

**CITY OF GRASS VALLEY  
MEMORANDUM FOR  
SPECIAL CITY COUNCIL MEETING OF OCTOBER 27, 2005**

**TO:** Members, City Council  
VIA: Gene Haroldsen, City Administrator

**FROM:** Joe C. Heckel, Community Development Director

**SUBJECT:** Special Meeting and Preliminary Review of Special Study to Evaluate Economic / Fiscal Conditions and Future Land Use Scenarios for City of Grass Valley into Year 2020

**RECOMMENDATION:** No action is required. Provide direction as to process for evaluating the "Economic and Fiscal Conditions Study for Grass Valley" and 2020 General Plan

**I. SUMMARY:** On September 13, 2005, the City Council provided direction for releasing and reviewing the "Economic and Fiscal Conditions Study for the City of Grass Valley". The Council set the date of October 27, 2005 for holding a special meeting to consider this document and accept public input. Beyond this special meeting, the Council may elect to schedule subsequent workshop(s) and/or meeting(s) for further discussion and to gain additional public input. A section of this report discusses some of the potential steps beyond the initial consideration of this study that the Council may consider.

**II. BACKGROUND:** On January 12, 2004, the City executed a contract with the firm of Applied Development Economics (ADE) to prepare a study that evaluates the market, fiscal and job-housing conditions for the City and Western Nevada County. The study, entitled the "Economic and Fiscal Conditions Study for the City of Grass Valley", was completed and released on September 13, 2005.

The study projects the levels of growth envisioned for the commercial, business park and residential sectors into the year 2020. The projections included in this study borrow from demographic and employment projection models produced by the U.S. Bureau of Economic Analysis and California Department of Finance. This information allowed ADE to more narrowly project growth for Western Nevada County and the City using data on historic trends. This study is an informational report, not a policy document, so it is not necessary to formally adopt or approve it. However, it was intended that the projections identified within this Study would prompt a further discussion and review of the City's 2020 General Plan and the land use mix proposed by the Special Development Areas (SDA).

**III. WHY WAS THIS STUDY PREPARED?** The study was prompted after the City became aware there was interest from the SDA applicants in changing their land use mix from what is shown in the 2020 General Plan for the SDA's. Such changes were illustrated during two study sessions held on February 12 and 26, 2003. In 2003, Mayor Patti Ingram and Vice-Mayor Dee Mautino had signed and directed a letter to each of the four SDA applicants indicating the City's interest in having an analysis

completed of the potential effects that would be caused from the land use changes being contemplated for these SDA's. A listing of the proposed changes is shown below:

### COMPARSION OF 2020 GENERAL PLAN VERSUS SDA PROPOSALS

SDA's	Commercial Acreage		Business Park/ Industrial Acreage		Residential Units	
	General Plan	Proposed 2005	General Plan	Proposed 2005	General Plan	Proposed 2005
Loma Rica (452 acres)	0	27	115	16	185	1,229
Northstar (762 acres)	28	9	240	44	363	2,140
Kenny Ranch (365 acres)	22	12	88	17	100	429
SouthHill Village (66 acres)	N/A	16	N/A	3	N/A	279
<b>Totals</b>	<b>50</b>	<b>64</b>	<b>443</b>	<b>80</b>	<b>648</b>	<b>4,077</b>

*\*Southhill Village is designated for commercial / business park uses as part of the 2020 General Plan, but specific acreages were not set for these land uses.*

The analysis or study would provide important information to the Council to determine whether such alterations would be viewed as acceptable. A Council subcommittee of Mayor Gerard Tassone and Councilmember Dean Williams has been involved in the review and preparation of this study.

On October 12, 2004, the City Council directed that the SDA Study will need to be completed and the preference for initiating any General Plan amendments resolved by the Council prior to any of the SDA applications being processed or formally considered. Subsequently, all SDA applicants were notified that their applications were to be temporarily suspended until the Study was complete and direction given by Council.

**IV. FORMAT AND SCOPE OF STUDY:** The contract between ADE and the City for preparing this Study was reviewed and approved by the City Council on November 25, 2003. All four SDA applicants provided a proportional payment to the City that fully funded the study and a vacant land survey that was conducted in 2005. The scope of work for the report was divided in three distinct phases as listed below:

- I. Conduct Baseline Analysis of Market and Jobs-Housing Conditions. Conduct a “baseline” report that will quantify the jobs/housing balance, analyze the market demand for land uses, and review the capacity of General Plan to absorb the projected growth.
- II. Conduct Fiscal Impact Analysis. The fiscal analysis will estimate the public costs and revenues accruing to the City and separate the impacts by evaluating variations in land uses, density, or location.
- III. Conduct Comprehensive Impact Analysis. This “analysis” constitutes the “Study” being forwarded for review. While utilizing the market/fiscal/jobs-housing balance information from Phases I-II, measure the impacts of the following scenarios: a) Build-out of 2020 General Plan; b) Build-out of City with the land use changes being proposed to the 2020 General Plan by SDA’s. Based on the information in scenarios a-b, the consultant would recommend, as a third alternative, a land use mix that demonstrates an effective jobs/housing balance, achieves market demand and is fiscally positive, while recognizing the General Plan and options for phasing and allocating future growth.

The Phase I and II reports were released, distributed and posted on the City’s website. The Phase III or final report was designed to be the document that was to undergo public review and discussion. The contract allows for the consultant to participate in one community meeting. The final product or Phase III report, the “Economic and Fiscal Conditions Study for the City of Grass Valley” was completed in September 2005.

**V. STATUS OF APPLICATIONS FOR SDA’s:** The status of the applications has not changed since a status report was provided on April 26, 2005. The Council directed that applications for the SDA’s could be filed and reviewed by the City while the Study is underway, but any public review or processing of an SDA application would be deferred. In light of this directive, a brief report on these applications is provided below:

<u>Application/SDA</u>	<u>Status</u>
Southhill Village Master Plan	Application Filed. EIR under preparation.
Northstar Specific Plan	Application Filed. Initial Study released for review.
Loma Rica	Application Filed.
Kenny Ranch	Preliminary proposal filed.

The Council has considered the completion of this Study as a priority for the City and its staff. Any changes to current land use policy or procedure relative to the SDA’s would need direction from the Council. This direction would need to be gained beyond the initial presentation and discussion of the study.

**VI. RESULTS OF THE ECONOMIC AND FISCAL CONDITIONS STUDY.** During the October 27, 2005 special meeting, the consultant will provide an overview of the methodology, assumptions, projections and recommendations contained in the Study. In researching and documenting the demographics, market trends and fiscal situation of Grass Valley, the consultant projected the demand for commercial space, employment and housing into the year 2020. As part of verifying local trends or needs, the

consultant utilized three surveys; a) Employer Survey to determined future need for business park/commercial space, b) Employee Survey to determine present and future housing needs, and c) Vacant Commercial Land Survey to determine what percentage of land within the City Limits was buildable.

Using this base of information and other data sources, the consultant summarized the demand for housing and business space into the year 2020. This future “demand” was then evaluated against the three scenarios noted on Page 3 of this report. The table below illustrates the difference between the three land use alternatives.

**Economic and Fiscal Impact Summary of Three Land Use Alternatives  
2005-2020**

<b>Market Demand</b>	<b>2020 GP Allowed Land Uses Alternative #1</b>	<b>SDA Proposed Land Uses Alternative #2</b>	<b>Balanced Land Uses Alternative #3</b>
<b>Market Demand for Housing</b>	2,525	2,525	2,525
Demand Absorbed by SDAs	648	2,525	1,139
Demand Absorbed Elsewhere	1,877	0	1,386
<b>Demand for Business Space</b>			
Total Demand for Business Space (Million S.F.)	1.93	1.93	1.93
Demand Captured by Infill (Million S.F.)	0.86	0.86	0.86
Demand Left to be Captured by SDAs (Million S.F.)	1.07	1.07	1.07
<b>Business Space Allowed by General Plan</b>			
SDA Acreage Reserved for Business Uses	493	211	211
Estimated Business Space Allowed (Million S.F.)	3.22	1.38	1.38
Business Space Captured by SDAs (Million S.F.)	0.89	1.00	1.00
Job Creation by SDAs	1,752	1,936	1,936
<b>General Plan Impacts</b>			
Jobs/Housing Balance	2.7	0.8	1.7
<b>Net Fiscal Revenue (\$millions)</b>	<b>\$1.55</b>	<b>\$0.36</b>	<b>\$0.64</b>

Source: Applied Development Economics

A summary of the three alternatives is as follows:

Alternative #1 – Retain 2020 General Plan. Alternative #1 would result in 648 housing units, 3.22 million s.f. of business park land and a strong job-housing balance of 2.7 jobs/household. This land use mix presents a potentially strong fiscal picture for the City, but the local market demand for housing is higher than what is being provided and the absorption of the business park property will not be achieved by 2020.

Alternative #2 – Revise 2020 General Plan to Match SDA Plans. Alternative #2 would result in 2,525 housing units, 1.38 million s.f. of business park land and a weaker job-housing balance of 0.8 jobs/household. This land use mix prompts a weaker fiscal picture for the City and drops our jobs/housing balance below current trends, but the provision of housing does meet the future local market demand for the Grass Valley region into the year 2020. The City would find it financially difficult to provide services to its residents with a revenue stream gleaned from a stronger residential base.

Alternative #3 – Revise 2020 General Plan to Maintain 1.7 Job-Housing Ratio. Alternative #3 would result in 1,139 housing units being devoted to lands within the City’s Sphere of Influence, 1.38 million s.f. of business park land and a moderate job-housing balance of 1.7 jobs/household. This land use mix presents a moderately stable fiscal picture for the City and maintains our current 1.7 jobs/housing balance. This alternative does not totally respond to the local housing demand, but acknowledges that the provision of business park lands and development of the City as an economic hub is an important goal.

**VII. CURRENT STATUS OF 2020 GENERAL PLAN.**

**Housing Trends.** The City’s 2020 General Plan was adopted in 1999 and its Sphere of Influence Plan in 2000. The intent of this section is to review the level of growth that has occurred under the 2020 General Plan and whether it is occurring at a pace generally consistent with the projections of the Plan. The table below illustrates that the 2020 General Plan had originally forecast a total of 2,820 units that would be built from 2000 to 2020, which averages approximately 141 units year. Based on building permit activity of the past five years, approximately 679 units have been built or are under construction, which averages 123 units per year. If the 2020 housing unit projection of 2,820 were to be achieved, the level of construction would need to assume a higher level of activity or approximately 148 units a year. For the year 2005, a total of 30 building permits for new residential units have been issued.

**2020 General Plan Housing Projections  
October 2005**

Housing Units Projected 2000-2020 General Plan	Housing Units Constructed 1/2000- 8/2005	Housing Units Remaining to meet General Plan 2020 projections	Housing Units Approved, not Constructed	Housing Units Pending City Review/Action	Total Housing Units Constructed, Approved and Pending City Action since 2000	Housing Units Remaining from 2020 General Plan Projections
<b>2,820 (141 units/year)</b>	<b>679* (123 units/year)</b>	<b>2,141 (148 units/year needed to meet projections)</b>	<b>279</b>	<b>137</b>	<b>1,095</b>	<b>1,725</b>

\* Most of these units were from Morgan Ranch, Eskaton (137 units), Cedar Park Apartments (81 units), and Glenbrook Apartments (52 units).

**Annexation Trends.** Since the adoption of the 2020 General Plan, the City has annexed approximately 300 acres, of which over 200 acres lie within the Glenbrook Basin. The annexation of Glenbrook Basin was encouraged through the adoption of the “Glenbrook Annexation Strategy” by the LAFCo and City.

Of the 300 acres annexed by the City, approximately 18 acres were outside of the 2000-2005 time horizon as depicted of the City’s Sphere of Influence Plan. The Sphere Plan does show an area of 1,588 acres still within the 2000-2005 time horizon that is targeted

for annexation. The 1,588 acres targeted for annexation by 2005 includes 3 of the 4 SDA's such as the Loma Rica, Southhill Village or the Bear River Mill Site and the northerly half of Northstar. Based on this level of annexation, the City is operating within its 2020 General Plan projections for annexation and development of its Sphere of Influence.

**Population Trends.** The population projected for the City in the 2020 General Plan by the year 2020 is 23,395. The current population of Grass Valley is approximately 13,000, including the recent addition of approximately 700 residents who were annexed in Glenbrook Basin. The gain in population from the year 2000 to 2005 is about 3,000 residents, though a portion was due to the annexation of existing housing units. This 5 year population gain amounts to about 600 residents a year and reflects that the City is operating within its General Plan projections for population.

**Consideration of Growth Management Approaches for the Sphere of Influence.** If the level of growth or development accelerates at a rate that is of concern to the Council, there are a number of approaches that are used by municipalities to limit or constrain growth. In 2003, the City did adopt a series of policies and ordinances that set new application criteria for the SDA's or any substantial annexation under consideration to the City. For example, one policy required the City to evaluate the effects of amending the time horizon of the Sphere of Influence Plan prior to the processing of the actual development application. The City adopted these approaches in 2003 in response to concerns raised with changing the annexation horizons and land use mix of the SDA's.

As of this date, the Council has still other regulatory options as a means to set limits for development. A few of these options are listed below and presented in this report as background information for when the Council begins their review of the SDA's:

1. Adopt a Growth Management Program that ties level of annual growth to availability of infrastructure and public services.
2. Adopt a Growth Control Program that sets a yearly limit or "cap" of building permits, primarily targeted to residential development.
3. Adopt revised Sphere of Influence Plan to set further phasing, infrastructure and growth management objectives.
4. Reinforce an Urban Limit Boundary for area around City's Sphere of Influence. To ensure boundary around community is retained in rural nature, utilize certain measures such as enabling ordinance and transfer of development rights.

## **VIII. STEPS FOR CONSIDERATION OF STUDY AND 2020 GENERAL PLAN**

Beyond this special meeting, the Council may elect to schedule subsequent workshop(s) and/or meeting(s) for further discussion and to gain additional public input. The steps listed below can be divided into two (2) significant approaches, the consideration of the study and a discussion of any clarifications, modifications or

amendments to the policies of the 2020 General Plan. In addition, some potential options for how to complete or address these two steps are also listed below.

**STEP 1: Review of “Economic and Fiscal Conditions Study”**

The two options listed below represent potential approaches for the Council to consider in their review of the “Economic and Fiscal Conditions Study”:

**Option 1: Accept study as an informational document; or**

**Option 2: Request further modifications to assumptions or alternatives / recommendations.**

**STEP 2: Review of 2020 General Plan, the SDA’s and Potential Policy Changes**

The four options listed below represent potential approaches for the Council to consider on how to address growth and development in its Sphere of Influence:

**Option 1: Maintain 2020 General Plan.** This option assumes that the Council wishes to maintain the 2020 General Plan and land use mix for SDA’s as currently adopted. Some of the potential steps to implement this option include:

- A. Adopt resolution in support of land use mix, the Sphere of Influence Plan, and growth projections as currently contained in the 2020 General Plan.
- B. Direct that all SDA applications be brought forward for clarification for consistency with 2020 General Plan prior to processing and preparation of any environmental document under CEQA. A subcommittee could be formed to review and provide input as to the application consistency with the 2020 General Plan.
- C. Council can also provide direction to implement any number of growth management approaches to address concerns with development within Sphere of Influence.

**Option 2: Minor Policy Changes under 2020 General Plan.** This option assumes that the Council wishes to initiate some minor adjustments in the land use mix or timing of the SDA’s, while obtaining additional information and public input. However, any adjustment in the SDA’s land use mix would need to be done in general accordance with the growth projections of the 2020 General Plan, whereby any amendment could be folded into the environmental document(s) prepared for an SDA. Utilize a number of informational sources to refine the City’s existing goals and growth projections including:

- A. Review data from “Economic and Fiscal Conditions Study for Grass Valley” and results from community survey;

- B. Conduct joint workshop with Planning Commission to discuss 2020 General Plan and set milestones/benchmarks for land use mix and growth projections for Sphere of Influence;
- C. Gain further public input on future of community via:
  - 1) Conduct workshops (2) on SDA proposals;
  - 2) Hold community forum(s) to gain public input on growth preferences for Sphere of Influence and SDA's;
- D. Council provides direction on land use mix, phasing and any Growth Management policy measures. Require all SDA applications be brought forward for clarification for consistency with new policies prior to processing and preparation of any environmental document. A subcommittee could be formed to review and provide input as to the application consistency with the new policy measures.

**Option 3: Amend 2020 General Plan Relative to SDA's.** This option assumes that the Council wishes to consider certain modifications to the four SDA's. This option should utilize the following initial steps to gain public input:

- A. Review data from "Economic and Fiscal Conditions Study for Grass Valley" and results from community survey;
- B. Conduct joint workshop with Planning Commission to discuss 2020 General Plan and set milestones/benchmarks for land use mix and growth projections for Sphere of Influence;
- C. Gain further public input on future of community via:
  - 1) Conduct workshops (2) on SDA proposals;
  - 2) Hold community forum(s) to gain public input on growth preferences for Sphere of Influence and SDA's;

Based on the input received from steps A-C, the Council could evaluate a population and growth rate that matches one of the following scenarios:

*Scenario 3A:* Amend General Plan and land use mix of SDA's to some desirable number that falls between the 2020 General Plan and Alternative #3 of the "Economic and Fiscal Conditions Study";

*Scenario 3B:* Amend General Plan and land use mix of SDA's to match Alternative #3 of the "Economic and Fiscal Conditions Study";

*Scenario 3C:* Amend General Plan to select one or more of the SDA's, address the desired land use mix and revise the time City's Sphere of Influence Time Horizons accordingly; or

*Scenario 3D:* Amend General Plan to process in a phased approach all of the SDA's with some desirable numbers that fall between Alternative #3 and their present proposals and revise the City's Sphere of Influence Time Horizons accordingly.

Once the Council has selected one of the scenarios listed above, these additional steps should be considered to implement this approach:

- D. Assign proportional growth projections relative to housing units to each of the selected SDA's, but require future growth and development of such SDA's be regulated by a phasing plan that respects historical growth levels (example: less than 200 housing units/year);
- E. Direct that all SDA applications be brought forward for clarification for consistency with 2020 General Plan prior to processing and preparation of any environmental document under CEQA. Direct that all environmental analysis of changes to land use mix or Sphere of Influence Plan be borne by EIR's prepared by SDA applications.

**Option 4: Comprehensive Update of General Plan.** This option assumes that the Council wishes to revisit and amend the 2020 General Plan relative to the land use mix, annexation horizons, development patterns and growth projections of the Sphere of Influence. The City would embark on a public participation process to seek input from the community as to their preferences on development patterns, growth and population, ultimately resulting in a substantial revision of the 2020 General Plan.

- A. Adopt resolution limiting annexations and development of areas within Sphere of Influence until process is complete;
- B. Secure funding to retain consultant services to conduct both a "visioning process" and a subsequent update to the 2020 General Plan. The amount of funding required would be significant and the source is unidentified at this time;
- C. Conduct visioning process for Sphere of Influence consisting of community meetings, review of alternative land use scenarios, and preparation of preferred development pattern and approaches;
- D. Incorporate preferred land use alternative into an update of the General Plan focusing primarily on Sphere of Influence. Prepare all appropriate policy and environmental documents as required by law;
- E. Once update of General Plan is completed, initiate review of SDA applications for consistency with revised General Plan.

If you should have any questions, please do not hesitate to contact me.

Cc: Members, Planning Commission  
SDA Applicants/Representatives  
City Department Heads

Steve Wahlstrom, Siefel and Associates  
Doug Svensson, ADE  
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