

# REPORT TO CITY COUNCIL

City of Nevada City  
317 Broad Street  
Nevada City CA 95959  
[www.nevadacityca.gov](http://www.nevadacityca.gov)

January 25, 2017

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**TITLE:** Informational Update: 2017 Nevada County Local Agency Formation Commission Sphere of Influence Update for Nevada City

**RECOMMENDATION:** Discuss and provide direction to the City Manager.

**CONTACT:** Amy Wolfson, City Planner

**BACKGROUND / DISCUSSION:** The Nevada County Local Agency Formation Commission (LAFCo) is responsible for adopting and updating the sphere of influence (SOI) plan for all agencies in the County, including the City of Nevada City. The City's current SOI was originally adopted in 1983; the sphere plan was updated in 2008; however, the boundaries have not been modified and have remained as originally adopted in 1983.

Nevada County LAFCo is required to review and update each agency's SOI every five years and plans to initiate a review for Nevada City in 2017. In December 2016, the City received a SOI update from LAFCo Officer SR Jones (attached) that outlines a variety of changes that have occurred since 1983. The update also includes preliminary information about areas recommended for inclusion in the SOI update and suggestions for reducing portions of the SOI. LAFCo is planning a workshop on the Nevada City SOI on February 23, 2017.

City staff reviewed the proposed changes and has significant concerns related to LAFCo's recommended changes to the existing SOI. The original sphere of influence involved extensive involvement with the City and considerable effort was invested in identifying a sphere that would:

- Reflect orderly planned growth into areas where the City has the capability to provide services;
- Take into consideration the topography of the watershed to protect against possible environmental impacts associated with septic installations;
- Protect the City's view shed against unsightly development visible from city limits;
- Include roads originating in the City;
- Include properties that, if annexed, would be compatible with the objectives and policies of the Nevada City General Plan;
- Take into consideration potential development impacts on natural and scenic resources; and
- Take into consideration opportunities for recreation and open space.

One significant concern relates to the proposed transition of property from the City's SOI to an "Area of Interest" designation. This designation would effectively remove the City's ability to control development in areas previously within the SOI. Instead, the City would be limited to "commenting" on the proposed development. Because the County would not be compelled to act on comments received, it is conceivable concerns expressed by the City or its residents would not be addressed by the County in the course of development approval resulting in possible conflicts with the City's view shed, inconsistency with the current General Plan, possible environment impacts, etc. It is also conceivable the County could modify zoning designations resulting in development projects entirely different than current zoning.

The purpose of this item is to provide the City Council with an informational report on this developing issue and seek direction on the Council's preference for communicating the City's concerns to the LAFCo Board.

**ENVIRONMENTAL CONSIDERATIONS:** Not applicable.

**FISCAL IMPACT:** Not applicable.

**ATTACHMENT:**

- ✓ Memorandum from SR Jones, Nevada County LAFCo Officer

Local Agency Formation Commission of Nevada County  
950 Maidu Avenue  
Nevada City, CA 95959  
Phone 530-265-7180 or 888-846-7180

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Date: December 7, 2016 (revised January 18, 2017)

To: Mark Prestwich, City Manager

From: SR Jones, Executive Officer

Subject: Sphere of Influence Update – Summary of LAFCo Staff Recommendations

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Nevada County LAFCo adopted the original sphere of influence for Nevada City in 1983 (Exhibit A). In 2008, LAFCo reviewed and updated the Nevada City sphere of influence plan; however, the sphere boundary itself was not modified and remained as adopted in 1983.

The City’s boundaries in 2016 include 1224 acres (approximately 700 acres are developed, while approximately 500 are unimproved). The sphere of influence adopted by LAFCo in 2008 included approximately 2900 acres (exclusive of City boundaries). The 2008 sphere plan assigned these lands to four timed sphere horizons: Current (215 acres), 2013 (389 acres), 2018 (567 acres) and 2023 (1735 acres).

### **Changes Affecting Spheres of Influence in Nevada County**

Since 1983, there have been a number of important changes that impact sphere of influence reviews and updates. Changes include updates to LAFCo law and to Commission policy, as well as changes to local government financial circumstances and land use policies.

1. **Definition of Sphere of Influence:** In 1983, LAFCo law defined this term as “...the *ultimate* boundary and service area of a local government agency.” The definition now reads “...a plan for the *probable* boundary and service area of a local government agency.”
2. **Requirement to Prepare Municipal Service Reviews:** Before taking action on a sphere of influence, LAFCo is now required to review municipal services provided by each agency, including projections for growth and development; present and planned capacity of facilities and adequacy of services, including infrastructure needs and deficiencies, the agency’s financial capability to provide services and the service relationships between providers in the region.
3. **Requirement to Periodically Review and Update Spheres of Influence:** LAFCo is now required to review and update each agency’s sphere of influence plan every five years.
4. **Commission Sphere Policies:** The Commission’s sphere of influence policies now state that LAFCo will not include lands in an agency’s sphere that are unlikely to require the services provided by the agency, or lands which cannot feasibly be served by the agency. Commission policy now also provides for the designation of “Areas of Interest,” which

are areas beyond an agency's sphere of influence where land use and other decisions may impact the agency.

5. **General Plans:** Since 1994, the County's General Plan has included policies that respect City land use designations within spheres of influence and that foster cooperation between the County and the City with respect to annexation and development. Following LAFCo's 2008 update of the City's sphere, City and County staff worked together to review land use designations of each parcel within the City's sphere and to identify parcels where the General Plan designations were not compatible. This exercise identified five parcels with potentially incompatible designations.
6. **Increasing Cost of Providing Municipal Services:** The cost of providing municipal services, especially fire and police, have increased dramatically since 1983. Annexation of lands located considerable distances from current City boundaries would likely impact the City's fire and police service costs.
7. **Development and Buildout of Sphere Lands:** Many of the parcels included in the 1983 sphere of influence are now developed for residential use, utilizing private septic systems and wells (or receive treated water for Nevada Irrigation District) , and do not require City services.

#### **Areas Recommended for Inclusion in the Sphere of Influence Update**

The sphere boundary recommended by LAFCo staff is shown on Exhibit *B* retains 1482 acres in the sphere. The major portion of these lands were designated by the 2008 sphere of influence update as within the Current, 2013 and 2018 Sphere Horizons. In addition, three areas from the 2023 Sphere Horizon are recommended for inclusion in consideration of their development potential (Indian Flat Area, Highway 20 Frontage Area and the Highway 49 Planned Development Area).

The following list includes descriptions of the most significant areas recommended to be retained in the City's sphere:

- **Indian Trails:** This 30-lot estate residential project is located on the west side of the City, adjacent to the City-owned Hirschman's Pond property. Although the development receives treated water from Nevada Irrigation District and uses private septic systems (and thus does not require City services), the area is recommended for continued inclusion in the city sphere as the City holds title to the project's the trail system.
- **Sugarloaf Mountain and Manzanita Diggins:** This area includes seven properties located north of the City on either side of Coyote Street. The City holds ownership to Sugarloaf Mountain (31 acres) and intends to apply for annexation, proposing to designate it for Open Space. The Manzanita Diggins properties, comprised of two properties (totaling 15 acres), is located on the other side of Coyote Street from Sugarloaf. These properties have development potential under the City's General Plan. The Nevada County Consolidated Fire District owns two parcels (totaling 5 acres) in this area; one parcel is the site of NCCFD's Station 84 and is connected to the City's public sewer system. The southern half of a large (110 acre) parcel in this area is also recommended for continued inclusion in consideration of its City General Plan designation for Planned Development.

- Highway 20 (north of Nevada City) Frontage Area: This residential area includes 12 parcels and is located adjacent to the Manzanita Diggins area north of Nevada City, on the northwest side of Highway 20. Although most of the properties are already developed for residential use, the area may provide access points for the Manzanita Diggins area, discussed above.
- HEW (Health, Education and Welfare) Building: Located off Willow Valley Road east of the City boundary, this property was the site of a County-owned facility that has since been purchased by a local developer. The site is connected to the City’s wastewater system, as are several other properties in the immediate vicinity. The area is recommended for continued inclusion in the sphere in consideration of its development potential and the extension of City sewer service.
- Hurst Property: This 90-acre area is adjacent to City boundaries off Gracie Road; the City’s General Plan designates this area for Planned Development.
- Prospector Nursery/Caltrans: This area is located south of Gold Flat Road, and includes lands designated by the City for Planned Development, a commercial nursery, as well as the Caltrans facility. The latter is connected to the City’s wastewater system.
- Gallelli Properties: This area is located west of the current City boundary and Providence Mine Road and includes 162 acres in 5 separate parcels. The southern portion is designated for Planned Development by the City’s General Plan, while the northern portion is designated for Open Space.
- Juvenile Hall Property: Located adjacent to the western City boundary off Highway 49, this County facility has been connected to the City sewer system.
- Highway 49 Planned Development: This area is located west of the existing City boundary, south of highway 49 and north of American Hill Road. Portions are designated for Planned Development by the City’s General Plan.
- ‘Incompatible Parcels:’ The five properties (one appears to have been subdivided, so there are now six) that City and County staff identified in 2008 as having inconsistent General Plan designations are all included within the recommended sphere.

The portions of the 2023 Sphere Horizon that are recommended for removal from the sphere of influence would be designated as an “Area of Interest” in order to ensure the City is notified of development proposals and other projects that may have potential for impacting the City. The proposed “Area of Interest” consists of lands that had previously been included in the 2023 sphere horizon (with the exception of several of the areas listed above, including Indian Trails, Highway 20 frontage, and the Highway 49 Planned Development areas). This area includes 462 developed properties totaling 982 acres, and 94 unimproved properties totaling 366 acres.

### **Known Development Proposals within the Nevada City Sphere of Influence**

As noted above, the County’s General Plan policies provide that development permits involving lands located within the City’s sphere will generally be referred to the City for annexation or comment. According to the County Planning Director, lands designated by the Commission as “Area of Interest” are referred to the City for comment.

At this time, LAFCo is not aware of any development projects or permit applications for lands within the City’s sphere of influence boundary as updated in 2008.

**Comparable Spheres of Influence in other Counties**

LAFCo staff has compiled statistics on a few city spheres in other counties which are comparable in terms of population. In reviewing these statistics, please keep in mind that each LAFCo determines spheres of influence based on the legislative direction of the Local Government Act (Gov’t Code 56000, et seq), Commission policy, and local circumstances.

Comparable Cities	2015 Pop.	City Acreage	Sphere Acreage	Last Update	Sphere/City Boundary
Jackson, Amador County	4586	2300	1219	2014	53%
Angels Camp, Calaveras County	3811	2277	3480	2011	153%
Carmel, Monterey County	3747	640	850	2013	133%
Rio Dell, Humboldt County	3372	1013	160	2008	16%
Nevada City, Nevada County	3194	1224	2907	2008	238%
Nevada City, Nevada County (Recommended)	3194	1224	1482	2016	121%
Yountville, Napa County	3017	966	13.5	2013	1%
Alturas, Modoc County	2723	1550	2228	2010	144%
Ross, Marin County	2493	985	0	2007	0%
Sutter Creek, Amador County	2457	202	4	2014	2%

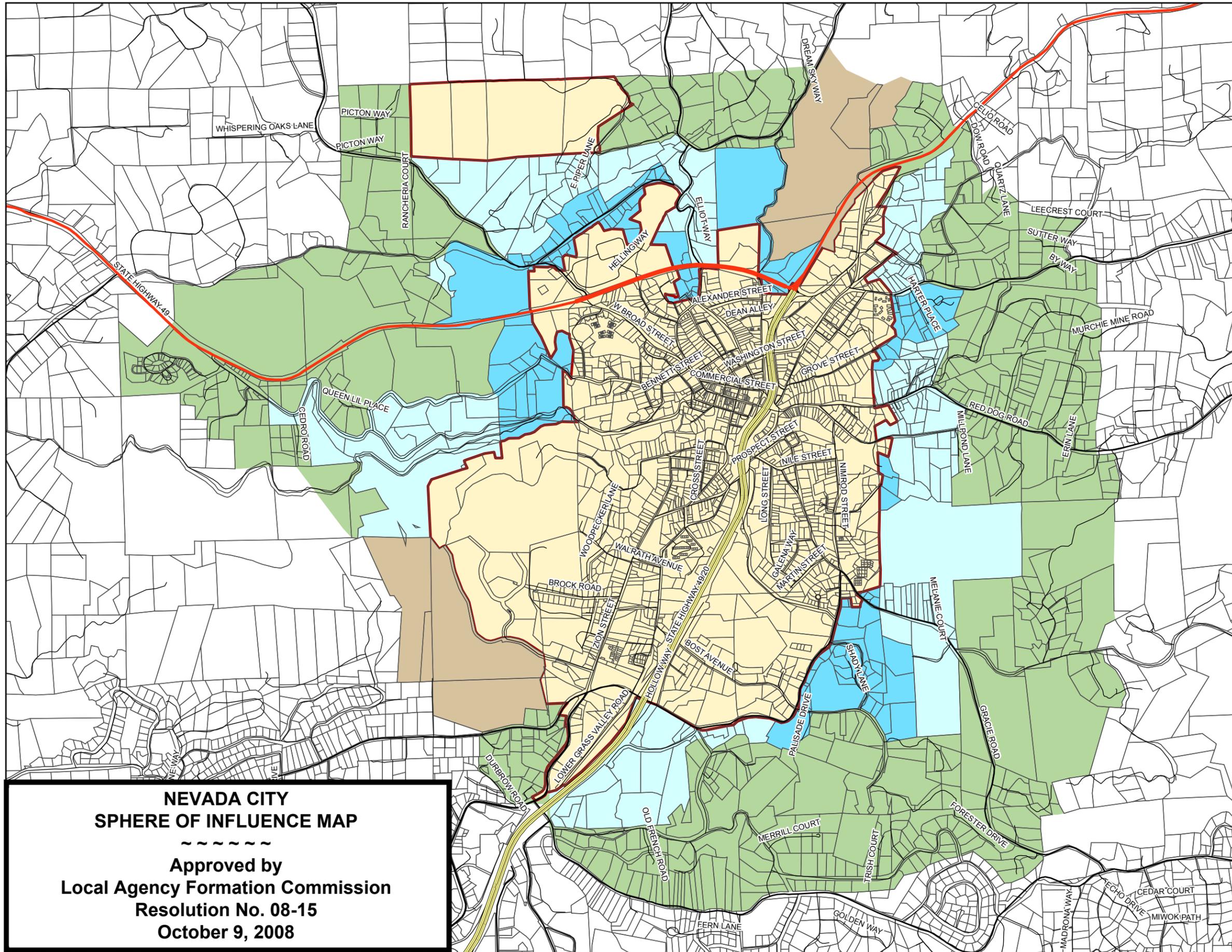
Note that Nevada City is a “full service” city that provides water, wastewater, police and fire protection and emergency response services. These four basic services are also provided by Angels Camp and Alturas. Of the remaining listed cities, Carmel provides only police and fire (water and wastewater are provided by other agencies), Rio Dell provides water, wastewater and police (fire is provided by an independent fire district), Yountville provides water and wastewater (and contracts for fire and police services) and Ross provides police and fire (while contracting with other agencies for water and wastewater).

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Exhibits:

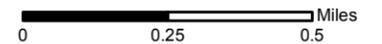
A Nevada City Sphere of Influence Map, Approved by LAFCo Resolution 08-15

B Recommended Nevada City Sphere of Influence Map (recommendation by LAFCo staff, December 2016)



**Legend**

-  Parcel Boundaries
-  City Limits
-  Current Sphere Horizon
-  2013 Sphere Horizon
-  2018 Sphere Horizon
-  2023 Sphere Horizon



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**NEVADA CITY  
 SPHERE OF INFLUENCE MAP**  
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**Approved by  
 Local Agency Formation Commission  
 Resolution No. 08-15  
 October 9, 2008**

