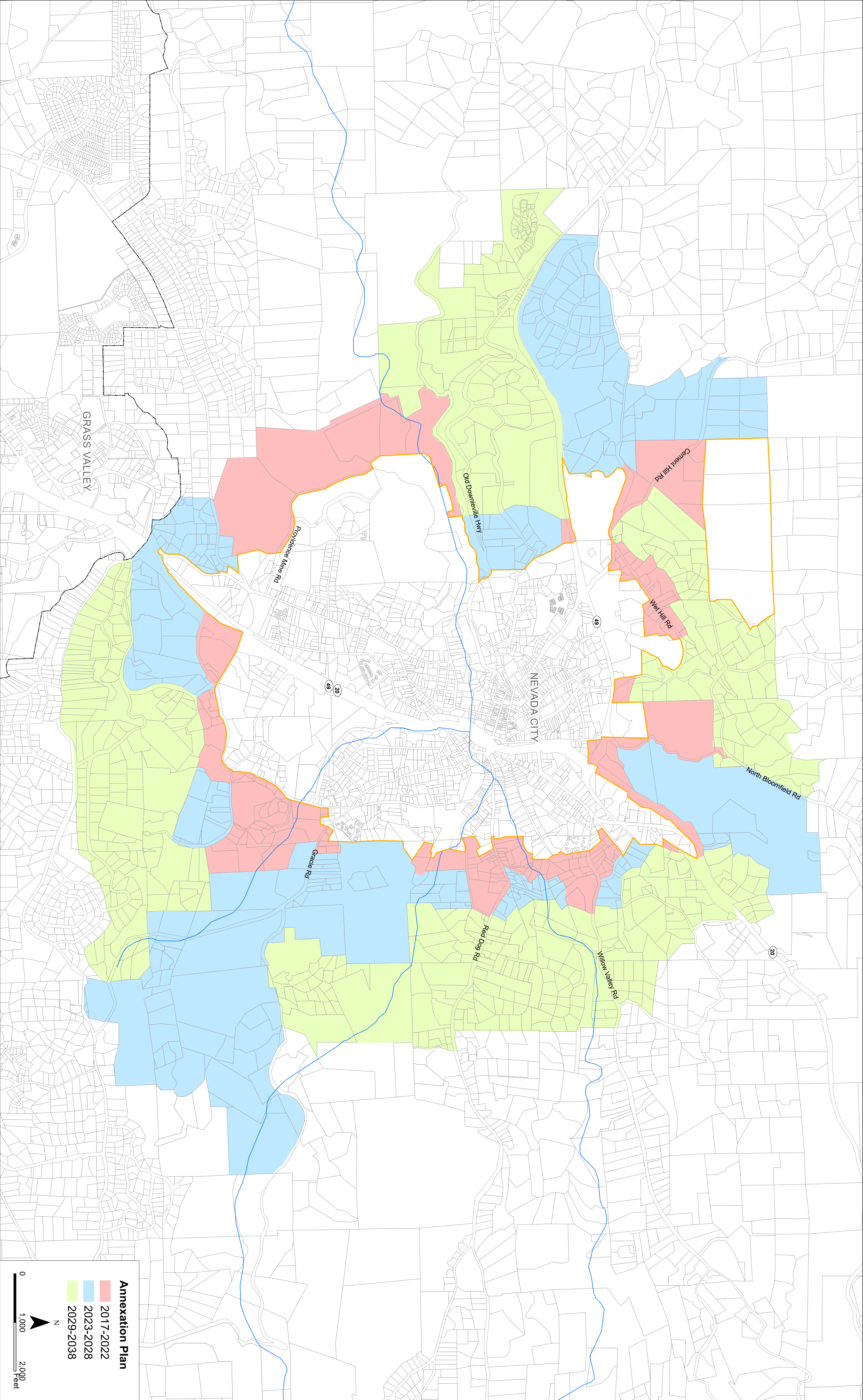
Geographic Area 5: This area is a primary entry point into the City and the point closest to the City of Grass Valley. Land use patterns in this area must be seriously considered in terms of their impact on maintaining a distinct boundary between the two cities and avoiding sprawl that could degrade this important distinction.

Geographic Area 6: This area is served by Old Downieville Highway, which provides a direct route into the heart of downtown. On both the north and south sides of this area, developed trails exist that are maintained by the City. Any land use pattern changes here could have a direct impact on the trails as a recreation amenity. It is worth noting that the City plans to eventually connect the Tribute Trail with the Hirschman's Trail system in the future.

Geographic Area 7: The City has deeded road access through this area to the Old Airport property. It also has a history of hydraulic mining leaving marginal soils and questionable ability to support adequate repair areas after septic failure. The City has the capacity and, because of the gradient, the ability to also serve this area with sewer.

CITY OF NEVADA CITY ANNEXATION PLAN

APPENDIX "B"



FINANCIAL IMPACTS OF ANNEXATION

Rates that may change upon annexation

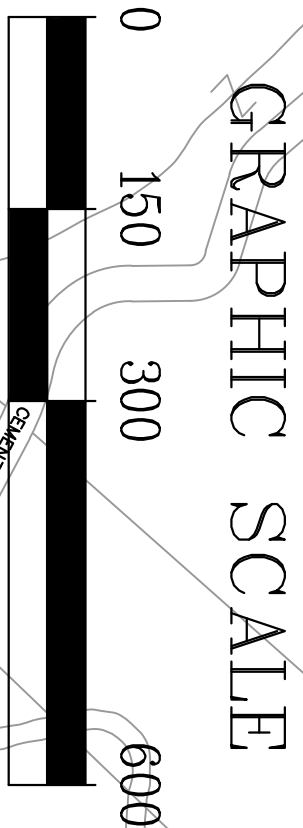
Service	Rates	
	City of Nevada City	Nevada County
Garbage Rates		
20 gallon	12.35	13.78
35 gallon	14.52	17.60
65 gallon	21.62	25.21
95 gallon	29.86	37.80
Sewer Rates (City only)	Flat Fee (per month)	
	44.61	
	Flow rate (per 1,000 gal.)	
Over 2,000 gallons (no charge for under)	6.78	
FIRE		
City Fire Tax (voter approved)	12.00	
Measure K	24.00	
Consolidated Fire		112.68*
Consolidated Fire 2012 special tax		53.76
SRA Fire Fee (annual CalFire fee)		117.33/yr

* Does not apply to Indian Flat subdivision (they have an assessment of \$33.80)

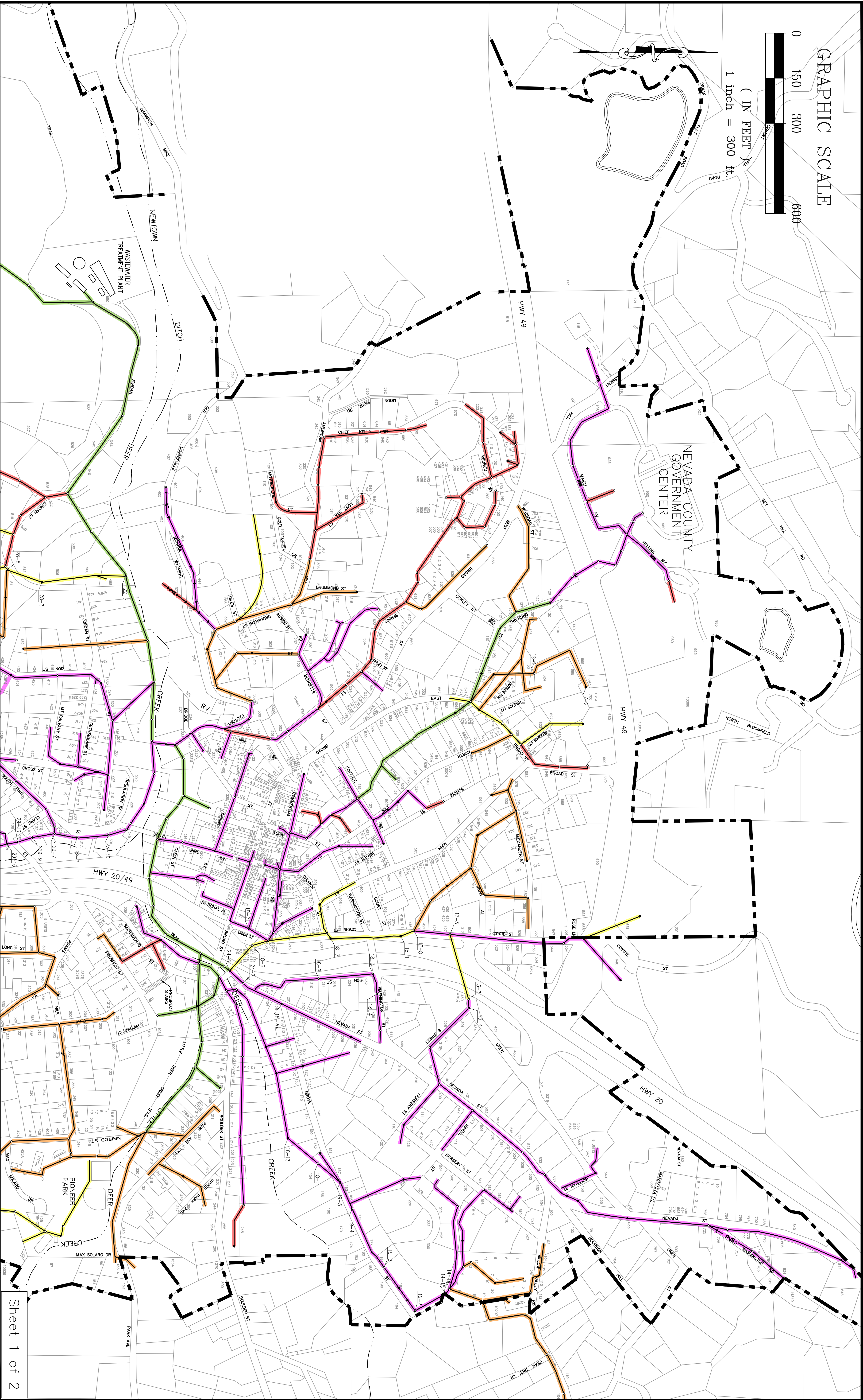
ANNUAL COST OF SERVICES

Sewer (assumes 4,000 gallons)	City	Septic
	58.17	Varies
<u>Average Annual Cost</u>	<u>\$698.04</u>	<u>Varies</u>
Garbage (assumes 35 gallon)	City	County
	14.52/mo	17.60/mo
<u>Average Annual Cost</u>	<u>\$174.24</u>	<u>\$211.20</u>
Fire Service Tax	36/mo	166.44/mo
<u>Average Annual Cost</u>	<u>\$432</u>	<u>\$2,114.61</u>

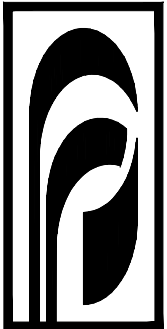
Total average annual service cost	\$1,304.28	\$2,325.81 (+septic maintenance costs)
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(IN FEET)
1 inch = 300 ft.



MATCHLINE – SEE SHEET 2



Coastland Civil Engineering, Inc.
11865 Edgewood Road, Auburn, CA 95603
530.888.9929 530.888.9979 Fax

**SEWER SYSTEM
COLLECTION LINES**

CITY OF NEVADA CITY

Sheet 1 of 2

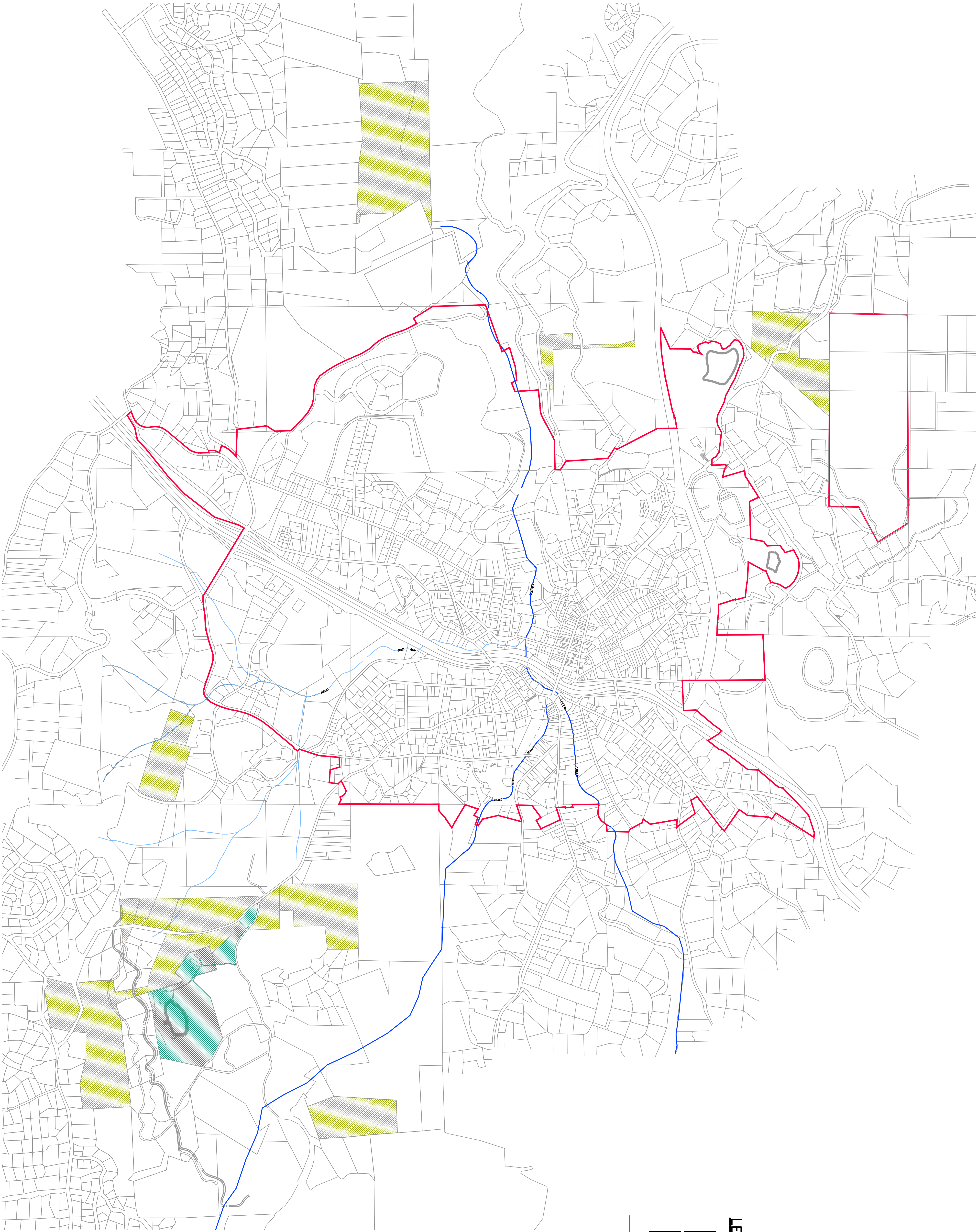


600 ft

MATCHLINE - SEE SHEET 1

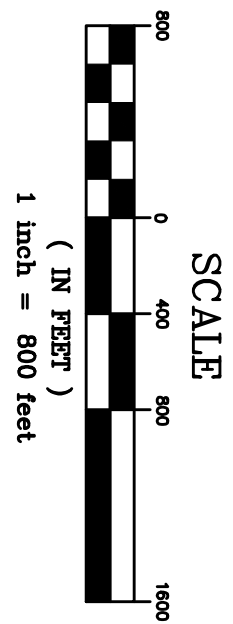
Sheet 2 of 2

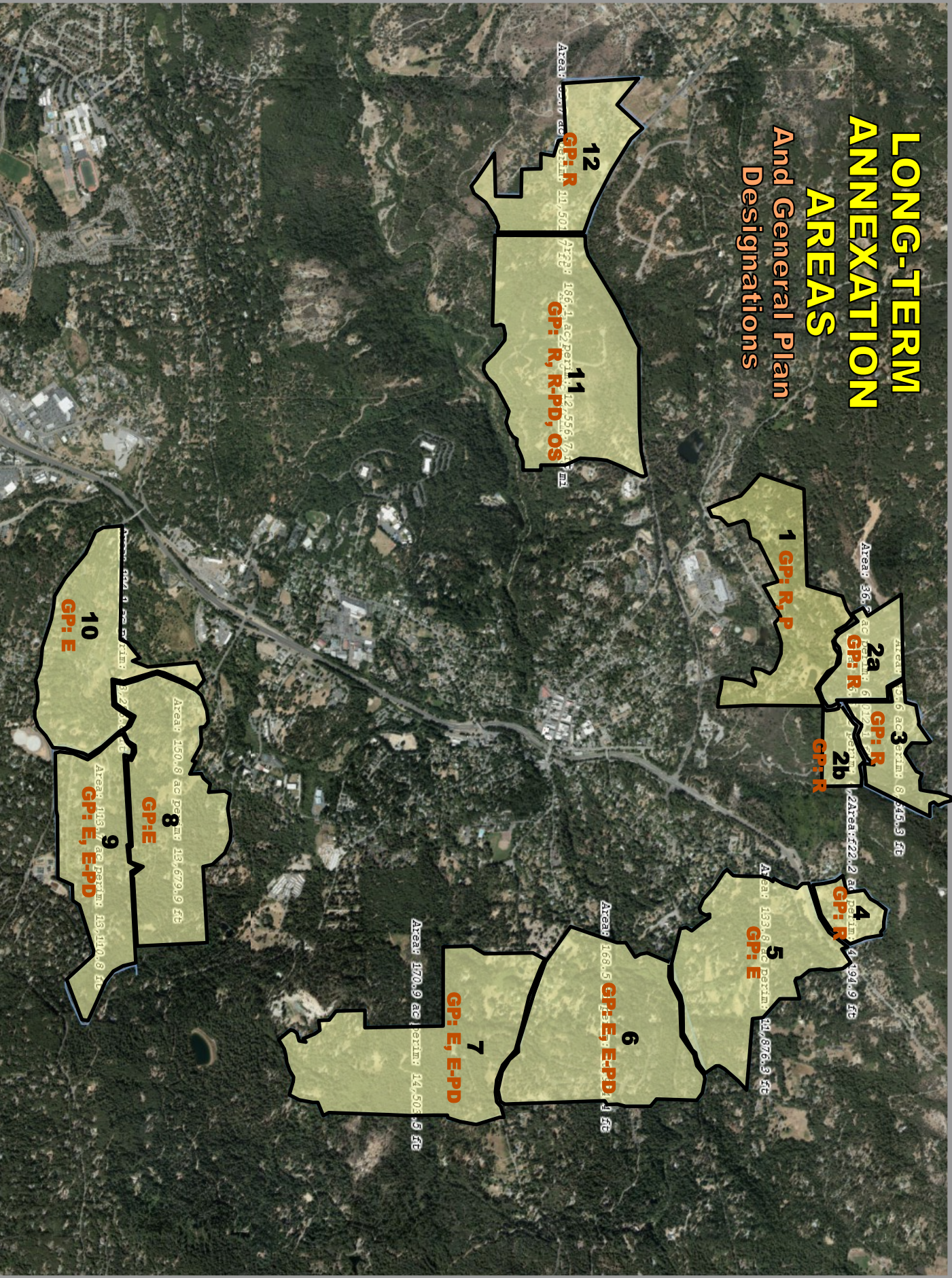




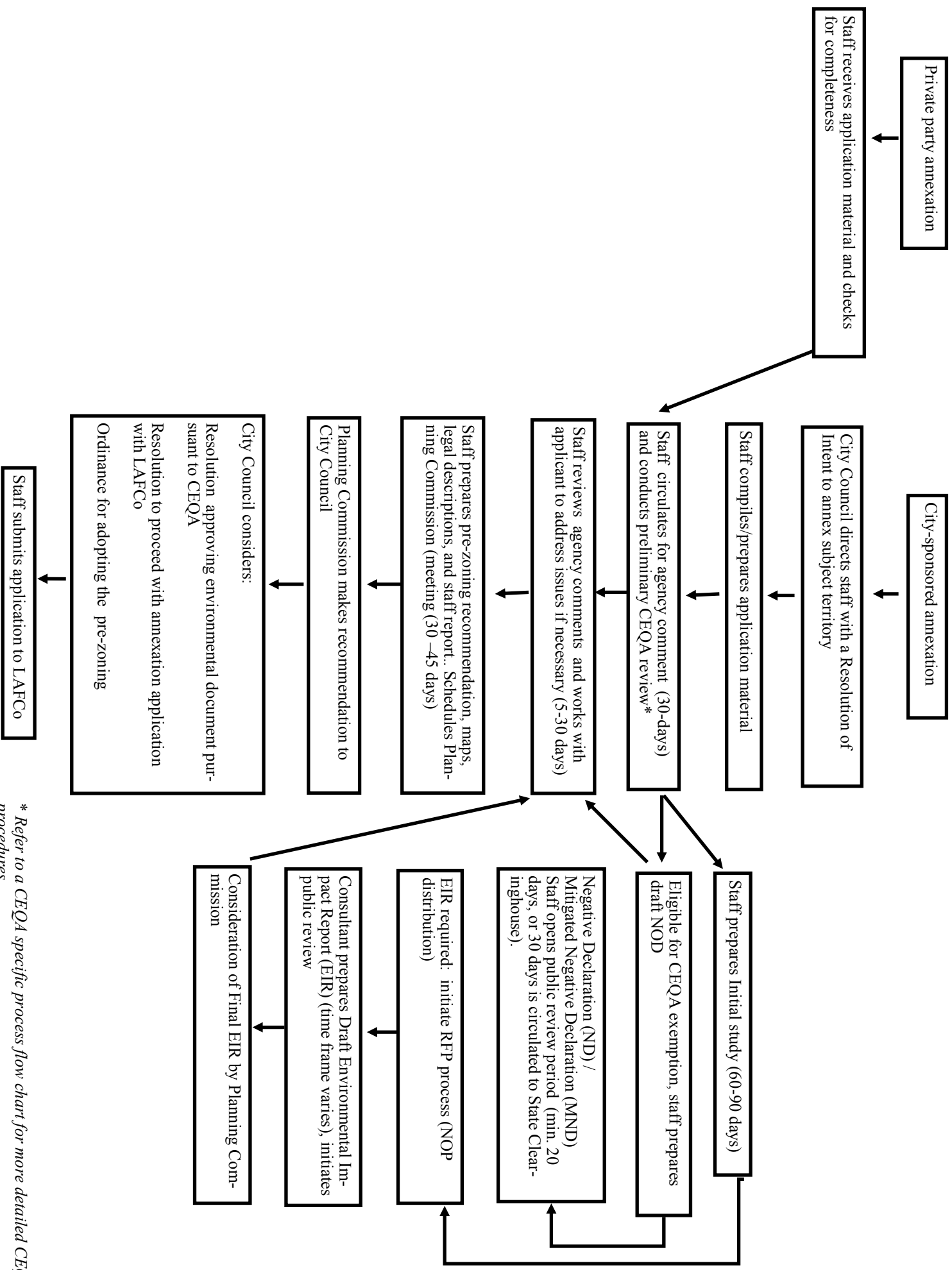
LEGEND

- BLM PROPERTIES
219 ACRES ±
- CITY WATER PLANT (BLM)
40 ACRES ±
- CITY LIMITS (2016)





ANNEXATION REVIEW FLOW CHART



* Refer to a CEQA specific process flow chart for more detailed CEQA procedures.