

Executive Summary

Introduction

On October 22, 2008, Nevada City, California adopted Resolution 2008-58¹ "in support of a community Energy Solutions Task Force". The task force, modeled after a handful of similar task forces from around the world, was given two tasks:

1. **Assess** Nevada City's specific vulnerabilities to more expensive and less available energy, especially liquid fuels for transportation.
2. **Recommend** actions that the City could take to reduce these vulnerabilities and to prepare for their effects.

This report is the product of the Task Force's work.

General Findings and Themes

During the Task Force's work, at least two main vulnerabilities became evident:

1. Distance from supply centers

Nevada City and Grass Valley form a relatively isolated 'island' of population.² There is no rail service to the area.³ The nearest air or ship freight is 60 miles away, in Sacramento. There is very little local manufacture or processing of locally consumed goods. Nevada City and its residents are almost entirely dependent on trucks for delivery of goods, including most of the the food supply. Most supply trucks have traveled at least 30 miles, from Auburn; many distribution centers are even farther away. Many individual shopping trips are made to shopping centers 45 or more miles away, due to public perception of local shopping selection as being more limited.

2. Terrain

Nevada City's location in the forested Sierra Nevada foothills, at 2500' in elevation, adds to its natural beauty. This challenging terrain also leads to irregular land use patterns, lower population density, difficulty in personal, commercial, and public transportation, and ultimately to dramatically increased dependence on cars and offroad-capable trucks.

Many strengths unique to our area also became evident, as detailed in the body of this report. One of the most promising strengths is the fact that Nevada City has already shown the awareness of this energy-related risk management problem, and has requested this report.

In addition, a few overarching recommendations are appropriate. The organizers of this report are eager to assist the city with each of these steps:

1. Raise awareness of peak oil and energy uncertainty among city government and staff

The best ways to prepare for challenges due to energy-uncertainty are to become aware of the

1 see Appendix A for a complete copy of Resolution 2008-58

2 2009 estimated population: Nevada City = 3,043; Grass Valley = 12,817. Nevada City, Grass Valley, and a few major outlying developments are the only sizable population centers in western Nevada County. Surprisingly, the total 2007 estimated population of the four western-county supervisorial districts is around 75,000, due to a large outlying population.

3 The nearest rail service is in Colfax, 15 miles from Nevada City, across steep foothills terrain including the Bear River valley. For more details, see the Transportation section of this report.

topic, to acknowledge that uncertainty does exist, and to give serious thought to the resulting vulnerabilities. Acceptance of this report is a huge step towards these goals. The Task Force recommends that all members of city government and staff invest some small amount of time towards these goals, perhaps starting with a free 15- to 30-minute group training and discussion session at City Hall on a periodic basis, hosted by the organizers of this report.

2. Include recommendations from this report in the City strategic plan

Currently, the City holds strategic planning meetings twice a year. Recommendations from this report could be included when developing and revising the list of strategic goals. The report organizers would be glad to help prioritize the most timely recommendations in advance of each City strategic planning meeting.

3. Encourage all businesses, groups, and families to do their own 'energy task force report'

The questions raised in this report apply to entities other than municipalities. Businesses, nonprofit groups, families, and individuals can all take steps to safeguard their future happiness and success by confronting and planning for energy-uncertainty using this two-step 'assess-and-recommend' process. A more resilient, robust citizenry and local business base are the features that define a resilient, robust city.

Methodology

The Task Force was assembled and organized in 2008 and 2009 by Alliance for a Post-Petroleum Local Economy of Nevada County (APPLE-NC), a local 501c3 nonprofit focused on the topic of Peak Oil⁴. Task Force members were recruited from city government, city staff, local businesses, and local nonprofits.

Beginning in 2009, after several months of preparation and recruiting, the Task Force commenced a series of monthly meetings to carry out the 'assess and recommend' process. Following the general structure of the 13 other similar task force reports from around the world that were available at the start of the project⁵, the following meetings were convened (one per month):

- one introductory meeting to review general findings of the other task forces
- six 'topical' meetings (one for each of the six topics in the body of the report)
- two summary review meetings (after the first three topics, and again after the final three topics)
- one final draft review meeting (after several 'idle' months of work by Task Force volunteer staff)

Each topical meeting was organized as follows:

1. summary presentation of relevant findings from the other Task Force reports
2. when available, presentation(s) by local subject-area expert(s) regarding the Nevada City-specific interactions between the monthly topic and the topic of Peak Oil
3. open discussion with the entire Task Force, and members of the public in attendance, to develop the list of concerns and recommendations for action at the City level

After each topical meeting, the Task Force staff compiled and published summary notes as well as detailed notes, and developed a draft chart of recommendations along with anticipated **C**ost / **B**enefit /

⁴ see Appendix B for a brief introduction to the topic of Peak Oil

⁵ "Government responses to Peak Oil" - <http://postcarboncities.net/peakoilactions>

level-of-public-Aceptance / level-of-Control ('CBAC') ratings, described in more detail below.

Each summary review meeting was an open discussion and revision of the draft recommendations and CBAC ratings from the previous three topical meetings. The spreadsheet was projected on a screen in the meeting hall so that all task force members could see the chart and contribute to the discussion.

Over the course of several months in 2010, APPLE-NC sent drafts of the topical report sections to the entire task force for review and discussion outside the scope of the meetings. APPLE-NC Task Force completed the rest of the work of assembling the sections into this finished product, sending drafts to the entire task force for review and discussion a few times along the way.

Fiscal Impact

Other than keeping some lights on in City Hall for the meetings, there was no cost to Nevada City for the entire Task Force project, up to and including the publishing of this report. No compensation was paid to any task force members, staff, or presenters: this was an entirely volunteer effort.

The overall motivation for the entire Task Force project dictates that each recommendation is expected to lead to a large net savings to the City in the long run. However, implementation of the recommendations will incur varying initial costs.

This report does not attempt to quantify any of the initial costs, or any of the ultimate fiscal impacts. Note that the anticipated initial costs of many recommendations are low or zero.

Structure of the Report

The body of the report is divided into six topical sections, following the structure of the monthly meetings. Each topical section is generally structured as follows:

1. introduction to the topic and its interactions with Peak Oil and a constrained energy future
2. brief listing of some of Nevada City's specific Strengths and Vulnerabilities that affect local ability to deal with Peak Oil as applied to that topic
3. table of numbered recommendations and CBAC ratings, in no specific order
4. short narrative explanation of each recommendation; these narratives have a widely varying level of detail, and are meant to serve as rudimentary starting points for implementation of that item

Rating and Prioritizing the Recommendations

Each recommendation is rated in each of four areas with an intentionally vague rating of Low (L), Medium (M), or High (H). This system follows the example of at least one of the 13 other task force reports that was used as a starting point example during initial research. The categories, referred to as 'CBAC', are as follows:

1. **Cost:** expected initial cost of implementing the recommendation. Variables affecting this rating include specific details of implementation, changing costs of initial energy and material requirements (expected to grow in a constrained energy future), and other unpredictable factors.
2. **Benefit:** expected level of direct benefit to the City of implementing the recommendation
3. **Level of Public Aceptance:** expected level of public popularity of a decision by the City to implement the recommendation.
4. **Level of Control:** expected level of precision with which that the City will be able to control the

details of how the recommendation gets implemented.

The CBAC ratings are meant to be used as a very general at-a-glance prioritization tool while skimming the report. For example, officials may skim the tables for a recommendation that is Low initial cost, High benefit, High level of public acceptance, and High level of control, which would appear as 'L-H-H-H' in the recommendation tables.

The dynamic nature of the recommendations makes them very difficult to prioritize. Appendix C gives an initial estimate of some detailed priorities, which may be helpful now and in the future.

Web Portal

APPLE-NC is providing an online component, or 'web portal', to accompany this report.

The initial version of the web portal contains this full report, in addition to copies of the presentations and the notes from each Task Force meeting. It is designed to allow easier access to the elements of the report (e.g. live web links to referenced documents) and, going forward, to provide for easy revision, discussion, and progress tracking on each individual recommendation.

The web portal can be accessed from any web browser at www.apple-nc.org/NevadaCityTaskForce or by following the 'Projects' menu at www.apple-nc.org.

Currently, the entire content is viewable by the public (i.e. no user logins are required to view the content). That may change in the future if any compelling security concerns arise, but a large part of the intent is to maintain transparency to the public.

***** APPLE-NC strongly encourages any Nevada City staff or officials to check the web portal and also check with APPLE-NC whenever a certain recommendation is considered for implementation, to find out if any independent progress or updates have already been made.***

Learning From the Process

This type of Task Force is a very new idea on a worldwide scale; Nevada City can be proud to have been among the early pioneers in the field. APPLE-NC expects and hopes that similar groups in other areas will be able to glean useful examples from this report, as well as the other pioneering Task Force reports.

In an effort to streamline the Task Force process in the future and to learn from successes and from mistakes, Task Force members and staffers were asked to contribute to a review and feedback process. Other communities undertaking a similar task force process can obtain a summary of the feedback by contacting APPLE-NC directly.

Next Steps

This report will hopefully serve as a first version of a roadmap for the City to navigate some anticipated energy challenges of the near future. As such, it is expected that the entire process of implementing the recommendations ('following the map') will involve periodic revisions, discussions, and updates.

APPLE-NC intends to help the City navigate, decipher, and update the report on an ongoing volunteer basis, and to periodically suggest priorities for recommendations that would be ideal to implement at that time. The web portal, as well as brief updates to Council as frequently as practical, will be instrumental in making sure that this first version remains a 'living document'.



City of Nevada City

TO: Honorable City Council

FROM: Hal DeGraw, City Attorney

DATE: December 1, 2010

SUBJECT: A Report on the Status of Acquisition of Sugar Loaf Mountain

RECOMMENDATION: Receive report and adopt Resolution next in order authorizing execution of documents necessary to secure funding and consummate purchase.

BACKGROUND: On July 14, 2010, when the City reached agreement with representatives of the co-owners, the Mull Estate and Nevada City Sugar Loaf Properties LLC, to purchase that property north of the City and west of Coyote Street commonly known as Sugar Loaf Mountain for \$450,000, there were five conditions/contingencies:

1. Sellers were to use their best efforts to secure a deeded access easement across the contiguous McCoy property to the North;
2. Title was to be cleared of all assessments, liens and encumbrances other than current assessments and taxes not yet due;
3. Funding for the City's purchase was to be approved and provided from State Prop 40 funds and County Recreation Mitigation Fees;
4. Probate Court approval of sale of the Estate half interest in the property was to be obtained; and
5. Sellers after the sale were to enjoy the same access as the public at large, with due consideration given to requests for special events use.

Subsequently, the following has been accomplished:

1. We secured an Access Easement Grant Deed from Barbara A. McCoy, the owner of the property immediately to the north, to the Estate and LLC over the existing road which was recorded July 16th and will be conveyed to the City by deeds at the close of escrow.
2. Escrow was opened with Placer Title Company. We understand that they are satisfied that taxes and assessments are current and that title can be cleared with payment out of escrow proceeds of a judgment lien from 2003 in the principal amount of \$85,000 against the Estate's half of the property before close of escrow. We received a Preliminary Title Report that is being revised to reflect clearing of other exceptions and requirements.

3. We believe arrangements are in place for the State to transfer the bulk of the funding (approx. \$379,255) to escrow from Prop 40 funds allocated to the City shortly after securing a probate court order confirming sale of the Estate half. We encounter difficulties in securing the balance of the purchase price (approx. \$71,000) from County Recreation Mitigation Fees as planned. When inquiry was made, we were informed of a determination by the County that a prior allocation approval for the City of \$250,000 for purchase of the Sugar Loaf property was no longer effective and that the City could not reapply for the funds until December in a process that could take until July of 2011 for approval. We sought a bridge loan to get the City through this funding process period and were successful in reaching an agreement for a 7-month bridge loan from the Nevada County Land Trust at 5%. The due date of August 1, 2011 was selected to give time for the County to act on the City's request for funding with an extra month cushion. The Nevada County Land Trust has the balance of the funds needed for the purchase price and escrow expenses and can provide it to escrow within a few days of being given a promissory note for the amount advanced.
4. The apparent last hurdle is securing probate court approval of the sale to the City by the Estate of Archibald M. Mull, Jr. of its half interest in the Sugar Loaf property. We reported on the difficulties being experienced in this regard at your October 13th meeting and received direction to continue to pursue the Sugar Loaf Mountain purchase. After numerous court hearings, we thought the Estate Administrator was going to finally secure probate court confirmation of the sale on December 1, 2010. Unfortunately, the court clerk made an error in not posting the statutorily required notice in advance of the hearing and the matter had to be continued to December 8, 2010. We have been assured that all notices will be properly given and posted for the hearing on the 8th. We have made the probate court Judge aware of the facts that the City Council is meeting the evening of the 8th for the last time in 2010 and that we would like to leave court on the 8th with certified copies of a court order affirming the sale so that escrow can close this year and the City will avoid losing the Prop 40 funds.

Adoption of the attached Resolution is necessary to reaffirm the actions of the mayor in signing the documents to open escrow and to expressly authorize him to execute the bridge loan note to the Land Trust; to satisfy the statutory requirement of Government Code §27281 that the City Council order that the deeds to the Sugar Loaf property be accepted by the City and consent to their recordation; and to authorize pursuit by staff of funding from the County Recreation Fees to repay the bridge loan with interest. This adoption will allow the funding to be obtained and escrow to close on the purchase shortly after confirmation of the sale is approved by the Probate Court, hopefully before Christmas.

cc: Gene Albaugh, City Manager
Dawn Zydonis, Parks and Recreation Coordinator

RESOLUTION NO. 2010-XX

A RESOLUTION OF THE CITY COUNCIL OF NEVADA CITY REAFFIRMING AUTHORITY OF MAYOR TO EXECUTE ALL DOCUMENTS NECESSARY TO CONSUMMATE PURCHASE OF SUGAR LOAF PROPERTY, AUTHORIZING APPLICATION FOR COUNTY RECREATION MITIGATION FEE FUNDING, AND ADOPTING ORDER ACCEPTING DEEDS AND CONSENTING TO RECORDATION THEREOF

WHEREAS, on July 14, 2010 the City Council reached an agreement to purchase that property commonly known as Sugar Loaf Mountain (APN 36-020-26) from Nevada City Sugar Loaf Properties, a LLC, and the Estate of Archibald M. Mull, Jr. for \$450,000 and authorized Mayor Robert Bergman to execute on behalf of the City of Nevada City those documents necessary to confirm the agreement and consummate the purchase; and,

WHEREAS, the agreement to purchase the Sugar Loaf property was confirmed in writing on July 16, 2010, by Robert Bergman, Mayor, on behalf of the City and by Kriss Halpern, on behalf of Nevada City Sugar Loaf Properties, LLC and for George Mull, Administrator of the Estate of Archibald M. Mull, Jr.; and

WHEREAS, an escrow to consummate the purchase has been opened at Placer Title Company in Grass Valley and it is hoped that all contingencies can be satisfied, title cleared, funding provided, and deeds and documents can be drawn and executed in the next few days so that escrow can close and the purchase can be completed by recordation of deeds to the City of the Sugar Loaf; and,

WHEREAS, securing the necessary funding will involve execution and submission of documents to the State to secure the \$379,255.00 in Prop 40 funding remaining available to the City and execution and delivery of a Promissory Note for the \$73,300.00 balance of the purchase price and escrow costs agreed to be provided by the Nevada County Land Trust pending action on a request for County Recreation Mitigation Fee funding ; and

WHEREAS, Government Code § 27281 requires adoption of an order of the City Council to accept the conveyance and consent to recording of the conveying deeds.

NOW, THEREFORE, BE IT RESOLVED that:

1. The general authority of the Mayor to execute all documents necessary to confirm and consummate the purchase of the Sugar Loaf Mountain property is hereby reaffirmed and this authority to act on behalf of Nevada City is hereby expressly made inclusive of all documents required to close escrow, including, without limitation a Promissory Note to the Nevada County Land Trust Due August 1, 2011 at five percent (5%) interest for bridge loan financing for escrow expenses and the balance of the purchase price not provided by Prop 40 funding.

2. The City Council hereby orders that the conveyances of the Sugar Loaf property be accepted at close of escrow and, as grantee, consents to recordation of

deeds reflecting this transfer, authorizing City Manager, Gene Albaugh, to execute a Certificates of Acceptance reflecting this Order.

3. The City Manager and Dawn Zydonis, the Parks and Recreation Coordinator, are further authorized to pursue funding from Nevada County Recreation Fees to repay the Nevada County Land Trust Note for bridge loan financing necessitated by the funding cycle adopted by County for such funding requests and administrative costs related thereto.

PASSED AND ADOPTED at the regular meeting of the City Council of the City of Nevada City on the 8th day of December, 2010, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Robert Bergman, Mayor

Niel Locke, City Clerk

PROMISSORY NOTE

\$73,300.00

December 8, 2010
Nevada City, California

FOR VALUE RECEIVED, the undersigned, The City of Nevada City, an incorporated city of the state of California ("Maker") promises to pay The Discretionary Trust of Nevada County Land Trust ("Original Payee"), or order at 175 Joerschke Dr., Grass Valley, CA 95945, or at such other place as the holder hereof may from time to time designate by written notice to Maker, the sum of Seventy Three Thousand Three Hundred Dollars (\$73,300.00), together with interest on the balance of unpaid principal at the rate of five percent (5%) per annum. The term "Payee" as used in this Note shall mean the Original Payee and any future holder or owner of this Note.

The principal and interest on this Note shall be payable as follows:

A. Principal and Interest Payments.

1. Interest Rate. The interest rate of this Note shall be five percent (5%) per annum (the "Interest Rate"), commencing on the date of this Note.

2. Payment of Principal and Interest. Principal and interest under this Note shall be payable in full on or before August 1, 2011.

3. Application of Payments. Any payment hereunder shall be applied when received first to the payment of the principal balance from time to time remaining unpaid, then to the payment of any Past Due Charge, and then to accrued but unpaid interest.

B. Prepayment. Maker may prepay this Note, in whole or in part, at any time or from time to time, without penalty. All such prepayments shall be applied first against accrued interest and then against principal.

C. Default.

1. Past Due Charge. Maker recognizes and acknowledges that any default on the payment, or portion thereof, due hereunder will result in losses and additional expenses to Payee. Maker further acknowledges that in the event of any such default, Payee would be entitled to damages for the detriment proximately caused thereby, but that it would be extremely difficult and impractical to ascertain the extent of or compute such damages. Therefore, if any payment hereof is not made on any installment date, or if after acceleration of the indebtedness under this Note, Maker fails to make the payment due under this Note, then Maker shall pay to Payee, in addition to any such delinquent payment, an amount equal to five percent (5%) of the delinquent installment (the "Past Due Charge") and the principal balance shall thereafter bear

interest at the rate of ten percent (10%) per annum until such delinquent payment and Past Due Charge are paid in full. Maker acknowledges that the Past Due Charge and increased interest rate agreed to hereunder represents the reasonable estimate of those damages which would be incurred by Payee, and a fair return to Payee for the loss of the use of the funds not timely received from Maker, on account of a default by Maker as herein specified, established by Maker and Payee through good faith consideration of the facts and circumstances surrounding the transaction contemplated under this Note as of the date hereof, but that such Past Due Charge and increased interest rate is in addition to, and not in lieu of, any other right or remedy available to Payee as specified in this Note. Notwithstanding anything to the contrary contained in this Paragraph, if any law applicable proscribes the imposition of a past due charge or increased interest rate in the amount of the Past Due Charge or increased interest rate herein specified, then such lesser maximum charge or rate permitted by such law shall be charged by Payee.

D. Collections and Waivers.

1. Collection and Enforcement Costs. Maker, and all other persons or entities who are or may become liable on the indebtedness evidenced by this Note, agree jointly and severally, to pay all costs of collection, including reasonable attorneys' fees and all costs of any action or proceeding, in case any installment of this Note, or other payment is not paid when due.

2. Waivers. Maker, and all other persons or entities who are or may become liable for all or any part of this indebtedness, jointly and severally, waive diligence, presentment, protest and demand, notice of protest, of demand, of nonpayment, of dishonor and of maturity and agree that time is of the essence of every provision hereof.

E. Miscellaneous.

1. Payment in Lawful Money; No Offsets. All payments due hereunder shall be made in lawful money of the United States of America. All sums due hereunder shall be payable without offset, demand, abatement or counter-claim of any kind or nature whatsoever, all of which are hereby waived by Maker.

2. No Amendment or Waiver Except in Writing. This Note may not be amended or modified orally in any manner. This Note may be amended or modified only by a writing duly executed by Maker and Payee. No provision of this Note may be waived by Payee, except in writing executed by Payee, and which expressly refers to this Note, and no such waiver shall be implied from any act or conduct of Payee, or any omission by Payee to take action with respect to any provision of this Note. No such express written waiver shall affect any other provision of this Note, or cover any default or time period or event, other than the matter as to which an express written waiver has been given hereunder, as specified in such written waiver.

3. Governing Law. This Note shall be governed by and construed and enforced in accordance with the laws of the State of California.

4. Interest Rate Limitation. Notwithstanding any provision herein, the total liability for payments in the nature of interest hereunder shall not exceed limits imposed by the usury laws of the State of California or any other applicable law. None of the terms and provisions contained in this Note shall ever be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate in excess of the maximum interest rate permitted to be charged by applicable law. Maker shall never be required to pay interest on this Note at a rate in excess of the maximum interest that may be lawfully charged under such usury laws, as any such right or remedy shall not be construed as a waiver or release of such rights or remedies, or the right to exercise them at any later time.

IN WITNESS WHEREOF, Maker has executed this Note as of the day and year first above written.

"MAKER"
The City of Nevada City,
an incorporated city,

BY: _____
Robert Bergman, Mayor