

**CITY OF GRASS VALLEY  
MEMORANDUM FOR  
CITY COUNCIL MEETING OF JUNE 23, 2009**

**TO:** Members, City Council  
VIA: Dan Holler, City Administrator

**FROM:** Joe C. Heckel, Community Development Director  
Jeri Amendola, Housing/Economic Development Specialist

**SUBJECT:** Authorization to Apply for FY 2009-2010 CDBG Planning and Technical Assistance Grants in the amount of \$140,000 for Loma Rica Ranch SDA & Industrial Park Sewer Extension Feasibility Study, and the LaBarr Meadows Road / South Hill Village Sewer Extension Feasibility Study

**RECOMMENDATION:** Conduct the public hearing and via motion, authorize; 1) staff to submit FY 2009-2010 General Allocation and Economic Development Planning and Technical Assistance grant applications to the State Department of Housing and Community Development (HCD) for completing; *a*) the Loma Rica Ranch Special Development Area (SDA) and Industrial Park Sewer Extension Feasibility Study, and *b*) the LaBarr Meadows Road / Village at Southhill SDA Sewer Extension Feasibility Study; 2) the use of \$35,000 of Program Income funds for the required local match of the total amount requested, \$140,000; and, 3) approve Resolution 09-\_\_\_ which authorizes Mayor to execute Standard Agreements on City's behalf; and directs the City Administrator to act on City's behalf in all matters pertaining to the planning grant applications.

**Background Information:** Each year the State announces Planning and Technical Assistance General Allocation and Economic Development Planning & Technical Assistance Notice of Available Funding (NOFA). The City of Grass Valley will apply for the maximum grant award of \$140,000 for FY 2009-2010, requesting \$70,000 for General Allocation activities and \$70,000 for Economic Development activities. The City seeks funding to evaluate the feasibility of extending City wastewater to two project areas, the Loma Rica SDA & Industrial Park area, and the LaBarr Meadows Road / Southhill Village SDA area. The focus of both studies is to determine the general alignment, design and cost of the system and how undeveloped or underutilized properties which offer job creation or housing opportunities, could be connected. Both studies are in support of the City Council's goals and objectives to promote commercial, industrial and residential development opportunities.

**Loma Rica Ranch and Industrial Park Sewer Extension Feasibility Study**

The Loma Rica SDA and the Industrial Park are comprised of approximately 926 acres. Due to the lack of sewer services to the area, the land is underutilized. Given the potential for residential and economic development in this area, the City and County wish to separately apply for planning and technical assistance grant funds for this activity. The City and County have met to discuss the potential planning activity for the 2009-2010 CDBG Planning & Technical Assistance funding opportunities.

The City of Grass Valley and Nevada County recognize the need for a feasibility study which could analyze and determine the best options to extend sewer services from the City's sewer plant to the undeveloped Loma Rica Ranch SDA, then connecting to the existing Loma Rica Industrial Park. Infrastructure improvements are essential to the development of this area and creation of jobs. Given the topography of the area and the location of the existing sewer line lying adjacent to Sutton Way and Dorsey Drive, it seems likely that any future sewer line will extend through the Loma Rica Ranch SDA and then upslope via Brunswick Road to the Loma Rica Industrial Park. Both the Loma Rica Ranch SDA and the Industrial Park are within the City's Sphere of Influence, and Grass Valley operates the

wastewater treatment plant, so the City has a vested interest to oversee the infrastructure improvements and land development within the study area.

The City and County will apply for an aggregate amount of \$140,000. In anticipation of the NOFA release, the jurisdictions have met, discussed the application process, and agreed to the following points:

1. City and County will work in a collective effort to file separate PTA applications seeking \$70,000 each to prepare a planning and feasibility study for a total of \$140,000. The project descriptions for each application will be similar with the goal of extending a wastewater line to the Loma Rica Industrial Park. The purposes of these applications are to create or expand job opportunities and affordable housing opportunities in both the City (Loma Rica Ranch property) and County (Loma Rica Industrial Park).
2. The scope of the study will involve the following components:
  - a. An evaluation of the current level of development and future development potential within the Loma Rica Industrial Park and the Loma Rica SDA and its future demand for sewer service.
  - b. An evaluation of the interest of the property/business owners for any future use or re-use of their property and connecting into, and partially financing the extension of a City sewer wastewater line.
  - c. An evaluation of the size, alignment and downstream capacity for extending a City sewer wastewater line. This engineering element will probably require the largest share of the grant funds, but will be critical as to determining the costs and financing options.
  - d. Evaluate the City's sewer capacity in support of future development of housing, commercial, and industrial uses.
  - e. Estimate the costs of the installation of the connection and conduct an assessment of how this cost could be pro-rated or assessed to properties lying within an area of benefit. The study shall include options for how this improvement could be financed in light of the cost, timing of installation and interest of property owners.

The Nevada County Board of Supervisors will be conducting a public hearing and taking an action on the filing of the CDBG application for this activity on June 23, 2009.

*The LaBarr Meadows Road / Southhill Village SDA Sewer Extension Feasibility Study*

It is the City's goal to develop infrastructure improvement strategies to allow future business and residential development opportunities for the Loma Rica Ranch SDA & Industrial Park and the LaBarr Meadows Road / Southhill Village SDA area. The properties along LaBarr Meadows Road lying between current City limits (by the McKnight Road Interchange) and the proposed Southhill Village SDA lack sewer improvements and are contained within the Grass Valley Sphere of Influence. The City is currently processing an application for annexing this 140 acre area and allowing a mixed use development on the Southhill Village SDA. The undeveloped or underutilized properties along LaBarr Meadows Road, along with the Southhill Village SDA project, offer housing and economic development opportunities; however, to develop this area it requires infrastructure improvements in order to be economically viable to the community. Though the developer of the Southhill Village project will be responsible for connecting to the City wastewater system as part of their development, the other intervening properties will be challenged with how or when to connect to the system.

The City wishes to apply for CDBG Planning and Technical Assistance grant funds in the amount of \$70,000 for the LaBarr Meadows Road / Village at South Hill Sewer Extension Study. The County will not participate in this activity. This 140 acre area lacks direct accessibility to the City's sewer system. The City will apply for \$35,000 under the General Allocation component and \$35,000 under the

Economic Development component to evaluate the feasibility of connecting sewer to approximately 33 parcels totaling 75 acres lying along La Barr Meadows Road (which would be annexed as part of the Southhill Village SDA) and the 65 acre Southhill Village SDA. Once annexed to the City, the 33 parcels lying along LaBarr Meadows Road will be zoned for business park and commercial/mixed uses and have the option for connecting to the City wastewater system.

The lack of public sewer to the project area constrains the development of commercial, light industrial and residential opportunities proposed for this area (see attached map). The scope of the study will include the following components:

- a. An evaluation of the current level of development and future development potential within the 75 acres of business park and commercial zoned properties lying along LaBarr Meadows Road and the 65 acre Southhill Village SDA and its future demand for sewer service.
- b. An evaluation of the interest of the property/business owners for any future use or re-use of their property and connecting into, and partially financing the extension of a City sewer wastewater line.
- c. An evaluation of the size, alignment and downstream capacity for extending a City sewer wastewater line. This engineering element will probably require the largest share of the grant funds, but will be critical as to determining the costs and financing options.
- d. Evaluate the City's sewer capacity in support of future development of housing, commercial, and industrial uses.
- e. Estimate the costs of the installation of the connection and conduct an assessment of how this cost could be pro-rated or assessed to properties lying within an area of benefit. The study shall include options for how this improvement could be financed in light of the cost, timing of installation and interest of property owners.

Based upon citizen input, the City will apply for a \$70,000 General Allocation grant and a \$70,000 Economic Development grant for a total of \$140,000 for FY09-010. From each grant the City is awarded, the City will retain consultants to evaluate and develop studies, improvement strategies, and implementation plans. The results of these feasibility studies will allow the City to better plan, finance and coordinate the extension of its wastewater system into these areas.

The P/TA grant requires a local cash match. In past years, the required cash match has been around or at 25%; however, this amount could change based on what the State requirements dictate as part of the NOFA. Staff proposes the use of program income funds to cover the required cash match. If you have any questions, please contact me.