



COUNTY OF NEVADA
COMMUNITY DEVELOPMENT AGENCY
DEPARTMENT OF PUBLIC WORKS
950 MAIDU AVENUE, NEVADA CITY, CA 95959-8617
(530) 265-1411 FAX (530) 265-9849 www.nevadacountyca.gov

Trisha Tillotson
Community Development Agency Director

George Schureck
Acting Director of Public Works

NEVADA COUNTY BOARD OF SUPERVISORS
Board Agenda Memo

MEETING DATE: July 9, 2024
TO: Board of Supervisors
FROM: George Schureck, Acting Director of Public Works
SUBJECT: Resolution for a ballot election for establishment of County Service Area 39, North San Juan Fire Suppression System, and for establishment of parcel charges starting Fiscal Year 2026/27 – District IV

RECOMMENDATION: Approve the attached Resolution.

FUNDING: Funding for mailing ballots and holding public hearings comes from the General Fund. All costs for the mailing of ballots are budgeted in the Economic Development budget. Project construction is estimated to cost \$3M; funding is anticipated to be provided by general fund (\$350,000 in previously identified GF assigned for Board Priorities), federal earmark grants (\$1.05M), and \$1.6M remains unfunded, with potential sources being federal, state, or local grants. Ongoing operation and maintenance will be funded by the proposed parcel charges.

BACKGROUND: This resolution is a formal action for the Board of Supervisors to hold the Proposition 218 ballot election scheduled for July 9, 2024, as required for formation of the County Service Area (CSA), and to direct County Staff to conduct the ballot election proceeding for the proposed parcel charges approved by Resolution 24-205. The CSA is proposed to support the operation and maintenance of the North San Juan Fire Suppression System. A CSA formation creates the funding mechanism for the operation, maintenance, and administration of the system. The cost for providing fire suppression services would be financed by parcel charges levied on each of the 142 parcels within the CSA boundary. The annual cost for operation and maintenance of the system is expected to total approximately \$18,172 per year. The fee is proposed to be an annual parcel charge spread amongst the 142 parcels within the zone of benefit, which results in a fee of approximately \$130 per parcel per year with an annual cost-of-living escalator.

The project involves construction of a 330,000-gallon water storage tank, approximately 4,200 ft of water mains and 10 fire hydrants in the commercial core of North San Juan to provide fire water storage and distribution for commercial and residential uses in the area. Completion of the project is intended to remove a barrier for economic development and provide a reliable, robust means of fire water supply in North San Juan. Providing fire suppression within the commercial core of North San Juan is significant for fire safety because the community area serves as the only main fire break along the San Juan Ridge. The project has been determined to have a less than significant environmental impact with mitigation measures, as approved by the Board of Supervisors on December 5, 2023, under Resolution 23-614. Construction of the system is anticipated to occur in 2025 and be completed in 2026.

Cost estimates for the project will be further refined during the project's detailed design phase; the current estimates are summarized as follows:

- Planning-level construction costs are estimated at \$2.5 Million,

- Staff time, permitting, and environmental mitigation is estimated at \$0.5 Million,
- The total project cost is estimated at \$3.0 Million for the above-mentioned items.

On December 5, 2023, the Board of Supervisors approved the Resolution of Application No. 23-615 which formally initiated the CSA formation process between the County and Local Area Formation Commission (LAFCo) for the North San Juan Fire Suppression System. The LAFCo conditionally approved the formation of the CSA at their February 22, 2024, public hearing. No letters of opposition were received prior to the LAFCo public hearing. The Conditions of Approval (COA) for the CSA to be formed include the following:

LAFCo RES 24-01 COA 10. Financial Conditions

10.1. Approval of Benefit Assessment by Landowners

As provided in the County's Resolution of Application (Board of Supervisor's Resolution No. 23-615, approved December 5, 2023), funding for the County Service Area's services will be provided by the landowners of the subject territory in the form of a benefit assessment. Following LAFCo's approval of the CSA's formation, the County will conduct a Proposition 218 election asking landowners in the subject territory to approve an annual assessment to finance operations, maintenance, and infrastructure replacement reserves for the fire suppression system.

If the benefit assessment is not approved by the landowners within the subject territory, the formation proposal will be terminated, and the CSA will not be formed.

10.2. Additional Funds Required for Construction

All funding required for construction of the fire suppression system must be secured to a reasonable extent before the completion of the County Service Area formation process by LAFCo. The County will provide notice to LAFCo staff that all necessary funding for construction has been secured and that a Notice of Completion for the construction of the North San Juan Fire Suppression System has been or will be approved by the Nevada County Board of Supervisors before finalization of the CSA formation.

If the County is unable to secure construction funding or is otherwise unable to certify that such funds will be available within the project's timeframe, the formation proposal will be terminated, and the CSA will not be formed.

LAFCo RES 24-01 COA 11. Construction and Operational Conditions

11.1. Service Plan

The Plan for Services prepared by the County and included in the County's Resolution of Application shall determine the manner in which services are provided in the subject territory.

11.2. Construction Plan Completion

A Notice of Completion for the construction of the North San Juan Fire Suppression System shall be approved by the Nevada County Board of Supervisors before finalization of the CSA formation, including the recordation of a Certificate of Completion by the LAFCo Executive Officer.

11.3. Maintenance and Operations Agreement Required

Maintenance and operation of the system will be provided through an agreement with a qualified maintenance entity selected by the County. This agreement must be fully executed and in place prior to the finalization of the CSA formation, including the recordation of a Certificate of Completion by the LAFCo Executive Officer.

To meet the LAFCo financial conditions of approval, the County will continue to explore grant opportunities for the unfunded portion of this project including, but not limited to, the California Housing and Urban Development, Community Development Block Grant Program and the Federal Emergency Management Agency Building Resilient Infrastructure and Communities Program. Once the project's funding from one of the aforementioned programs is secured, LAFCo will be notified and LAFCo COA 10.2 will be completed.

Funding for the project construction is anticipated to be provided by general fund, federal grants, and potentially state or local grants if pursued and awarded. The current funding outlook for the project consists of the following:

- The County is anticipated to receive \$1.05 Million from federal earmarked funds for construction through the United States Department of Agriculture (USDA) Community Facilities Program, and the County will be required to match at least 25% of the federal earmark (\$0.35 Million) from state or local funds.
- The non-USDA grant funded portion of the project (\$1.6 Million) remains unfunded by grants.
- Any future commitments of County funds will be presented to the Board of Supervisors for approval prior to acceptance.

To meet the LAFCo COA 11.3, it was proposed for the North San Juan Fire Protection District to operate and maintain the fire suppression system while the County retains ownership. However, the North San Juan Fire Protection District is a volunteer fire department and has a high turnover rate that will not have the reliable staff resources or expertise to maintain the system. Therefore, the system will be operated by the North San Juan Fire Protection District, but ownership and maintenance responsibility will be assigned to a County department or the County's authorized designee. The proposed County department responsible for ownership and maintenance is not yet determined.

RECOMMENDATION:

In order to fulfill the requirement of LAFCo COA 10.1, Staff is requesting that the Board of Supervisors approve the attached Resolution after holding the Proposition 218 ballot election hearing for the effected parcel owners within the proposed CSA boundary. If the majority votes approve the parcel charge and CSA formation, then the Board can take action to put the charges into effect upon finalization of the CSA formation. If the majority of votes received do not approve the parcel charges, then this resolution, and the CSA formation will be terminated, and the Board may pause or terminate the project because no long-term maintenance funding mechanism will exist for the system.

Attachments

1. Resolution for a ballot election for establishment of County Service Area 39, North San Juan Fire Suppression System, and for establishment of parcel charges starting Fiscal Year 2026/27 – District IV

Item Initiated by: Steven Whittlesey, Senior Civil Engineer
Approved by: George Schureck, Acting Director of Public Works