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**STAFF MEMORANDUM FOR CITY COUNCIL MEETING**

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**TO:** Honorable City Council  
**FROM:** Catrina Andes, Finance Director   
**SUBJECT:** FY 10-11 - 1<sup>st</sup> Quarter Financial Reports  
**DATE:** November 10, 2010

**Recommendation:**

Staff recommends that the City Council accept the enclosed 1st Quarter Financial Reports.

**Background/Discussion:**

As of September 30, 2010 the City of Nevada City \$1.50 million cash cumulative of all City accounts vs. \$1.20 million September 30, 2009.

The City's General Fund long term debt was \$1.34 million as of September 30, 2010 vs. \$1.63 million September 30, 2009. The City of Nevada City paid back \$1.02 million to the Nevada County Treasurer for the Tax Revenue Anticipation Note (TRAN) for FY 09-10 on June 30, 2010. The City received a Transfer of Funds from Nevada County borrowing against 2010-2011 anticipated Property Taxes to be received in the amount of \$905k; this was received on July 7, 2010 (10% less than the previous fiscal year). The TRAN was originally used for City projects in the FY 08-09 consisting of; the payoff of the CalPERS side fund for \$626,781, the purchase of the DPW Vactron, 500 new water meter replacement, and the Solar Project installation at City Hall, Corp Yard, and the Swimming Pool. The City renewed the TRAN for fiscal year 2009-2010 for cash flow purposes, and received the Funds Transfer from Nevada County in 2010-2011 for cash flow purposes. The City's Enterprise Fund long term debt was \$5.19 million as of September 30, 2010 vs. \$5.36 million as of September 30, 2009, \$190k lower associated to principal reduction payments made since this same time in the fiscal year 2009-2010.

As of September 30, 2010, General Fund revenues were \$476k vs. \$556k September 30, 2009, down \$80k primarily in the areas of sales tax and all other revenues. There was a decline in sales tax. There was a one time State revenue reimbursement received in the first quarter of the 2009-2010 for \$112k that is miscellaneous revenue that inflated all other revenues for the fiscal year. The funds were for the US Tank Removal project at Zion that the City was eligible for, but had never submitted for reimbursement. General Fund revenues received at \$476k are 16% of the \$2.91 million overall fiscal year 2010-2011 budget, associated to timing in property tax collection.

As of September 30, 2010 Special Fund revenues were \$331k vs. \$127k September 30, 2009, up \$204k primarily associated to grant reimbursements and greater collection of Measure "S" sales tax. The City has received \$97k from the Hirschman's Pond Trail RTP Grant, \$52k from the 2009 Recovery Act Grant for the Police Department, and a \$45k difference in Measure "S" sales tax over the previous fiscal year 1<sup>st</sup> quarter which is associated to a timing difference in the posting of the September payment in the 2009-2010. Special Fund revenues received at \$331k are 12% of the \$2.79 million overall fiscal year 2010-2011 budget. Most Special Fund revenues are primarily tied to the timing of expenditures by the City and reimbursement based.

As of September 30, 2010 the Enterprise Fund revenues were \$319k vs. \$315k September 30, 2009, up \$4k associated to a slight increase in the Water Fees collected offset by a slight decrease in Wastewater Fees collected. Enterprise Fund revenues received at \$319k are 16% of the \$1.95 million overall fiscal year 2010-2011 budget, associated to timing based on the City's bi-monthly billing cycle.

As of September 30, 2010 the General Fund expenditures were at \$854k vs. \$866k September 30, 2009, down \$12k. The Police Department has a decrease in operational expense from last fiscal year of \$16k associated to a lower allocation of Workers Compensation and Liability Insurance expense, which is being slightly offset by the 2009 Recovery Act Grant received by the Police Department. The Department of Public works has a decrease in operational expense from last fiscal year of \$22k primarily associated to Salaries and Benefits. The Parks and Recreation department has a decrease in operational expenses from last fiscal year of \$20k associated to a cut back in the Summer Camp Programs. There is a substantial increase of \$42k in the General Government. This increase is due to non-allocation of Administrative time to other funds that have received direct cost allocations in past fiscal years.

For fiscal year 2010-2011, the Finance Director will be using the approved A-87 cost allocation plan created with MGT to cross charge direct and indirect costs associated to the Administration Department to other General Fund, Water Fund, and Sewer Fund departmental operational costs. These cross charges will be posted on a quarterly basis and will begin in the 2<sup>nd</sup> quarter of fiscal year 2010-2011, but cross charges will be posted back with a July 1, 2010 begin date which will adjust the \$42k variance for the General Government shown on the financials for the 1<sup>st</sup> quarter. This will then create an increase in operational costs for all other departments outside of the General Government going forward. General Fund expenditures at \$854k are 27% of the \$3.16 million overall fiscal year 2010-2011 budget, which is just about where expenses should be at the end of the 1<sup>st</sup> quarter.

As of September 30, 2010 the Special Fund expenditures, which include Capital Outlay, were at \$136k and are 7% of the \$2.05 million overall fiscal year 2010-2011 budget. These low expenditures vs. the actual budget are all timing related.

As of September 30, 2010 the Enterprise Fund expenditures were at \$514k vs. \$554k September 30, 2009, down \$40k. This reduction is primarily associated to the lack of Salary and Benefit direct cost allocation from Finance and Administration that has been cross charged in previous fiscal years. There is nearly a direct correlation between the \$42k increase in the General Government Department and the decrease in operation expenditures of the Water and Sewer Departments (as noted above, this allocation will be handled in the 2<sup>nd</sup> quarter using the City's new cost allocation plan). Also, to be noted, there is an increase in the Water Distribution and Sewer Collection Departments. This increase is offsetting to the decrease in the Water and Sewer Departments. The Department of Public Works allocations were moved from the Water and Sewer Departments to the Water Distribution and Sewer Collection Departments which is changed from the previous fiscal years.

The City continues to operate with cash flow and budget constraints during this current economic climate and is continually monitoring incoming revenues and prioritizing and reviewing program expenditures to support preserving the current financial status.

**City of Nevada City  
Statement of Condition  
September 30, 2010**

**Cash & Investments**

	<u>September 30, 2010</u>	<u>September 30, 2009</u>
Checking	\$ 843,288	\$ (103,880)
Core Account	\$ 26,621	\$ 72,308
LAIF	\$ 607,592	\$ 1,107,658
Fire Department	\$ 17,611	\$ 128,783
Petty Cash	\$ 75	\$ 75
<b>Total Cash &amp; Investments</b>	<b>\$ 1,495,188</b>	<b>\$ 1,204,943</b>

**Debt Governmental Activities**

	<u>Balance</u> <u>September 30, 2009</u>	<u>Balance</u> <u>September 30, 2009</u>	<u>Comments</u>
<b>Leases:</b>			
WestAmerica Bank - City Hall Remodel	\$ 291,342	\$ 398,650	Payments made twice yearly May/Nov
Oshkosh Capital - Fire Engine	\$ 164,073	\$ 198,866	Payments made once yearly Oct.
<b>Loans:</b>			
Citizens Bank - Dump Truck	\$ 7,133	\$ 17,472	Payments made monthly
<b>Trans:</b>			
*Nevada County - Tax & Revenue Anticipation Note	\$ 905,000	\$ 1,017,183	Payments made annually in June 30 - 10% of principal
<b>Total Governmental Debt</b>	<b>\$ 1,367,548</b>	<b>\$ 1,632,171</b>	

**Debt Business Type Activities (Water&Wastewater)**

<b>COP's:</b>			
Citizens - Wasterwater Treatment Plant Refunding 2008	\$ 845,418	\$ 893,690	Payments made twice yearly Aug/Feb
USDA - Wasterwater COP's Series 2005	\$ 2,074,000	\$ 2,100,000	Payments made twice yearly Dec/July (1st pmt int only/2nd pmt princ. & int)
USDA - Wasterwater COP's Series 2007	\$ 1,740,000	\$ 1,780,000	Payments made twice yearly Dec/July (1st pmt int only/2nd pmt princ. & int)
<b>Loan:</b>			
All Points Capital Corp - Water Plant Bond Refi	\$ 525,654	\$ 601,506	Payments made twice yearly Mar/Sept
<b>Total Business Type Debt</b>	<b>\$ 5,185,072</b>	<b>\$ 5,375,196</b>	

**PERs projected Contribution Rates:**

	<u>Balance</u> <u>Empl. Contrib. 10/11</u> <u>Actual</u>	<u>Balance</u> <u>Empl. Contrib. 11/12</u> <u>Projected</u>	<u>Empl. Contrib. 11/12</u> <u>Projected</u>
Miscellaneous Employees	10.263%+ 8%	11.6%+ 8%	report due October 2010
Safety Employees	19.094%+ 9%	21.6%+ 9%	report due October 2010

**2nd Tier Retirement (employee contributes 5% towards 7% employee portion)**

Miscellaneous Employees (2%@60)	7.209%+7%
Safety Employees (2%@55)	12.199%+7%

**New Debt - No new debt**

\*FY 08/09 the City entered into a debt issuance arranged with Nevada County. The TRAN is for \$1,130,204 @ 2.78% with an annual variable rate increase. The City used this loan to payoff the PERS side fund of \$626,781 08/02/08, and is using the remaining funds to finance various other City government and business type capital improvements such as solar, water meters, and several park projects.

\*FY 9/10 the City paid off the 08/09 TRAN for \$1,130,204 with \$29,024.64 in interest. The City entered into a debt issuance arrangement with Nevada County. The TRAN is for \$1,017,183 @ .74%. The principal and interest are due 06/30/10. The TRAN is for cash flow and several unfinished projects from the 08/09 FY. The City will review the potential renewal of the TRAN less 10% at the beginning of the FY 10/11.

\*FY 10/11 the City paid off the 09/10 TRAN for \$1,017,183 with \$7,713.64 in interest. The City entered into a Transfer of Funds debt issuance arrangement with Nevada County. The TRAN is for \$905,000 @ .40% (with a quarterly variable rate based on the Nevada County Pool rate). The repayment of the Transfer of Funds will be made in two installments 50% repayment withheld from Property Tax Installment #1 in January 2011. The remaining 50% repayment withheld from Property Tax Installment #2 in May 2011. The Funds Transfer is for cash flow due to payoff of PERS side fund in 08/09 & Citywide projects. The City will review the potential for another Transfer of Funds less 10% at the beginning of the FY 11/12.

City of Nevada City  
Revenues & Expenditures  
September 30, 2010

	<u>Actual</u> <u>September 30, 2010</u>	<u>Actual</u> <u>September 30, 2009</u>
<b><u>Revenues - Governmental Activities</u></b>		
Sales Taxes (includes prop. tax in lieu of sales tax)	\$ 142,949	\$ 175,093
Property Taxes (includes prop tax in lieu of VLF)	\$ 55,666	\$ 62,054
Transient Occupancy Taxes	\$ 64,819	\$ 50,847
Franchises	\$ 12,761	\$ 12,114
All Other Revenues	\$ 200,000	\$ 255,963
<b>Total Governmental Revenue</b>	<b>\$ 476,195</b>	<b>\$ 556,071</b>
1) Property Tax 1st payment due to City January '10 (1st 1/2 of Funds Transfer payment due)		
<b>Proceeds from Debt</b>	<b>\$ 905,000</b>	<b>\$ 1,017,183</b>
<b><u>Revenues - Special</u></b>		
AB1600 Mitigation Fees	\$ -	\$ -
Nevada/Main Project Bridge	\$ -	\$ -
NCTC RSTP/STIP Streets & Roads	\$ 6,792	\$ 10,683
NCTC Local Ped & Bike	\$ -	\$ -
Traffic Relief	\$ 7,613	\$ 6,132
RTMF	\$ -	\$ 4,648
Gas Tax	\$ 6,913	\$ -
Indian Trails	\$ -	\$ -
Fire Tax	\$ 4,856	\$ 4,815
NC Rec/Quimby Park & Recreation Mitigation	\$ 18,386	\$ -
CDBG-Water	\$ -	\$ -
CMAQ Grant Clean Air Vehicles	\$ 3,466	\$ -
CDBG-Enterprise	\$ -	\$ -
Safe Routes to Schools	\$ 50	\$ -
RTP Grant	\$ 97,444	\$ -
Mathivet Trust	\$ -	\$ -
Recovery Act '09 Grant	\$ 51,851	\$ -
Constitution Day	\$ 1,925	\$ 3,190
Becker	\$ -	\$ -
BID	\$ -	\$ 446
Measure "S" Sales Tax	\$ 132,083	\$ 86,800
USPEA Grant	\$ -	\$ 10,269
<b>Total Special Revenue</b>	<b>\$ 331,379</b>	<b>\$ 126,982</b>
<b><u>Revenues - Business Type Activities</u></b>		
Water Fund (includes interest)	\$ 97,704	\$ 91,183
Water Mitigation	\$ -	\$ -
Sewer Fund (includes interest&program (button transportation)	\$ 216,856	\$ 220,248
Sewer Mitigation	\$ -	\$ -
Veterans Building	\$ 4,099	\$ 3,439
<b>Total Business Type Revenue</b>	<b>\$ 318,660</b>	<b>\$ 314,870</b>
<b><u>Expenditures - Governmental Activities</u></b>		
General Government (admin, cc, pc, city atny, eng, mngr, clerk, tre)	\$ 179,166	\$ 136,657
Fire Department	\$ 118,660	\$ 115,531
Police Department	\$ 356,812	\$ 372,612
Public Works (b&g, streets)	\$ 103,260	\$ 125,127
Park and Recreation (p&r, pool, summer prg.)	\$ 96,261	\$ 116,186
<b>Total Governmental Expenditures less Capital Outlay</b>	<b>\$ 854,159</b>	<b>\$ 866,112</b>
<b><u>Expenditures - Special Revenue Activities</u></b>		
Gas Tax	\$ 103	\$ 3,702
Recovery Act '09 Police Department Grant	\$ 68,991	\$ 6,805
<b>Total Special Revenue Expenditures less Capital Outlay</b>	<b>\$ 69,094</b>	<b>\$ 10,506</b>
<b><u>Expenditures - Business Type Activities</u></b>		
Water	\$ 129,842	\$ 200,691
Water Distribution	\$ 31,909	\$ 3,113
Sewer	\$ 306,397	\$ 344,789
Sewer Collection	\$ 37,412	\$ 27
Veterans Building	\$ 8,748	\$ 6,120
<b>Total Business Type Expenditures less Capital Outlay</b>	<b>\$ 514,309</b>	<b>\$ 554,740</b>

City of Nevada City  
Revenues & Expenditures  
September 30, 2010

	Actual September 30, 2010	Annual Budget	\$\$ Annual Budget	% Annual Budget
<b>Revenues - Governmental Activities</b>				
Sales Taxes (includes prop. tax in lieu of sales tax)	\$ 142,949	\$ 709,000	\$ 566,051	20%
Property Taxes (includes prop tax in lieu of VLF)	\$ 55,666	\$ 1,345,023	\$ 1,289,357	4%
Transient Occupancy Taxes	\$ 64,819	\$ 250,000	\$ 185,181	26%
Franchises	\$ 12,761	\$ 88,000	\$ 75,239	15%
All Other Revenues	\$ 200,000	\$ 518,920	\$ 318,920	39%
<b>Total Governmental Revenue</b>	<b>\$ 476,195</b>	<b>\$ 2,910,943</b>	<b>\$ 2,434,748</b>	<b>16%</b>

1) Property Tax 1st payment due to City January '10 (1st 1/2 of Funds Transfer payment due)

Proceeds from Debt	\$ 905,000	\$ 905,000
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	Actual	Annual Budget	\$\$	%
<b>Revenues - Special</b>				
AB1600 Mitigation Fees	\$ -	\$ -	\$ -	0%
Nevada/Main Project Bridge	\$ -	\$ 150,000	\$ 150,000	0%
NCTC RSTP/STIP Streets & Roads	\$ 6,792	\$ 17,116	\$ 10,324	40%
NCTC Local Ped & Bike	\$ -	\$ 10,000	\$ 10,000	0%
Traffic Relief	\$ 7,613	\$ 27,000	\$ 19,387	28%
Gas Tax	\$ 6,913	\$ 67,258	\$ 60,345	10%
Fire Tax	\$ 4,856	\$ 94,000	\$ 89,144	5%
NC Rec/Quimby Park & Recreation Mitigation	\$ 18,386	\$ 70,745	\$ 52,359	26%
CMAQ Grant Streets & Roads	\$ -	\$ 145,000	\$ 145,000	0%
Sugarloaf - Proposition 40 Bond Funds	\$ -	\$ 379,255	\$ 379,255	0%
Safe Routes to Schools (Zion, Brock, Doan-sidewalk, cross walks, improved turn lanes)	\$ 50	\$ 180,000	\$ 179,950	0%
RTP Grant - Hirschmand's Pond	\$ 97,444	\$ 125,000	\$ 27,556	78%
Recovery Act 09 Grant	\$ 51,851	\$ 313,479	\$ 261,628	17%
Constitution Day	\$ 1,925	\$ 12,000	\$ 10,075	16%
ARRA - Broad Stimulus	\$ -	\$ 120,000	\$ 120,000	0%
Brownfield 2010	\$ -	\$ 170,000	\$ 170,000	0%
Measure "S" Sales Tax	\$ 132,083	\$ 508,000	\$ 375,917	26%
CMAQ Grant Clean Air Vehicles	\$ 3,466	\$ 270,000	\$ 266,534	1%
Prop 172 SB509	\$ -	\$ 30,000	\$ 30,000	0%
SLESF - Supplemental Law Enforcement	\$ -	\$ 100,000	\$ 100,000	0%
<b>Total Special Revenue</b>	<b>\$ 331,379</b>	<b>\$ 2,788,853</b>	<b>\$ 2,457,474</b>	<b>12%</b>

	Actual	Annual Budget	\$\$	%
<b>Revenues - Business Type Activities</b>				
Water Fund (includes interest)	\$ 97,704	\$ 573,800	\$ 476,096	17%
Water Mitigation	\$ -	\$ -	\$ -	0%
Sewer Fund (includes interest)	\$ 216,856	\$ 1,349,792	\$ 1,132,936	16%
Sewer Mitigation	\$ -	\$ 3,000	\$ 3,000	0%
Veterans Building	\$ 4,099	\$ 18,700	\$ 14,601	22%
<b>Total Business Type Revenue</b>	<b>\$ 318,660</b>	<b>\$ 1,945,292</b>	<b>\$ 1,626,632</b>	<b>16%</b>

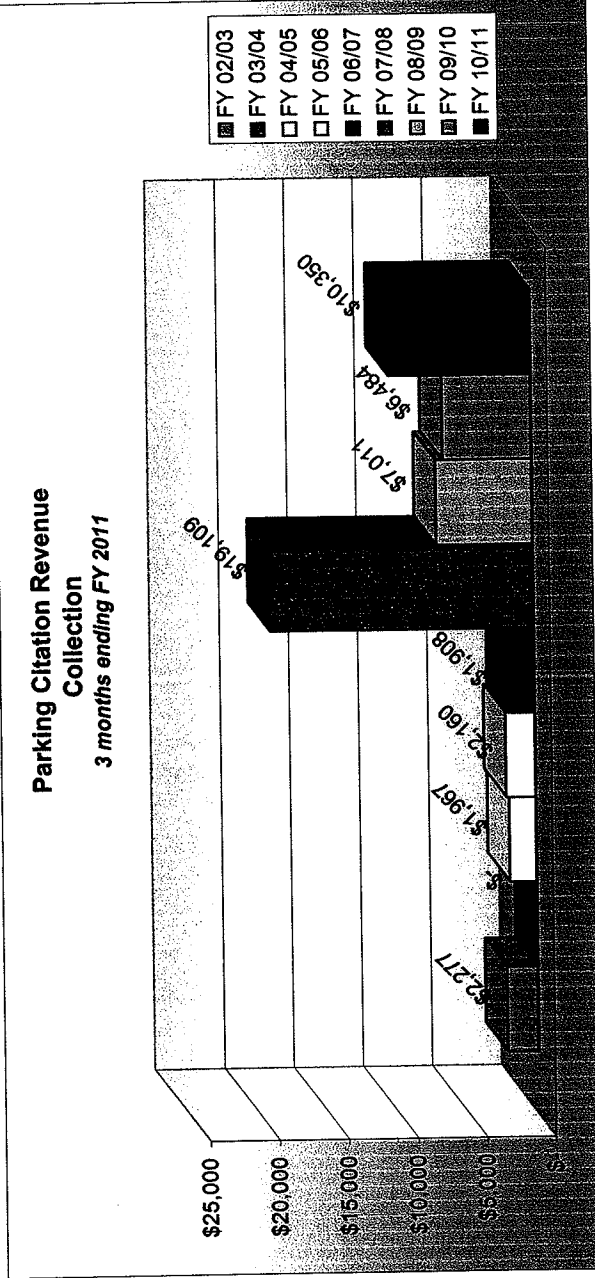
	Actual	Annual Budget	\$\$	%
<b>Expenditures - Governmental Activities</b>				
General Government (admin, cc, pc, city attny, eng, mngr, clerk, treas., plan)	\$ 179,166	\$ 764,319	\$ 585,153	23%
Fire Department	\$ 118,660	\$ 467,009	\$ 348,349	25%
Capital Outlay Fire Department	\$ -	\$ -	\$ -	0%
Police Department	\$ 356,812	\$ 1,214,897	\$ 858,085	29%
Capital Outlay Police Department	\$ -	\$ 52,600	\$ 52,600	0%
Public Works (b&g, streets, train museum, measure "s" us tank removal)	\$ 103,260	\$ 400,382	\$ 297,122	26%
Park and Recreation (p&r, pool, summer prg)	\$ 96,261	\$ 256,797	\$ 160,536	37%
<b>Total Governmental Expenditures including Capital Outlay</b>	<b>\$ 854,159</b>	<b>\$ 3,156,004</b>	<b>\$ 1,473,394</b>	<b>27%</b>

	Actual	Annual Budget	\$\$	%
<b>Expenditures - Special Revenue Activities</b>				
Gas Tax	\$ 103	\$ 35,000		
Recovery Act '09 Police Department Grant	\$ 68,991	\$ 292,969		
NCTC Local Ped & Bike	\$ -	\$ 10,000		
Brownfield 2020 (Hazardous Substances Community Assessment Grant for Deer Creek Watershed)	\$ -	\$ 149,600		
Constitution Day	\$ -	\$ 12,000		
<b>CAPITAL OUTLAY</b>				
NCTC RSTP/STIP Streets & Roads Disabled Access Capital Outlay	\$ -	\$ 25,000		
CMAQ (S&R) - Gold Flat Roundabouts, E. Broad Sidewalks, Ridge/Zion Sidewalks Capital	\$ 9,078	\$ 127,600		
CMAQ (Clean Air) - Street Sweeper & Backhoe	\$ 450	\$ 270,000		
Safe Routes to Schools Grant - Zion, Brock, Doane Sidewalk/Crosswalks - Turn Lane Impro	\$ 1,918	\$ 158,400		
Highway Bridge Project Grant - Nevada Street Bridge	\$ -	\$ 132,000		
ARRA - Stimulus - Broad Street Overlay	\$ 2,100	\$ 105,600		
Measuer "S" - 2011 Summer Project & Maintenance	\$ -	\$ 161,870		
Prop 40/County Mitigation Purchase Asset Sugarloaf	\$ -	\$ 450,000		
RTP Grant - Hirschmand's Pond Trail Construction	\$ 53,408	\$ 120,000		
<b>Total Special Revenue Expenditures including Capital Outlay</b>	<b>\$ 136,046</b>	<b>\$ 2,050,039</b>	<b>\$ 1,913,993</b>	<b>7%</b>

	Actual	Annual Budget	\$\$	%
<b>Expenditures - Business Type Activities</b>				
Water	\$ 129,842	\$ 437,359	\$ 307,517	30%
Water Distribution	\$ 31,909	\$ 240,254	\$ 208,345	13%
Capital Outlay Water Treatment Plant	\$ -	\$ 80,000	\$ 80,000	0%
Capital Outlay Water Distribution	\$ -	\$ 75,000	\$ 75,000	0%
Sewer	\$ 306,397	\$ 892,712	\$ 586,315	34%
Sewer Distribution	\$ 37,412	\$ 241,743	\$ 204,331	15%
Capital Outlay Sewer Plant	\$ -	\$ 36,000	\$ 36,000	0%
Capital Outlay Sewer Collection	\$ -	\$ 150,000	\$ 150,000	0%
Veterans Building	\$ 8,748	\$ 39,321	\$ 30,573	22%
<b>Total Business Type Expenditures including Capital Outlay</b>	<b>\$ 514,309</b>	<b>\$ 2,192,389</b>	<b>\$ 1,678,080</b>	<b>23%</b>

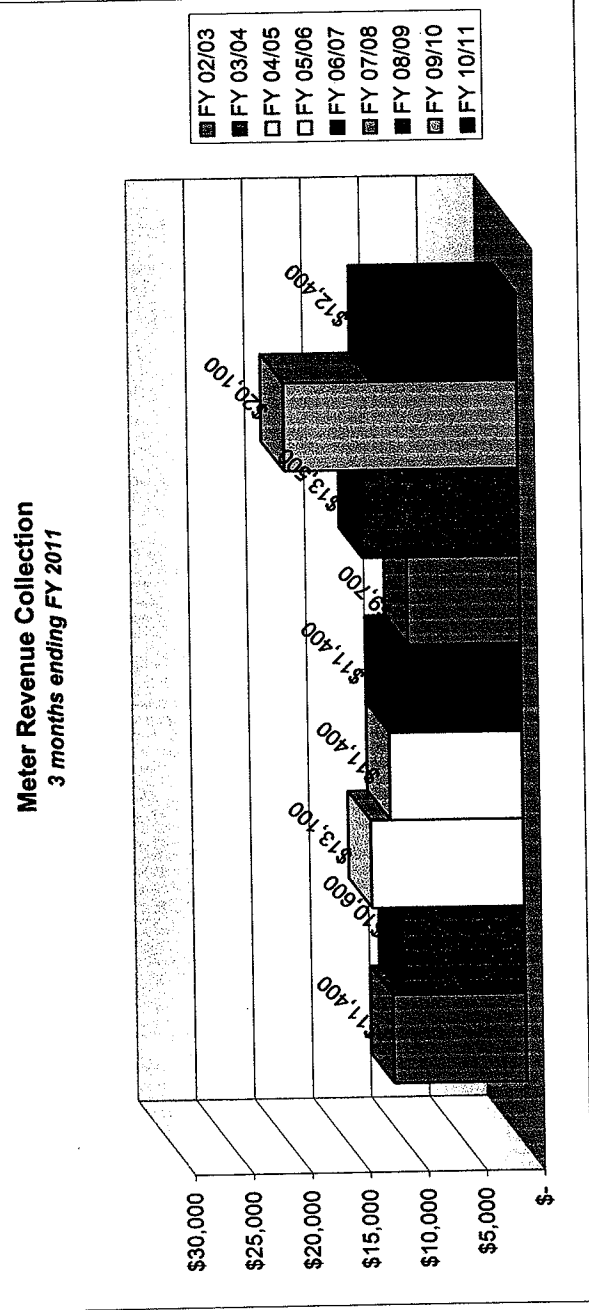
**YTD Analysis Parking Citations Collection  
3700-162**

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	total
FY 02/03	\$ -	\$ -	\$ 2,277	\$ 1,054	\$ 1,666	\$ 1,626	\$ -	\$ 2,220	\$ 825	\$ 2,824	\$ -	\$ 1,718	\$ 14,210
FY 03/04	\$ -	\$ -	\$ 2,277	\$ 2,236	\$ 1,425	\$ 1,154	\$ (10)	\$ 2,882	\$ 1,762	\$ 1,576	\$ 1,938	\$ 571	\$ 13,534
FY 04/05	\$ 891	\$ 1,076	\$ -	\$ 847	\$ 1,126	\$ -	\$ 1,144	\$ (114)	\$ 1,618	\$ 450	\$ 795	\$ 1,645	\$ 9,478
FY 05/06	\$ 584	\$ 987	\$ 1,967	\$ 997	\$ 902	\$ 1,705	\$ 205	\$ 765	\$ 612	\$ 452	\$ 270	\$ 885	\$ 8,953
FY 06/07	\$ 681	\$ 716	\$ 2,160	\$ 1,839	\$ 2,048	\$ 2,085	\$ 1,535	\$ 1,561	\$ 965	\$ 472	\$ 865	\$ 2,170	\$ 15,448
FY 07/08	\$ 4,367	\$ 7,172	\$ 1,908	\$ 5,300	\$ 6,101	\$ 2,356	\$ 1,370	\$ 3,353	\$ 3,684	\$ 3,125	\$ 4,450	\$ 4,265	\$ 53,113
FY 08/09	\$ 1,735	\$ 3,366	\$ 19,709	\$ 3,210	\$ 2,805	\$ 1,715	\$ 1,243	\$ 2,766	\$ 4,045	\$ 3,480	\$ 2,240	\$ 3,379	\$ 31,894
FY 09/10	\$ 1,566	\$ 3,881	\$ 7,011	\$ 1,261	\$ 1,475	\$ 1,172	\$ 740	\$ 1,460	\$ 22,795	\$ 6,860	\$ 3,095	\$ 2,980	\$ 29,538
FY 10/11	\$ 1,934	\$ 4,484	\$ 6,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,011	\$ -	\$ -	\$ -	\$ 10,350
													\$ 10,350



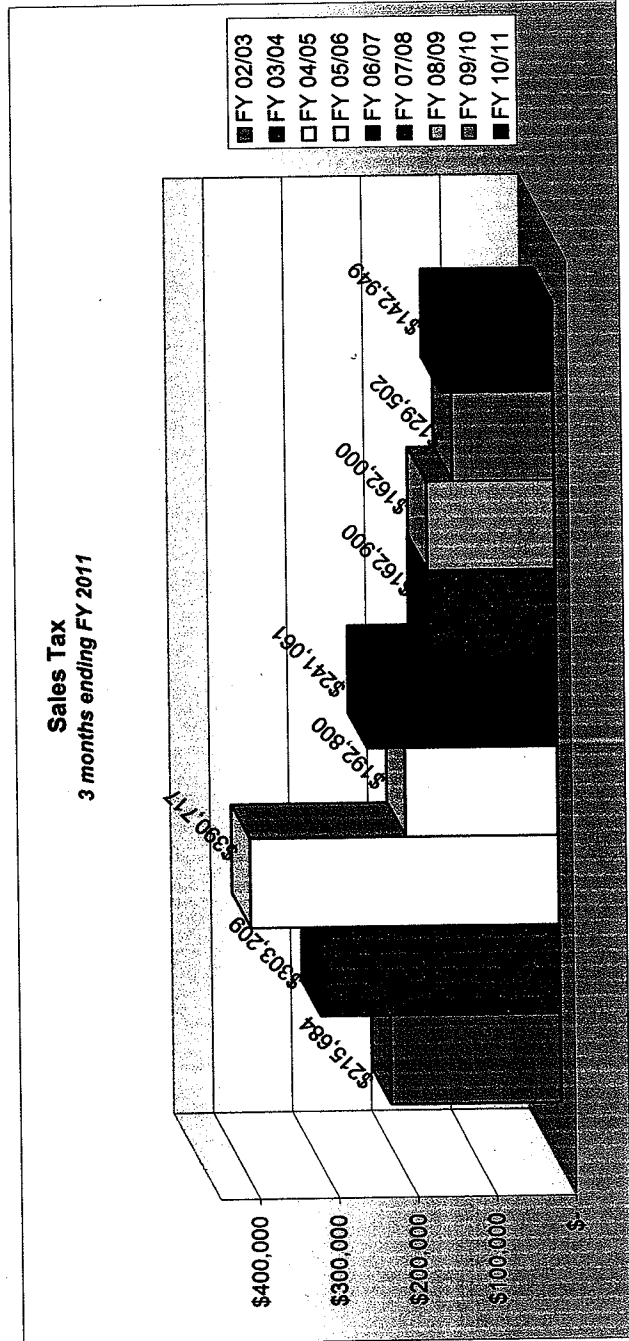
**YTD Analysis Parking Meter Collection  
3700-166**

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	total
FY 02/03	\$ 4,700	\$ 2,000	\$ 4,700	\$ 3,200	\$ 3,700	\$ 3,000	\$ 2,200	\$ 4,700	\$ 3,200	\$ 3,500	\$ 6,700	\$ 3,700	\$ 45,300
FY 03/04	\$ 3,200	\$ 4,200	\$ 3,200	\$ 3,000	\$ 4,200	\$ 3,200	\$ 2,500	\$ 2,700	\$ 3,200	\$ 6,748	\$ -	\$ 6,900	\$ 43,048
FY 04/05	\$ 3,700	\$ 5,200	\$ 4,200	\$ -	\$ 4,000	\$ 4,200	\$ 2,700	\$ 3,200	\$ 3,500	\$ 4,774	\$ 2,700	\$ 3,700	\$ 41,874
FY 05/06	\$ 4,700	\$ 4,700	\$ 2,000	\$ 4,700	\$ 5,400	\$ 5,205	\$ -	\$ 3,700	\$ 5,700	\$ -	\$ 5,200	\$ 4,700	\$ 46,005
FY 06/07	\$ -	\$ 7,700	\$ 3,700	\$ 4,200	\$ -	\$ 7,400	\$ 4,000	\$ -	\$ 5,400	\$ 5,700	\$ 4,000	\$ 7,300	\$ 49,400
FY 07/08	\$ 2,200	\$ 7,500	\$ -	\$ 10,200	\$ 5,000	\$ -	\$ 5,500	\$ 4,125	\$ -	\$ 7,500	\$ 5,500	\$ 9,742	\$ 57,267
FY 08/09	\$ 3,500	\$ 5,000	\$ 5,000	\$ 6,200	\$ 5,500	\$ 11,400	\$ 6,700	\$ 7,200	\$ -	\$ 6,200	\$ 6,200	\$ 13,078	\$ 75,978
FY 09/10	\$ 8,200	\$ 6,700	\$ 5,200	\$ 8,200	\$ 8,200	\$ 5,200	\$ 7,200	\$ 9,215	\$ 6,200	\$ 7,385	\$ 7,200	\$ 1,822	\$ 80,722
FY 10/11	\$ 4,000	\$ 8,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
			\$ 12,400										



**YTD Analysis Sales Tax (includes in lieu of sales tax)  
3200-107**

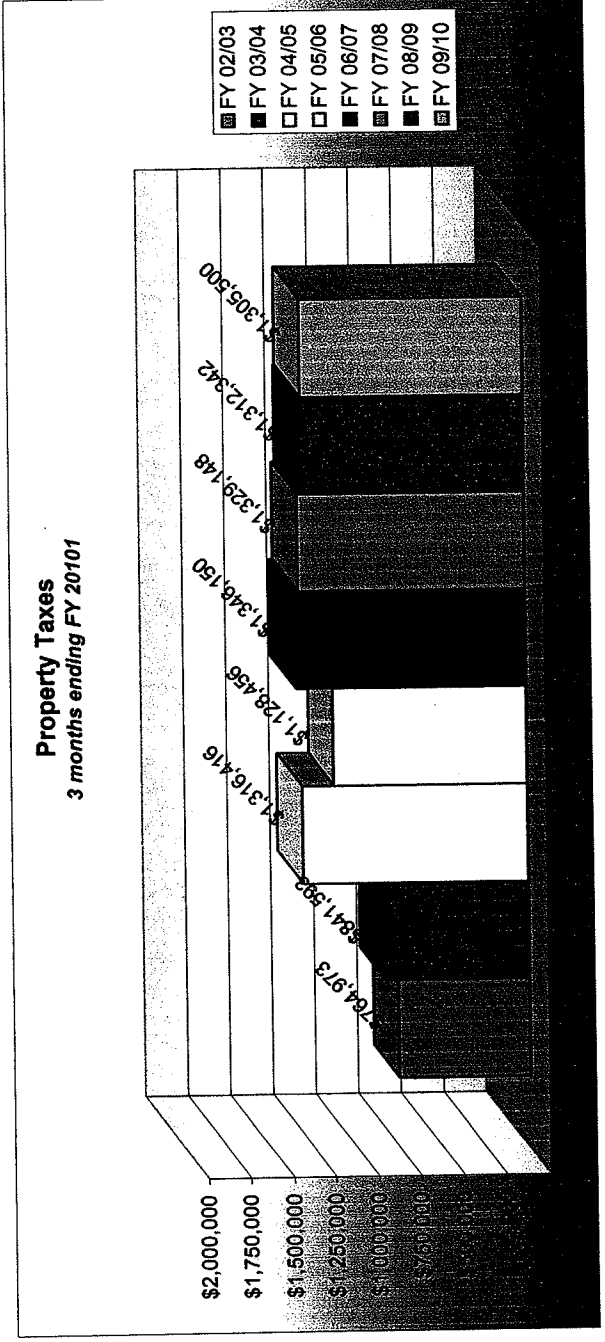
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	total
FY 02/03	\$ 63,300	\$ 76,900	\$ 75,484	\$ 64,100	\$ 81,000	\$ 123,550	\$ 72,500	\$ 96,700	\$ 117,170	\$ 64,700	\$ 86,200	\$ 67,900	\$ 989,504
		\$ 215,684											
FY 03/04	\$ 62,500	\$ 73,900	\$ 166,809	\$ 69,800	\$ 93,000	\$ 118,483	\$ 84,900	\$ 113,200	\$ 124,281	\$ 63,800	\$ 85,100	\$ 104,040	\$ 1,159,813
		\$ 303,209											
FY 04/05	\$ 78,400	\$ 104,500	\$ 207,817	\$ 57,300	\$ 76,400	\$ 85,698	\$ 74,000	\$ 98,700	\$ -	\$ 147,721	\$ 77,300	\$ 58,957	\$ 1,066,793
		\$ 390,717											
FY 05/06	\$ 82,600	\$ 110,200	\$ -	\$ 94,004	\$ 73,700	\$ 114,885	\$ 202,709	\$ 105,000	\$ -	\$ 99,035	\$ 212,337	\$ 89,076	\$ 1,183,547
		\$ 192,800											
FY 06/07	\$ 75,600	\$ 100,800	\$ 64,661	\$ 62,700	\$ 83,700	\$ 117,358	\$ 206,922	\$ 101,300	\$ -	\$ 150,002	\$ 200,622	\$ 91,491	\$ 1,255,156
		\$ 241,061											
FY 07/08	\$ 69,800	\$ 93,100	\$ -	\$ 137,713	\$ 58,800	\$ 64,326	\$ 261,046	\$ 107,800	\$ 42,475	\$ 45,700	\$ 241,146	\$ 109,416	\$ 1,231,322
		\$ 162,900											
FY 08/09	\$ 78,700	\$ 83,300	\$ 83,300	\$ 50,100	\$ 66,800	\$ 120,161	\$ 162,516	\$ 81,400	\$ -	\$ -	\$ 106,987	\$ 152,525	\$ 902,489
		\$ 162,000											
FY 09/10	\$ 56,100	\$ 66,500	\$ 6,902	\$ 51,400	\$ -	\$ 73,747	\$ 154,471	\$ -	\$ 97,734	\$ 28,400	\$ 148,071	\$ 31,725	\$ 715,050
		\$ 129,502											
FY 10/11	\$ 36,500	\$ 48,700	\$ 57,749	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 142,949
		\$ 142,949											



**YTD Analysis Property Taxes**  
**3100**

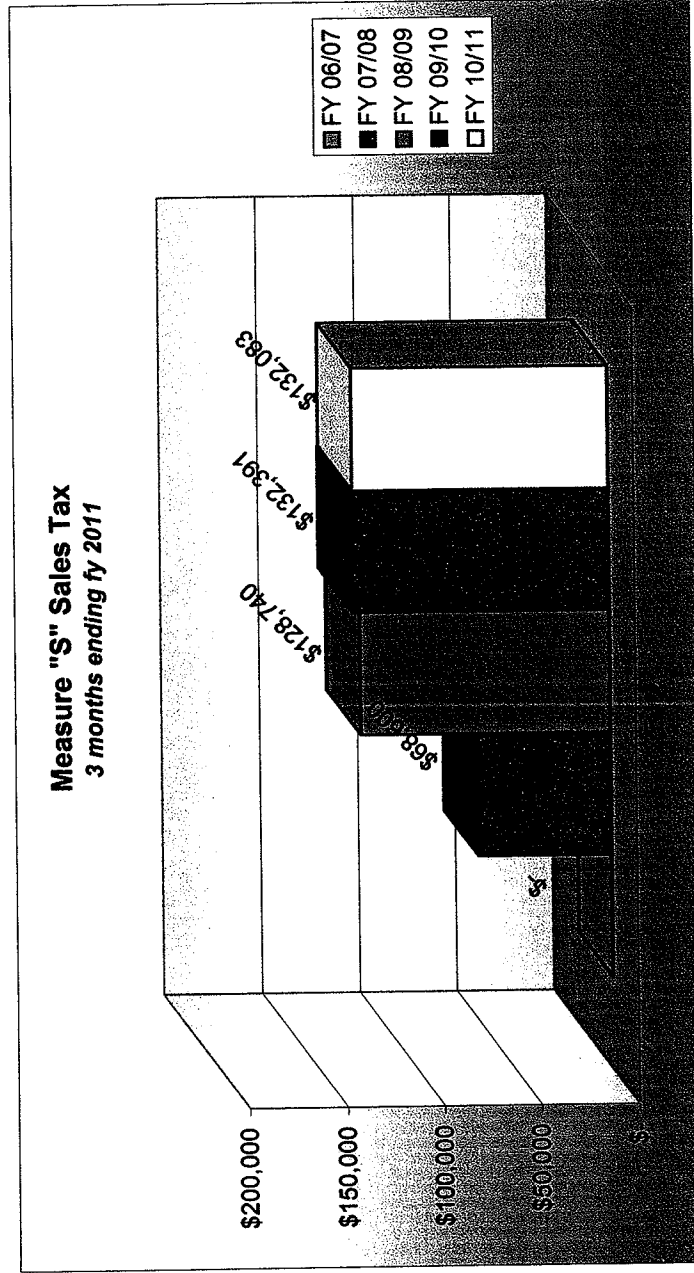
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	total
FY 02/03						\$ 20	\$419,355				\$ 303,583	\$ 42,015	\$ 764,973
FY 03/04							\$439,225				\$ 140,135	\$262,233	\$ 841,593
FY 04/05							\$451,229				\$ 793,856	\$ 71,331	\$1,316,416
FY 05/06							\$615,649				\$ 439,110	\$ 73,696	\$1,128,456
FY 06/07							\$775,021				\$ 505,087	\$ 66,041	\$1,346,150
FY 07/08							\$725,621				\$ 541,000	\$ 62,527	\$1,329,148
FY 08/09							\$757,317				\$ 555,497	\$ (473)	\$1,312,342
FY 09/10							\$744,833				\$ 567,056	\$ (6,389)	\$1,305,500
FY 10/11													

1st yr recvd prop in lieu of VLF



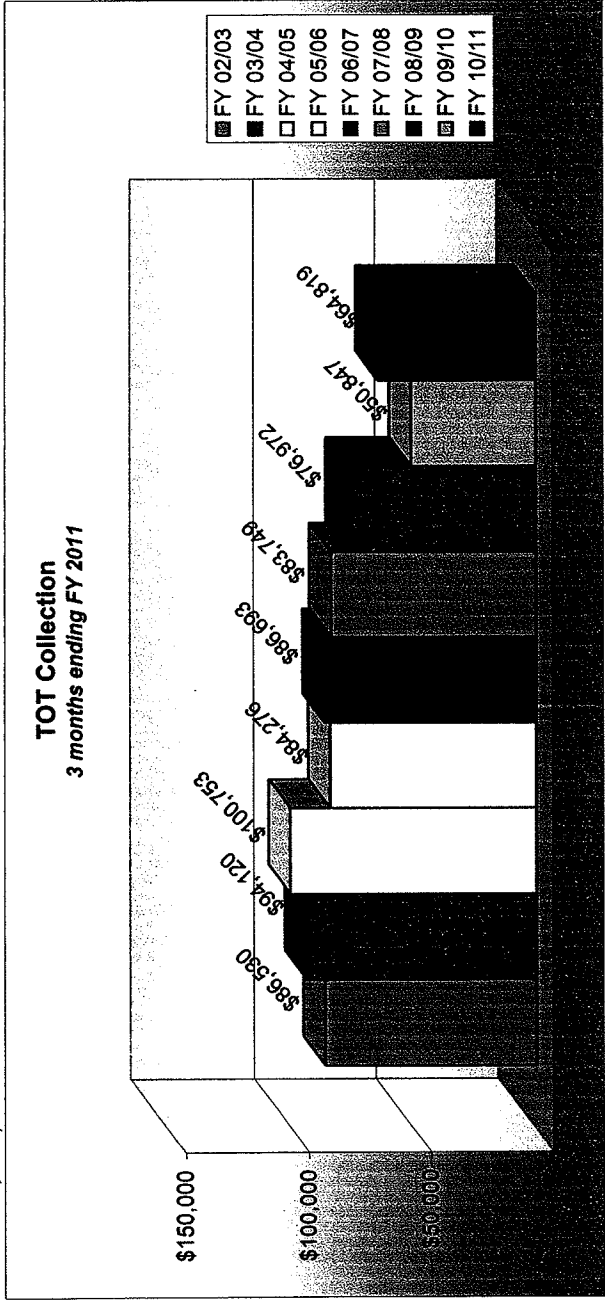
**YTD Analysis Measure "S" Sales Tax  
3200-107**

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	total
FY 06/07												\$ 58,800	\$ 58,800
FY 07/08	\$ 29,400	\$ 39,200	\$ -	\$ 79,769	\$ 42,100	\$ 100,974	\$ 40,100	\$ 53,400	\$ 79,588	\$ 22,600	\$ 30,100	\$ 137,228	\$ 654,459
		\$ 68,600											
FY 08/09	\$ 48,800	\$ 79,940	\$ 45,200	\$ 60,200	\$ 63,900	\$ 51,400	\$ 56,300	\$ -	\$ 47,701	\$ 33,100	\$ 101,532	\$ 588,073	
		\$ 128,740											
FY 09/10	\$ 37,200	\$ 49,600	\$ 45,591	\$ 40,200	\$ 44,700	\$ 41,377	\$ 38,000	\$ -	\$ 86,066	\$ 28,100	\$ 41,000	\$ 43,297	\$ 495,131
		\$ 132,391											
FY 10/11	\$ 35,100	\$ 46,800	\$ 50,183										\$ 132,083
		\$ 132,083											



**YTD Analysis Transient Occupancy Tax  
3200-106**

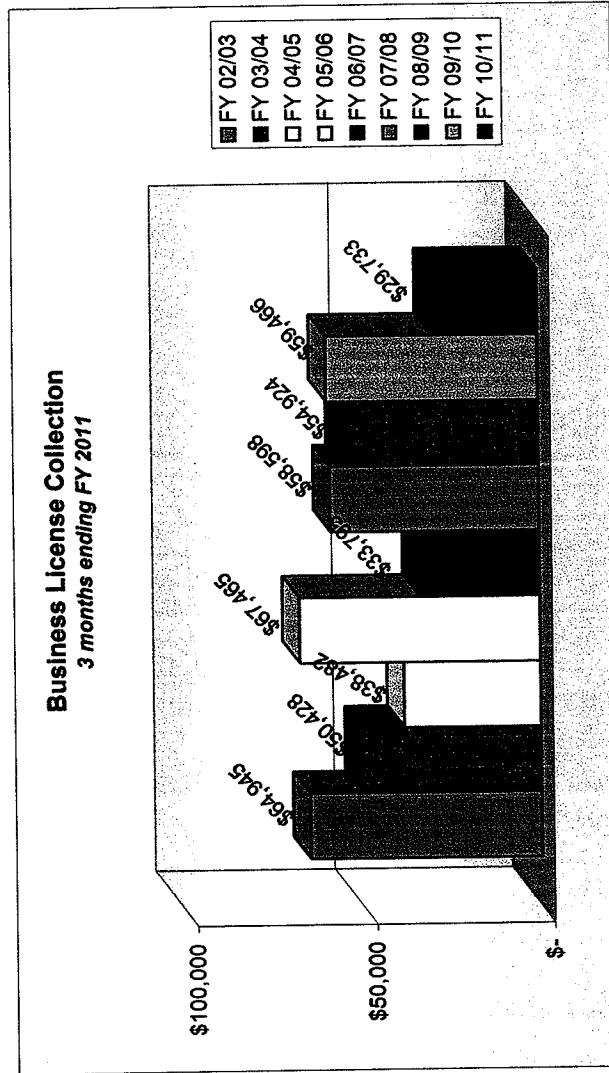
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	total
FY 02/03	\$ 57,886	\$ 25,244	\$ 3,400	\$ 62,205	\$ 32,690	\$ 8,046	\$ 54,132	\$ 24,000	\$ 3,569	\$ 37,733	\$ 15,546	\$ 22,222	\$ 346,672
			\$ 86,530										
FY 03/04	\$ 62,309	\$ 19,941	\$ 11,871	\$ 62,958	\$ 20,964	\$ 12,349	\$ 40,321	\$ 34,518	\$ 8,842	\$ 41,374	\$ 10,951	\$ 10,578	\$ 336,975
			\$ 94,120										
FY 04/05	\$ 61,619	\$ 25,050	\$ 14,084	\$ 60,440	\$ 30,827	\$ 9,106	\$ 46,591	\$ 35,178	\$ 6,329	\$ 10,349	\$ 34,107	\$ 10,662	\$ 344,342
			\$ 100,753										
FY 05/06	\$ 3,412	\$ 72,828	\$ 8,036	\$ 78,308	\$ 4,509	\$ 10,105	\$ 66,086	\$ 18,053	\$ 4,631	\$ 4,849	\$ 53,530	\$ 2,921	\$ 327,268
			\$ 84,276										
FY 06/07	\$ 19,279	\$ 59,088	\$ 8,326	\$ 74,099	\$ 20,238	\$ 16,328	\$ 17,162	\$ 57,461	\$ 6,273	\$ 19,647	\$ 35,888	\$ 10,656	\$ 344,444
			\$ 86,693										
FY 07/08	\$ 22,782	\$ 53,480	\$ 7,486	\$ 75,807	\$ 7,784	\$ 6,829	\$ 63,626	\$ 4,068	\$ 4,522	\$ 28,673	\$ 15,264	\$ 3,893	\$ 294,215
			\$ 83,749										
FY 08/09	\$ 17,503	\$ 51,500	\$ 7,969	\$ 24,812	\$ 43,993	\$ 7,987	\$ 25,032	\$ 7,618	\$ 7,358	\$ 18,375	\$ 10,039	\$ (18,827)	\$ 203,360
			\$ 76,972										
FY 09/10	\$ 18,178	\$ 25,562	\$ 7,107	\$ 32,603	\$ 8,556	\$ 11,546	\$ 18,366	\$ 13,477	\$ 6,930	\$ 12,371	\$ 8,627	\$ 16,976	\$ 180,299
			\$ 50,947										
FY 10/11	\$ 36,641	\$ 13,936	\$ 14,242										\$ 64,819
			\$ 64,819										



**YTD Business Licenses  
3300-120**

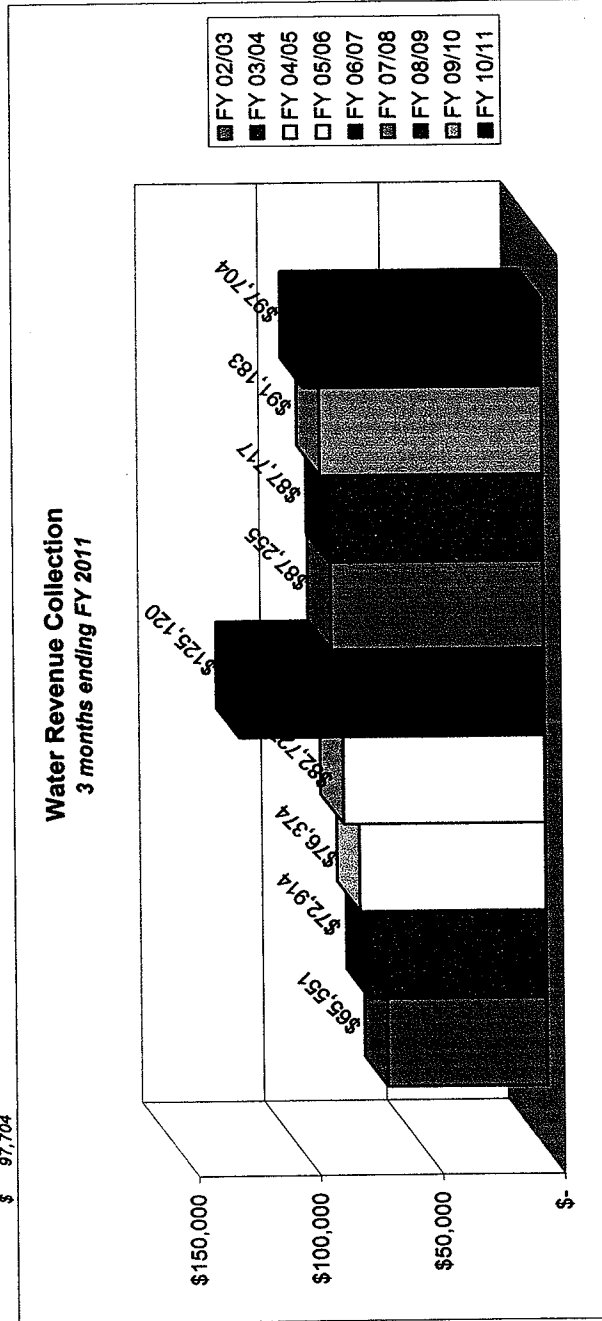
YTD

FY 02/03	\$ 64,945
FY 03/04	\$ 50,428
FY 04/05	\$ 38,482
FY 05/06	\$ 67,465 (accrued for 05/06 audit \$35389.50)
FY 06/07	\$ 33,795 (reverse for 05/06 accrual \$35389.50 the \$35k was an unrealized overaccrual)
FY 07/08	\$ 58,598
FY 08/09	\$ 54,924
FY 09/10	\$ 59,466
FY 10/11	\$ 29,733



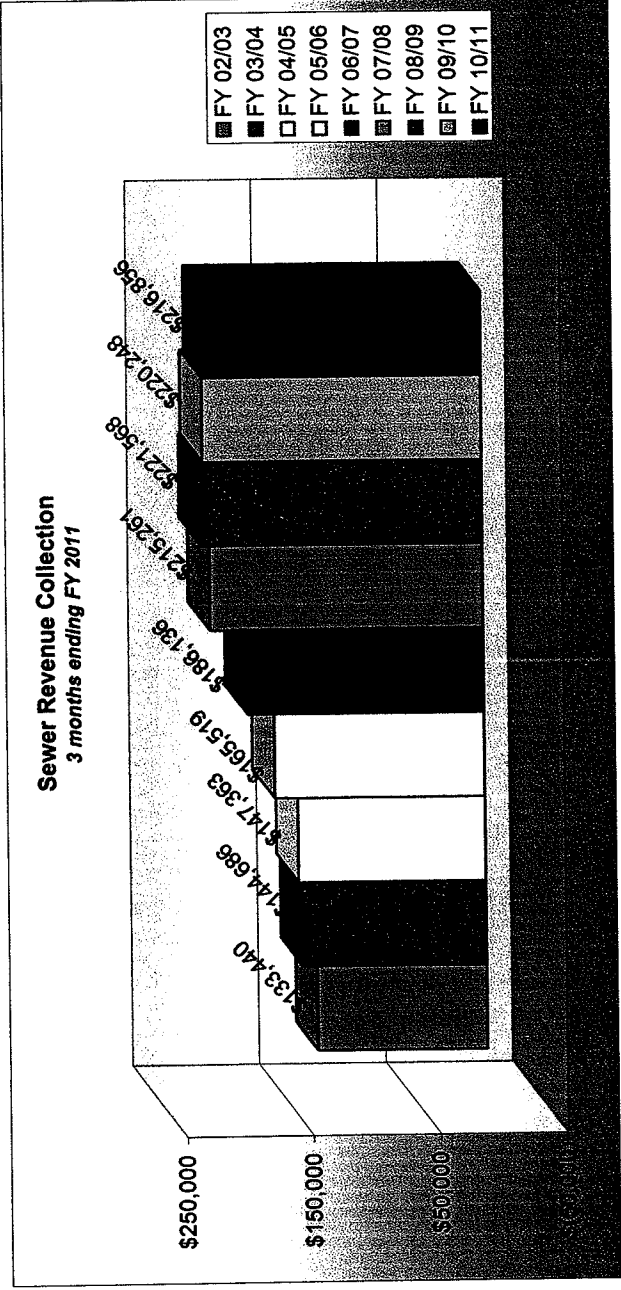
**YTD Analysis Water Revenue  
600-3800**

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
FY 02/03	\$ -	\$ 65,551	\$ -	\$ 65,110	\$ (400)	\$ 64,249	\$ -	\$ 63,631	\$ (3,647)	\$ 64,131	\$ (198)	\$ 73,010	\$ 391,437
FY 03/04	\$ -	\$ 72,943	\$ 65,551	\$ (29)	\$ 70,783	\$ -	\$ 70,852	\$ -	\$ 79,284	\$ -	\$ 79,284	\$ -	\$ 474,349
FY 04/05	\$ 50	\$ 76,324	\$ 72,914	\$ -	\$ 73,476	\$ -	\$ 73,739	\$ -	\$ 77,026	\$ -	\$ 77,026	\$ -	\$ 428,220
FY 05/06	\$ -	\$ 83,311	\$ 76,374	\$ (585)	\$ 79,214	\$ -	\$ 76,535	\$ (52)	\$ 74,947	\$ -	\$ 78,957	\$ -	\$ 468,613
FY 06/07	\$ -	\$ 127,617	\$ 82,727	\$ (2,497)	\$ 60,253	\$ -	\$ 80,008	\$ (25)	\$ 78,836	\$ 25	\$ 80,749	\$ -	\$ 539,779
FY 07/08	\$ 945	\$ 86,117	\$ 125,120	\$ 192	\$ 81,508	\$ (180)	\$ 83,030	\$ (72)	\$ 82,701	\$ 138	\$ 87,953	\$ 144	\$ 493,375
FY 08/09	\$ -	\$ 87,007	\$ 87,255	\$ 710	\$ 84,937	\$ 1,264	\$ 83,911	\$ (2,880)	\$ 99,508	\$ 18	\$ 83,642	\$ (72)	\$ 517,329
FY 09/10	\$ 41	\$ 91,030	\$ 87,717	\$ 112	\$ 91,078	\$ 985	\$ 90,376	\$ 831	\$ 1,958	\$ 88,554	\$ 2,885	\$ 93,589	\$ 89,907
FY 10/11	\$ -	\$ 3,945	\$ 91,183	\$ -	\$ 93,760	\$ -	\$ 97,704	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



**YTD Analysis Sewer Revenue  
650-3800**

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	total
FY 02/03	\$ 1,175	\$ 132,265	\$ -	\$ 131,021	\$ (2,959)	\$ 127,053	\$ -	\$ 130,493	\$ -	\$ 126,641	\$ 7	\$ 123,313	\$ 769,010
		\$ 133,440											
FY 03/04	\$ -	\$ 145,389	\$ (703)	\$ 144,365	\$ -	\$ 146,128	\$ -	\$ 144,085	\$ -	\$ 150,461	\$ -	\$ 260,209	\$ 989,933
		\$ 144,686											
FY 04/05	\$ -	\$ 147,363	\$ -	\$ 155,843	\$ -	\$ 152,150	\$ -	\$ 147,597	\$ -	\$ 158,575	\$ -	\$ 186,951	\$ 948,479
		\$ 147,363											
FY 05/06	\$ -	\$ 166,688	\$ (1,168)	\$ 129,604	\$ -	\$ 158,910	\$ (70)	\$ 174,912	\$ -	\$ 174,984	\$ -	\$ 168,654	\$ 972,513
		\$ 165,519											
FY 06/07	\$ -	\$ 188,541	\$ (2,405)	\$ 174,525	\$ -	\$ 195,971	\$ -	\$ 191,778	\$ -	\$ 193,793	\$ -	\$ 202,142	\$ 1,144,346
		\$ 186,136											
FY 07/08	\$ (1,011)	\$ 216,250	\$ 22	\$ 246,719	\$ (180)	\$ 230,033	\$ 12,411	\$ 213,604	\$ -	\$ 252,356	\$ 22,146	\$ 261,574	\$ 1,453,923
		\$ 215,291											
FY 08/09	\$ -	\$ 221,389	\$ 180	\$ 218,946	\$ -	\$ 225,508	\$ 11,148	\$ 220,233	\$ -	\$ 243,601	\$ 24,396	\$ 205,915	\$ 1,371,316
		\$ 221,568											
FY 09/10	\$ 1,900	\$ 218,419	\$ (71)	\$ 219,086	\$ 4,785	\$ 217,537	\$ (25)	\$ 843	\$ 219,737	\$ 4,496	\$ 218,201	\$ 218,286	\$ 1,323,195
		\$ 220,248											
FY 10/11	\$ (3)	\$ 343	\$ 343	\$ 216,516	\$ -	\$ 216,856	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 216,856



**To: Honorable City Council**  
**From: Mike Forga**  
**Subject: Proposed Three Year Water Rates Implementation**  
**Date: November 10, 2010**

**Recommendations:**

1. Staff report followed by Council questions of staff, if any.
2. Conduct public hearing on proposed water rate adjustments.
3. Close public hearing and deliberate on proposed rate adjustments
4. Adopt Resolution 2010-XX establishing water rates.

**Background/Discussion:**

Nevada City needs to adjust and increase water rates for the following reasons.

- Nevada City's water rate fees have not been and will not be sufficient to meet operations and maintenance costs. For fiscal year 2008/09 the water fund expenses were \$251,000 more than revenue collected or nearly a 50 percent deficit (\$755,000 vs. \$504,000). This difference is misleading however in that it does not represent the true shortfall if we add in needed capital improvement expenditures.
- Current fees include no amount for much needed capital improvements. The City's capital improvement plan for water is not being implemented due to lack of funds. This can only lead to further expense and service disruption if not addressed. In addition the water fund does not include reserves for unanticipated expenses.
- The current essentially flat rate is inequitable, fails to encourage water conservation, and is inconsistent with State law and best management practices requiring that at least a portion of the rate be based upon water usage. The rate structure is not equitable in that charges are a flat rate until 25,000 gallons per month (gpm) is exceeded. Most residences do not exceed this amount even during summer. As a result a single person pays the same as their neighbor with four in the household. Further AB 2572, mandates all jurisdictions as of January 1, 2010 to base at least a portion of their water bills on a volumetric basis.

To address these deficiencies water rates need to be increased, designed in a manner to solve inequities and encourage water conservation.

The Nevada City Water Rate Study (Study) was presented to Council at their September 8, 2010 meeting. Following discussion, Council directed staff to recalculate rates so as to eliminate the current operation and maintenance deficit

and to fund two-thirds of the proposed capital improvements and reserve amounts show in the Study's Budgets Projections for Fiscal Year 2010-2011. Further Council directed that these adjustments were to be made over a period of three years and that Council would revisit the rates annually.

Staff returned to the Council September 22 with the proposed rates covering the next 3 years. Following discussion, Council directed a Public Hearing be held November 10, 2010 for proposed rates and asked staff to notify customers of hearing and opportunity to protest. This was accomplished by:

- Mailing public hearing announcements to customers on September 23, 2010.
- Publishing in Union on September 24, November 3 and 9, 2010 announcement of public hearing.
- Placing public hearing announcement and complete water rate study on City's web site.

Council at meeting also requested water usage information for City's highest water customers. This was provided and can be briefly summarized as follows.

There were 113 customers who used 50,000gpm or more during the July/August period. Of these 52% are single family, 6% multi-family, 14% commercial and 28% government/nonprofit. The data also shows as expected many of these customers use a significantly lesser amount of water in the two prior billing periods (March/April and May/June). Outside this top user list and at the other end of the scale, during this highest water use period, 168 residential customers (18%) used 4,000gpm or less and would receive a smaller water bill with new rates than currently charged.

While costs will be less for some customers, high water users will see significant bill increases. This is due not only to rate increase but the change to establishing rates based on water consumption. Most customers will have the opportunity to assess usage and modify consumption before the next high usage period. As shown in Study proposed rates are in line with similar communities.

### **Fiscal Impact:**

Adoption of the proposed water rates will bring the Water Enterprise toward a balance by the end of Fiscal Year 2013.

## RESOLUTION NO. 2010-XX

### A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NEVADA CITY ESTABLISHING WATER RATES

**WHEREAS**, the City of Nevada City (the “City”) provides water services to its citizens;

**WHEREAS**, the City charges customers of this utility a fee to fund the on-going operation and maintenance of the water services;

**WHEREAS**, the City Manager and staff have prepared a plan outlining the costs of operating this utility and the City Manager has recommended increases to the current water rates;

**WHEREAS**, the Council directed that notice of a hearing thereon be given to the property owners in the City, with such notice to include, among other matters, the information required to be included pursuant to California Constitution Article XIII D, section 6;

**WHEREAS**, such notice has been mailed to those persons, at least 45 days before the hearing;

**WHEREAS**, on November 10, 2010, the City Council held said public hearing at which time the City Council heard objections and protests to the proposed increased rates and then closed the hearing;

**WHEREAS**, written protests against the proposed increased rates were not presented by a majority of the property owners;

**WHEREAS**, pursuant to Government Code section 54354.5, notice of a hearing was given with such notice including the information required to be included by Government Code section 54354.5;

**WHEREAS**, such notice has been published once each week for two weeks, in accordance with Government Code section 54354.5, in the The Union as evidenced by Proofs of Publication on file with the City Clerk;

**WHEREAS**, on November 10, 2010 the City Council opened the public hearing provided for under Government Code section 54354.5 at which time the City Council heard objections and protests to the proposed rates and afterward the hearing was closed;

**WHEREAS**, the proposed water rates are not discriminatory or excessive, are sufficient under Government Code section 54515, comply with the provisions or covenants of any outstanding revenue bonds of the City payable from the revenues of the water enterprise, comply with the provisions of Title 5, Division 2, Part 1, Chapter 6 of the Government Code, and are in compliance with all other applicable law;

**WHEREAS**, the revenues derived from the proposed water service rates will not exceed the funds required to provide the water services and shall be used exclusively for the water service system;

**WHEREAS**, the amount of the proposed water service rates will not exceed the proportional cost of the service attributable to each parcel upon which they are proposed for imposition; and

**WHEREAS**, the proposed water service rates will not be imposed on a parcel unless the water services are actually used by, or immediately available to, the owner of the parcel.

**NOW, THEREFORE, BE IT RESOLVED** by the Council of the City of Nevada City, that:

Section 1. Recitals. The foregoing recitals are true and correct.

Section 2. Levy of Charges. Pursuant to Title 5, Division 2, Part 1, Chapter 6 of the Government Code ("Revenue Bond Law"), the City's police power, and Chapter 13.04 of the Nevada City Municipal Code, the increased water service rates as attached hereto as Exhibit "A" are hereby approved.

Section 3. Delinquent Charges Constitute a Lien. Delinquent charges and penalties when recorded in accordance with the provisions of the Revenue Bond Law shall constitute a lien upon the real property served.

Section 4. General Authorization. The City Manager is hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver any and all documents, to do any and all things and take any and all actions that may be necessary or advisable, in his discretion, in order to effect the purposes of this resolution. All actions heretofore taken by officers, employees, and agents of the City that are in conformity with the purposes and intent of this resolution are hereby approved, confirmed, and ratified.

Section 5. Effective Date. This resolution shall take effect from and after the date of its passage.

**PASSED AND ADOPTED** by the Council of the City of Nevada City on November 10, 2010, by the following vote on roll call:

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

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**Robert Bergman, Mayor**

**ATTEST:**

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**Niel Locke, City Clerk**

Exhibit A

**Nevada City Water Rates**  
(Adopted November 10, 2010)

Monthly rates are as follows. Billings will be bi-monthly.

**Monthly Service Charge (\$/month)**

Meter Size	Effective Jan 1, 2011	Effective Jan 1, 2012	Effective Jan 1, 2013
5/8"	\$19.17	\$22.29	\$25.39
3/4"	\$28.76	\$33.44	\$38.09
1"	\$47.93	\$55.73	\$63.48
1 1/2"	\$95.85	\$111.45	\$126.95
2"	\$153.36	\$178.32	\$203.12

**Monthly Commodity Rates (\$/1,000gallons/month)**

First 4,000 gal	\$2.00	\$2.32	\$2.64
Over 4,000 gal	\$2.60	\$3.02	\$3.43