



CITY OF MERCED

Meeting Agenda

City Council Chamber
Merced Civic Center
2nd Floor
678 W. 18th Street
Merced, CA 95340

City Council/Public Finance and Economic Development Authority/Parking Authority

Monday, January 27, 2020

6:00 PM

City Council Chamber, 2nd Floor, Merced Civic
Center, 678 W. 18th Street, Merced, CA 95340

Joint Meeting With City of Merced Planning Commission

Special Joint Study Session at 6:00 PM

NOTICE TO PUBLIC

WELCOME TO THE SPECIAL JOINT MEETING OF THE MERCED CITY COUNCIL AND THE CITY OF MERCED PLANNING COMMISSION

At least 72 hours prior to each regular City Council meeting, a complete agenda packet is available for review on the City's website at www.cityofmerced.org or at the City Clerk's Office, 678 W. 18th Street, Merced, CA 95340. All public records relating to an open session item that are distributed to a majority of the Council will be available for public inspection at the City Clerk's Office during regular business hours. Spanish and Hmong translation is available at every regular meeting.

PUBLIC COMMENT: OBTAIN SPEAKER CARD FROM THE CITY CLERK

Members of the audience who wish to address the City Council and Planning Commission are requested to complete a speaker card available at the podium against the right-hand side of the Council Chamber. Please submit the completed card to the City Clerk before the item is called, preferably before the meeting begins. Speaker comments are limited to the agenda item for this Special Meeting.

INDIVIDUALS WITH DISABILITIES

Accommodation for individuals with disabilities may be arranged by contacting the City Clerk at (209) 388-8650. Assisted hearing devices are available for meetings held in the Council Chamber.

A. CALL TO ORDER

A.1. Pledge of Allegiance

B. ROLL CALL

B.1. Clerk Announcement - Members of the public who wish to speak at this Special Meeting will be limited to comments on the agenda item. The Mayor will call for public comment at the appropriate time and speakers will be given 3 minutes each for their comments. State law prohibits the City Council or Planning Commission from acting at this meeting on any matter raised during the comment period.

C. STUDY SESSION

C.1. [20-060](#) **SUBJECT: Study Session to Discuss the North Merced Annexation Feasibility Study**

REPORT IN BRIEF

Provides the City Council and Planning Commission an overview of the process involved in the North Merced Annexation Feasibility Study being conducted.

RECOMMENDATION

For information and discussion

D. ADJOURNMENT



CITY OF MERCED

Merced Civic Center
678 W. 18th Street
Merced, CA 95340

ADMINISTRATIVE REPORT

File #: 20-060

Meeting Date: 1/27/2020

SUBJECT: Study Session to Discuss the North Merced Annexation Feasibility Study

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RECOMMENDATION

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ATTACHMENTS

1. Presentation



Welcome

North Merced Annexation Feasibility Study

Planning Commission/City Council Workshop



EMC PLANNING GROUP

January 27, 2020



Workshop Purpose



- Update Planning Commission and City Council on Feasibility Study Process/Initial Findings
- Solicit Planning Commission and City Council Input on Issues/Preferred Growth Option(s)
- Enable Continued Public Input/Participation
- Catalyze Next Steps in Preparing the Feasibility Study



Background



- North Merced as Future Growth Area
- 2016 Bellevue Community Plan as Partial Roadmap
- UC Merced as a Direct Growth Driver
- Development Interest in North Merced Over Time, But Ad Hoc Locations
- Challenge - Where, When and How Much Growth?



Feasibility Study Purpose



- City/LAFCO seeking a logical approach to growth
- Evaluate Options/Provide Guidance for Growth Location, Amount, Timing, and Management
- Enable City Council to Identify Preferred Growth Option(s)
- Inform Landowners, Developers and Residents About Development Opportunities/Expectations



North Merced Study Area Setting



- 7,600 Acres
- Approx. 700 Parcels/Property Owners
- Existing Rural Residential Subdivisions - Lots of 1-3 acres
- Remainder is Largely Vacant
- UC Merced = the Major Existing Land Use
- Biological Resources as Main Resource Constraint
- Owners/Developers of Larger Properties

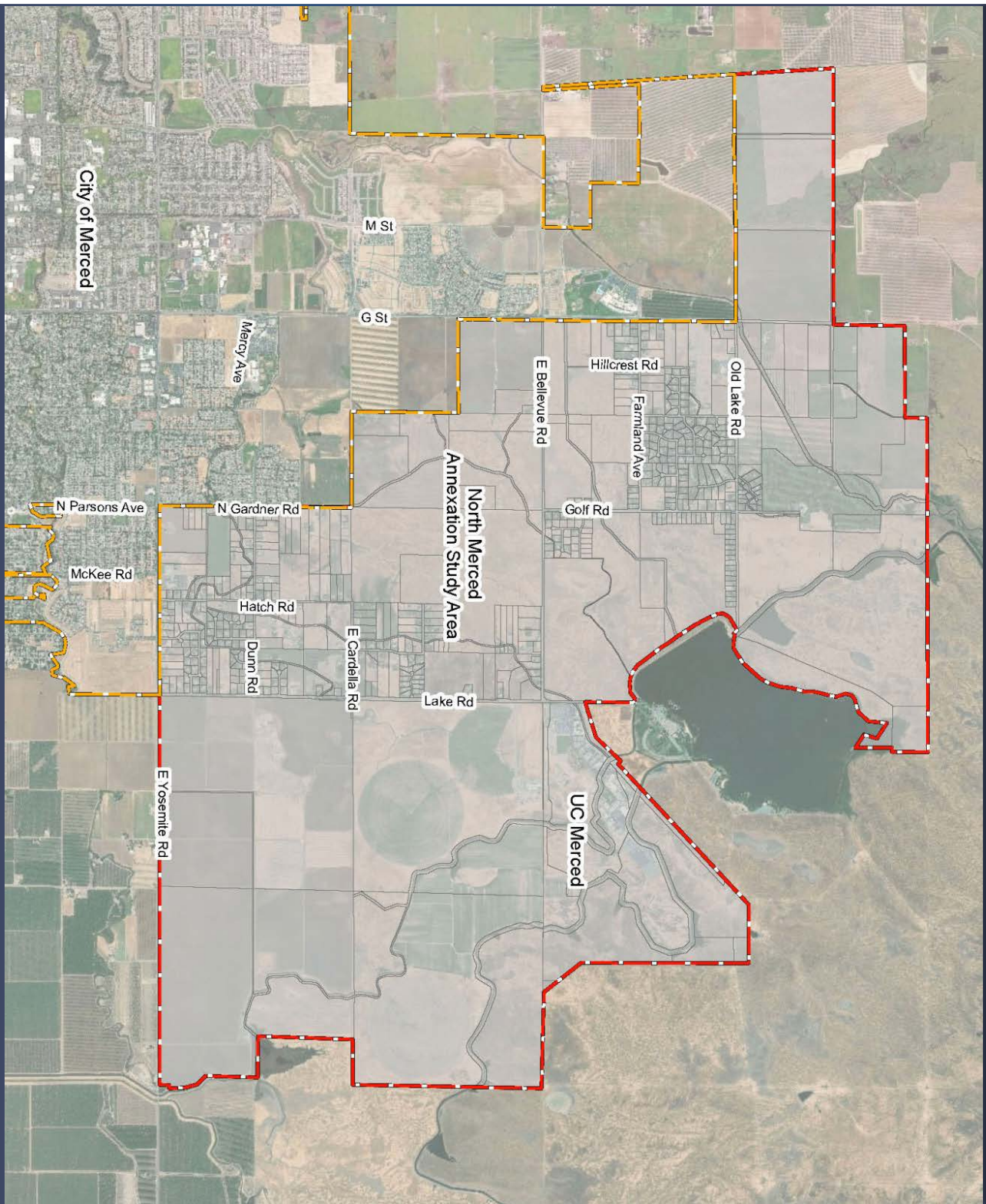


North Merced Study Area

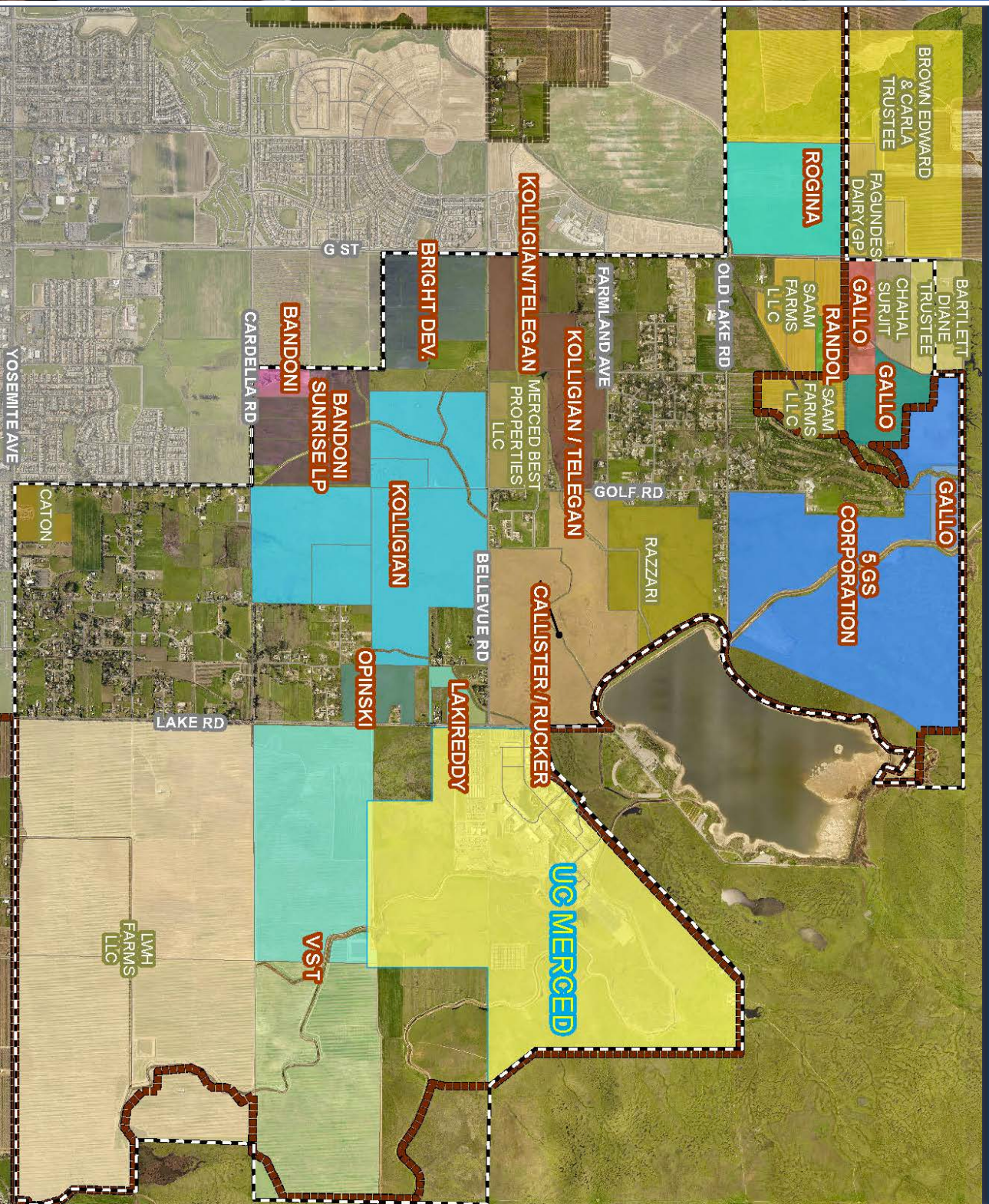
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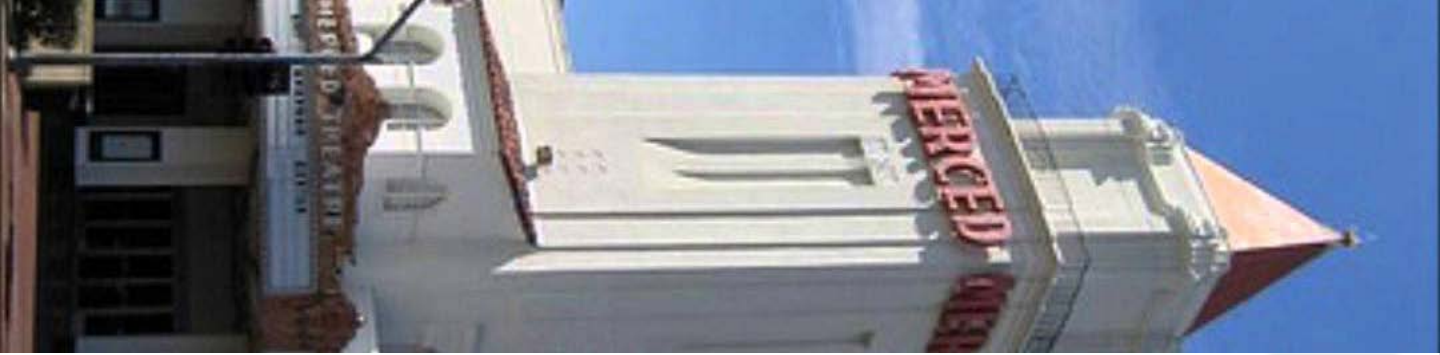


North Merced Major Landowners



North Merced Development Planning Context

- Destination for Major Growth in General Plan
- General Plan is Development Guidance for 20-30 Years
- Buildout Rarely, if Ever, Occurs Within this Timeframe
- Bellevue Community Plan (BCP) Adopted in 2015 – Designed to Implement General Plan for Specific Area
- County Approved University Community Plan (UCP) in 2004 – Land Use Plan for Area South of UC Merced
- County Approved Yosemite Lakes Estates Community Plan (YLE) in 2004

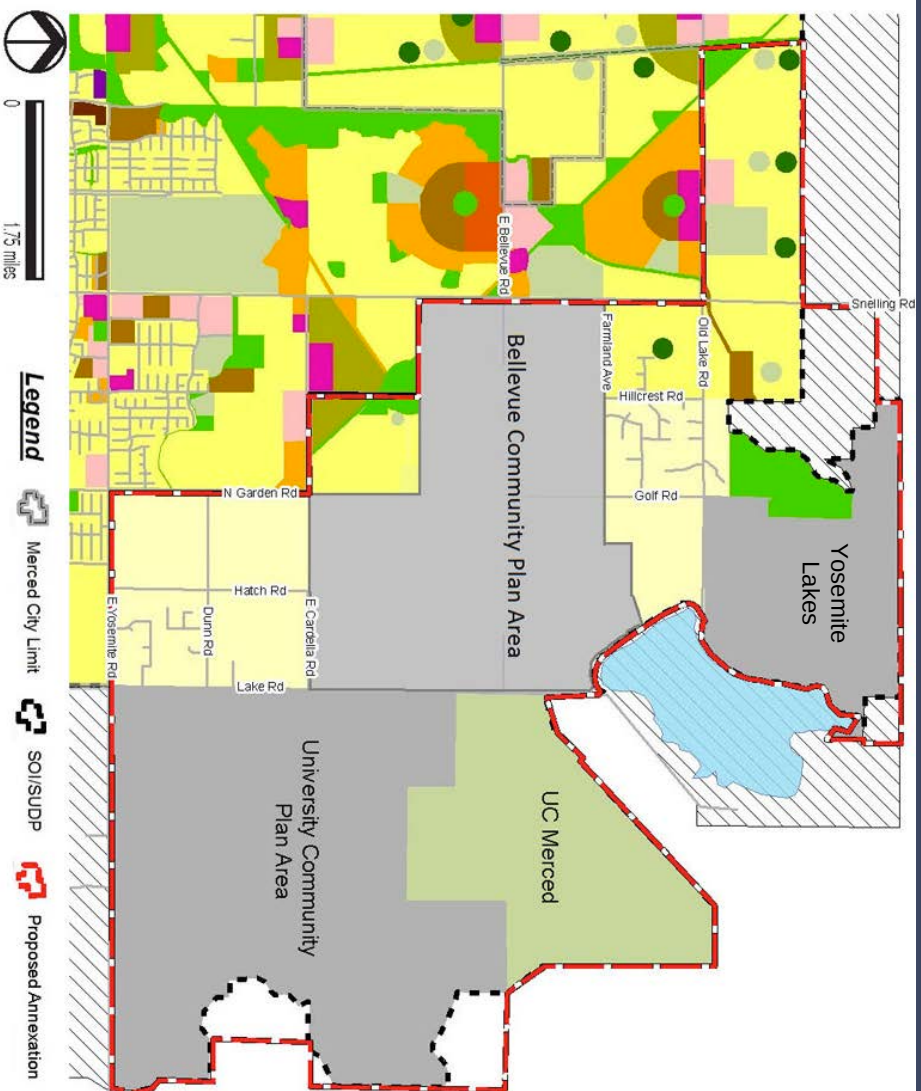


North Merced Planning Context

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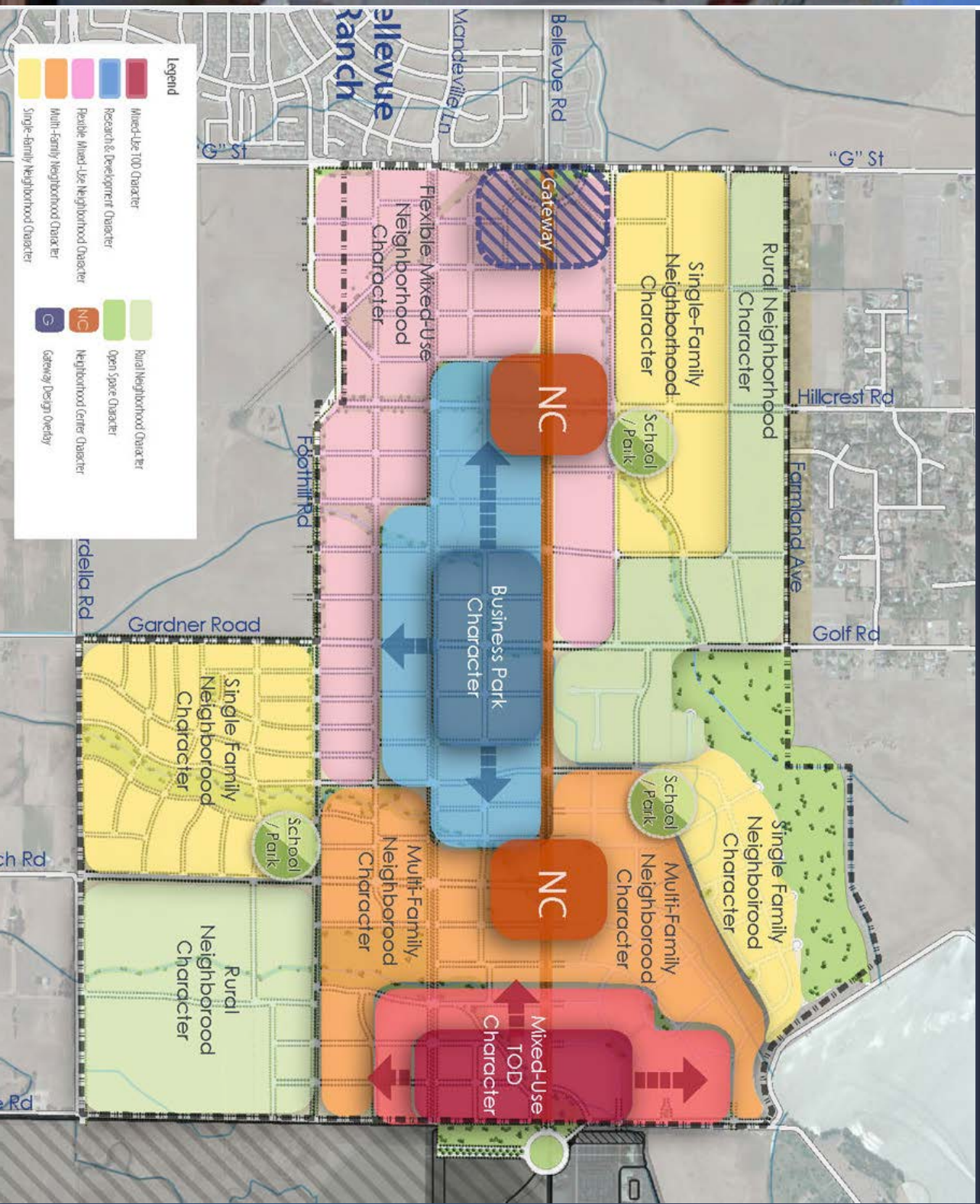
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Merced City General Plan

- | | | | | | |
|--|-------------------------------|--|------------------------------|--|------------------------------------|
| | BUSINESS PARK | | SCHOOL | | VILLAGE RESIDENTIAL |
| | BUSINESS PARK RESERVE | | FUTURE SCHOOL | | LOW DENSITY RESIDENTIAL |
| | THOROUGHFARE COMMERCIAL | | PUBLIC/GENERAL USE | | LOW TO MEDIUM DENSITY RESIDENTIAL |
| | COMMERCIAL RESERVE | | MANUFACTURING/INDUSTRIAL | | HIGH TO MEDIUM DENSITY RESIDENTIAL |
| | GENERAL COMMERCIAL | | INDUSTRIAL RESERVE | | HIGH DENSITY RESIDENTIAL |
| | REGIONAL COMMUNITY COMMERCIAL | | AGRICULTURAL | | RURAL RESIDENTIAL |
| | NEIGHBORHOOD COMMERCIAL | | OPEN SPACE - PARK RECREATION | | MOBILE HOME PARK RESIDENTIAL |
| | COMMERCIAL OFFICE | | FUTURE PARK | | RESIDENTIAL RESERVE |

Bellevue Community Plan



Outreach/Information Gathering



- Project Information/Website
- Two Public Meetings
- Landowner/Developer Interviews
- Decision Maker Interviews
- Agency Staff Interviews



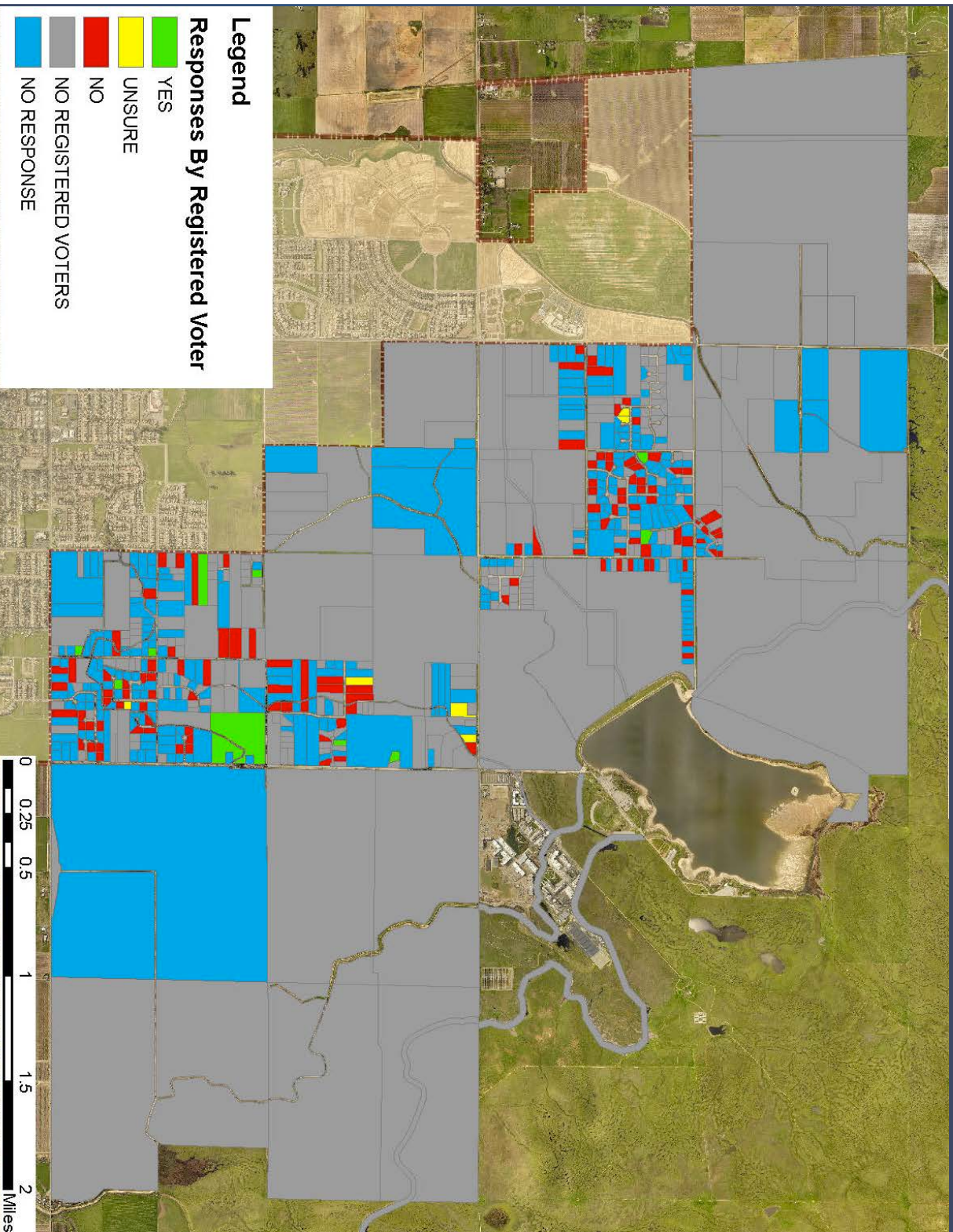
Outreach/Information Gathering



- Annexation Interest Polling
 - Purpose
 - Polling Question and Assumptions
 - ◆ *“Based on the information you have now and the assumption that the costs relating to annexation (i.e. sewer and water hook-ups, etc.) are reasonable, would you support annexation of your property at this time?”*
- Results
 - ◆ 32% to 37% Response Rate



Polling Results - Registered Voters

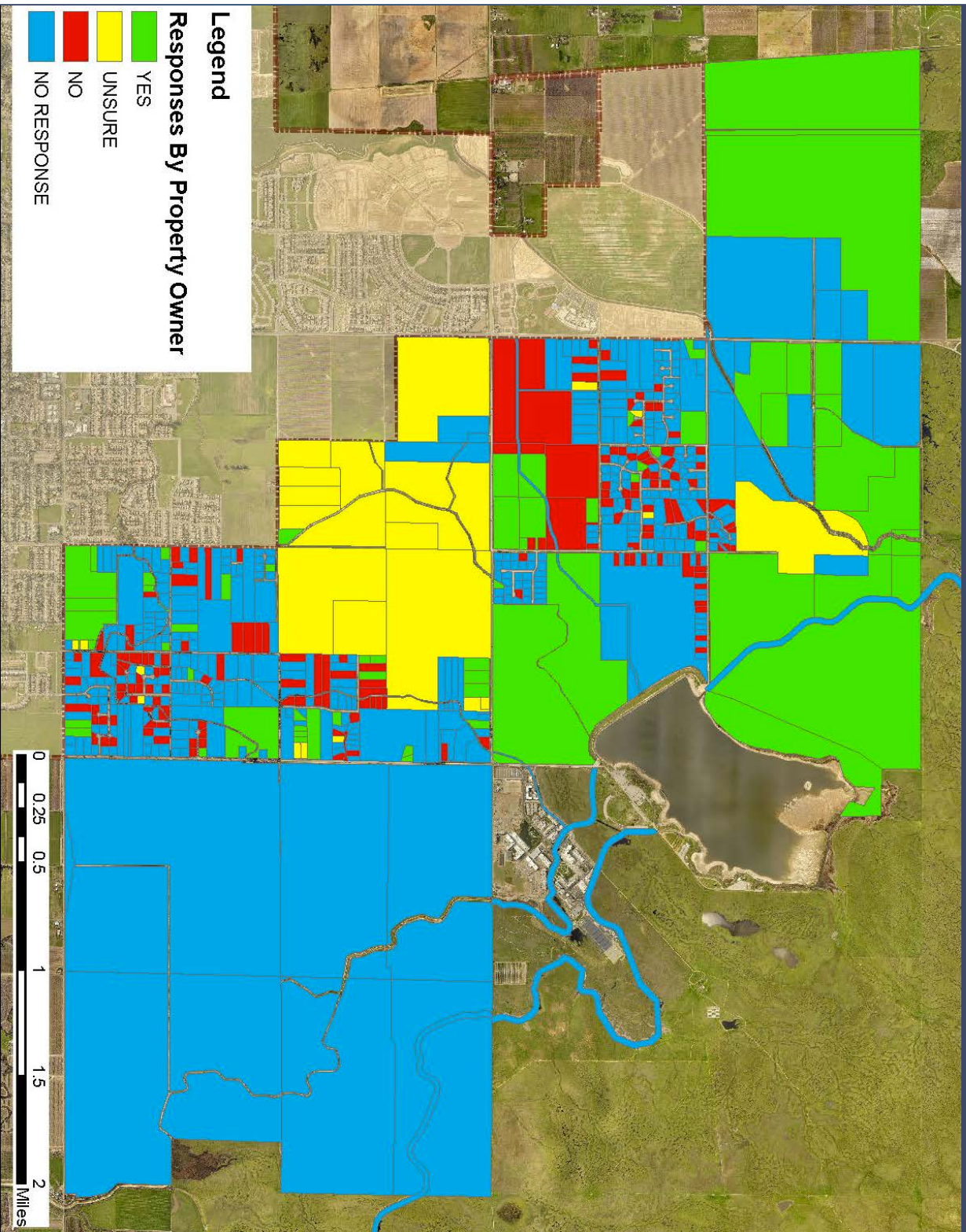


Polling Results - Property Owners

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Residential Development Supply and Demand

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- Projected Residential Demand
 - MCAG Projects 500-600 Dwelling Units/Year to 2050 or Nearly 15,000 Units for City of Merced
- Available Residential Supply
 - Within City Limits - About 5,500 Approved/Unbuilt Units
 - Within North Merced Area:
 - ◆ BCP (6,675 Units)
 - ◆ UCP (10,488 Units in 2004)
 - ◆ YLE Community Plan (1,500 Units)
 - ◆ North of Old Lake Rd. (3,000 Units)
 - Within South Merced Sphere of Influence Area



Non-Residential Development Supply and Demand



- Projected Non-Residential Demand
 - MCAG Projects 6.6 million sq. ft. in Hwy 99 corridor to **2045** (including UC Merced)
- Available Non-Residential Supply
 - Within City Limits = About 13 million sq. ft.
 - Within North Merced Area:
 - ◆ BCP = 2.8 million sq. ft.
 - ◆ UCP (VST Portion Only) = 2.6 million sq. ft.
 - ◆ UC Merced = 1.1 million sq. ft.
 - ◆ Additional Capacity: General Plan = 12 million sq. ft., Castle Commerce Center = 8 million sq. ft., City of Atwater



UC Merced Component of Demand



- 2019 LRDP Reduces Prior Projected Growth Rate
- Projected Residential Demand
 - 900 - 1,900 Units (Students + Faculty) from 2020-2030
- Projected UC Generated Non-Residential Demand
 - Retail/Office – 17,000 to 40,000 sq. ft.
 - R&D/Flex Space
 - ◆ 140,000 sq. ft./year *Starting 2027*
 - ◆ About 2.5 million sq. ft. Total
- UC Needs Best Met Near UC?



Supply & Demand Themes

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- Substantially More Residential Land Capacity than Demand over the next 5-15 Years
- Substantially More Non-Residential Land Capacity than Demand over the next 5-15 Years
- “Organic” Growth is main Growth Component
- UC Residential Demand is Modest to 2030 and Non-Residential Demand is Limited Until 2027 or Beyond
- Growth Demand in North Merced Can be Expected – But Tempered By Demand over the Next 5-15 Years?
- BCP, University Community Plan (and Potentially Yosemite Lakes) in Competition for the “Growth Pie”



Wastewater Collection System



- Draft Sewer Collection Master Plan
 - Purpose
 - Next Steps:
 - ◆ Draft EIR – June/July
 - ◆ Polling on Forming Assessment District
 - ◆ If No Assessment District, Must Find Other Funding
- Best Case – Trunk Line Construction Starts in 5-7 Years (3 Years EIR/Assessment District) + (Construction Planning 2-4 Years)
- Longer-Term Case – Alternative Funding Needed
 - Improvement Construction Timing Unknown



Wastewater Collection System



- What Capacity is Available Now?
 - Reduced UC Growth = New Capacity Available Now
 - ◆ 3,350 Dwelling Units, or
 - ◆ 10,000,000 sq. ft. Office/Commercial/Biz Park
- Flow Monitoring Now = Additional Capacity?
 - ◆ Actual Existing Flows vs. Assumed Design Flows
 - Actual Potentially Lower than Design?
 - ◆ Key Input to Additional Short-Term Growth Capacity vs. Longer-Term Growth Capacity



Wastewater Collection System



- Existing Capacity Available
- Limits on “Holding” Purchased Capacity?
- Longer-Term Growth Must be Supported by New Collection Infrastructure – AD or Other Funding



WWTP Sewer Treatment Capacity



- Existing Capacity for About 13,400 Dwelling Units
- Existing City Commitment to 5,500 Approved Units
 - Some May Never be Built/Remain Committed?
- Some Capacity Available to New Development
 - About 7,900 Dwelling Units, or
 - 40,000,000 sq. ft. Office/Business Park/Commercial
- Next WWTP Expansion Planning Has Begun
- Additional Future Expansions Required for Long-Term Growth in North Merced/Elsewhere



Key Growth Option Factors



- General Plan/City Goal to Grow Towards/Annex UC
 - BCP as Primary Plan to Achieve this Goal
- Organic Growth Demand vs. UC Driven Growth Demand
- Locations for Organic vs. UC Driven Growth
 - UC LRDP Assumes its Needs Best Met Near Campus – BCP and/or UCP
- Infill vs. Growth Into North Merced/Other Locations
- Land Demand Allocation for Cost Competitiveness



Key Growth Option Factors (Cont.)



- Concerns and Interests of Residents
- Landowner/Developer Capability, Experience, Readiness
- Regulatory Barriers (e.g. Federal/State Permits)
- Sewer Collection Capacity – Existing vs. Future/Timing
- Sewer Treatment Capacity – Existing vs. Future/Timing
- Options to Annexation as Mechanism to Catalyze Growth
- Development Type/Economic Development Support



Mechanisms to Support Growth



- General Plan Policy Guidance
- Infill Development (Reduced Public Services Costs if Right Location?)
- Traditional Annexation
 - Lands Contiguous to Existing City Limits
 - Logical Growth/Extension of Infrastructure/Services
 - Preferred Mechanism if Achieves Growth Objectives



Mechanisms to Support Growth



- Out-of-Boundary Service Agreement (OBSA)
 - Land in County - Not Contiguous to City Limit
 - City/Developer Contract to Extend Infrastructure/Services
 - Developer Agrees to Annex When Requested
 - Circumstances for Potential Use:
 - ◆ Traditional Annexation is Challenging/Not Feasible
 - ◆ Targeted Use to Catalyze Desired Growth
 - ◆ Must Also be Approved by LAFCO
- Already Used as Tool to Extend City Sewer to UC Merced



Concept Growth Options



- Short-Term Phasing for Any Option(s) Based Primarily on:
 - Existing Sewer Collection Capacity Availability
 - Developer Readiness
 - Environmental/Regulatory Constraints
- Exclude Existing Rural Residential Neighborhoods in Short- to Mid-Term Unless Future Polling Supports Annexation
- Options are Not in Order of Priority
- Could be a Combination of More than One Option
- All Growth Proposals Require Environmental Review



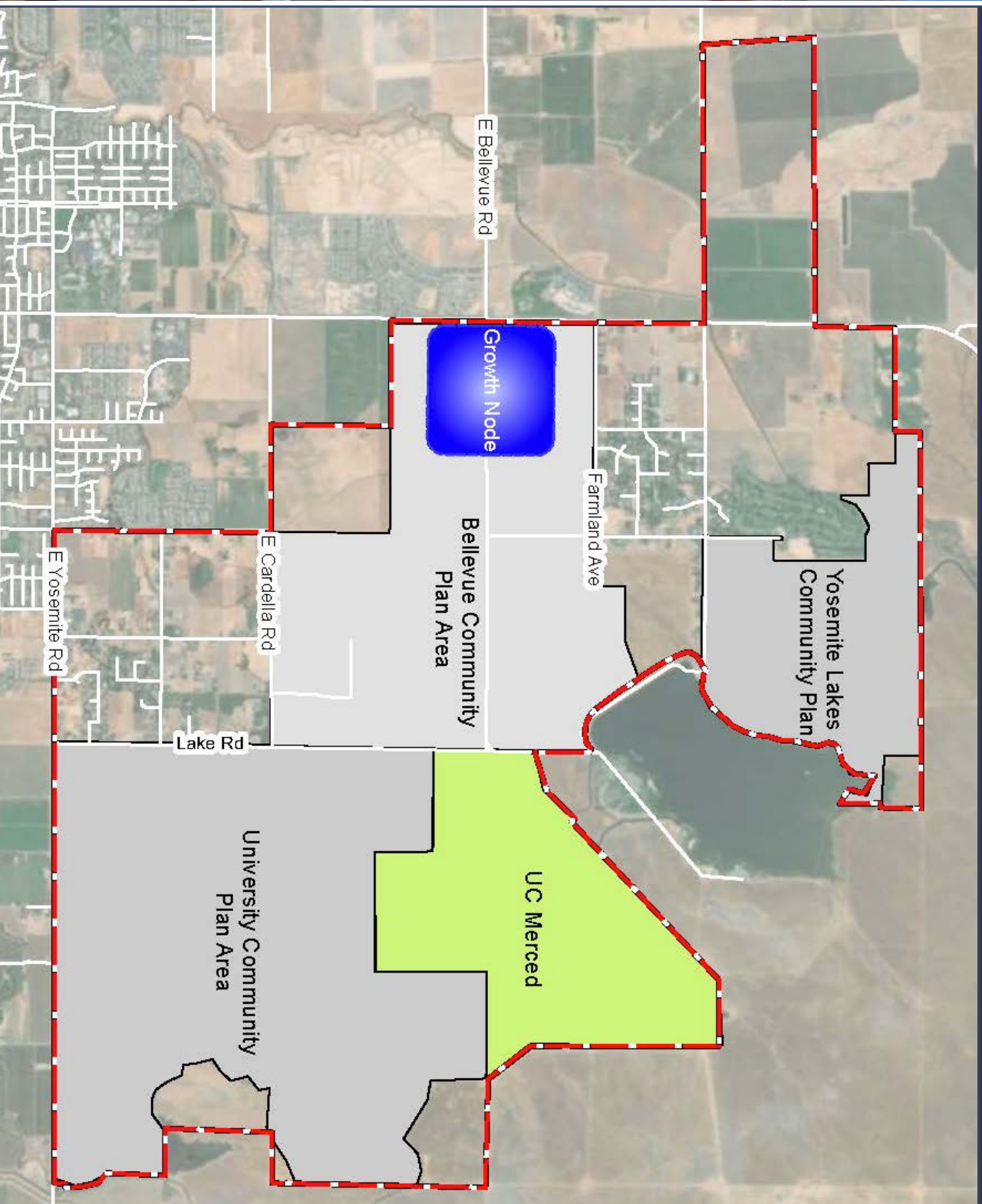
Growth Within BCP



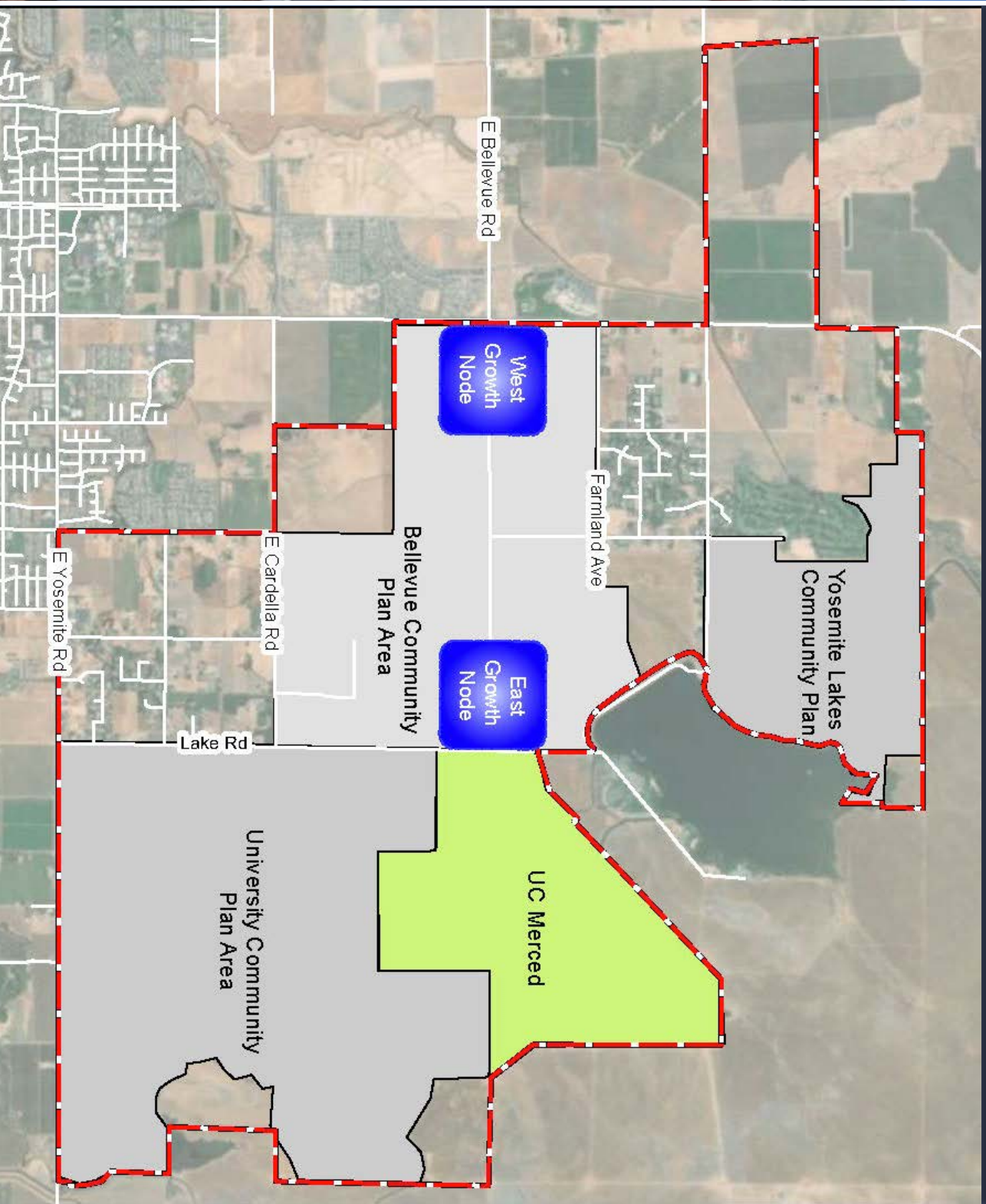
- West to East (Annexation/Organic + Interim UC Needs?)
- Growth Node in West (Annexation/Organic) + Growth Node in East (UC Focused with OBSA)
- Growth Node Only in East (UC Focused with OBSA)
- Annex Entire BCP with Phasing (e.g. 1A or 1B or Other)



BCP – West to East/Interim UC Needs



BCP – West + East Growth Nodes

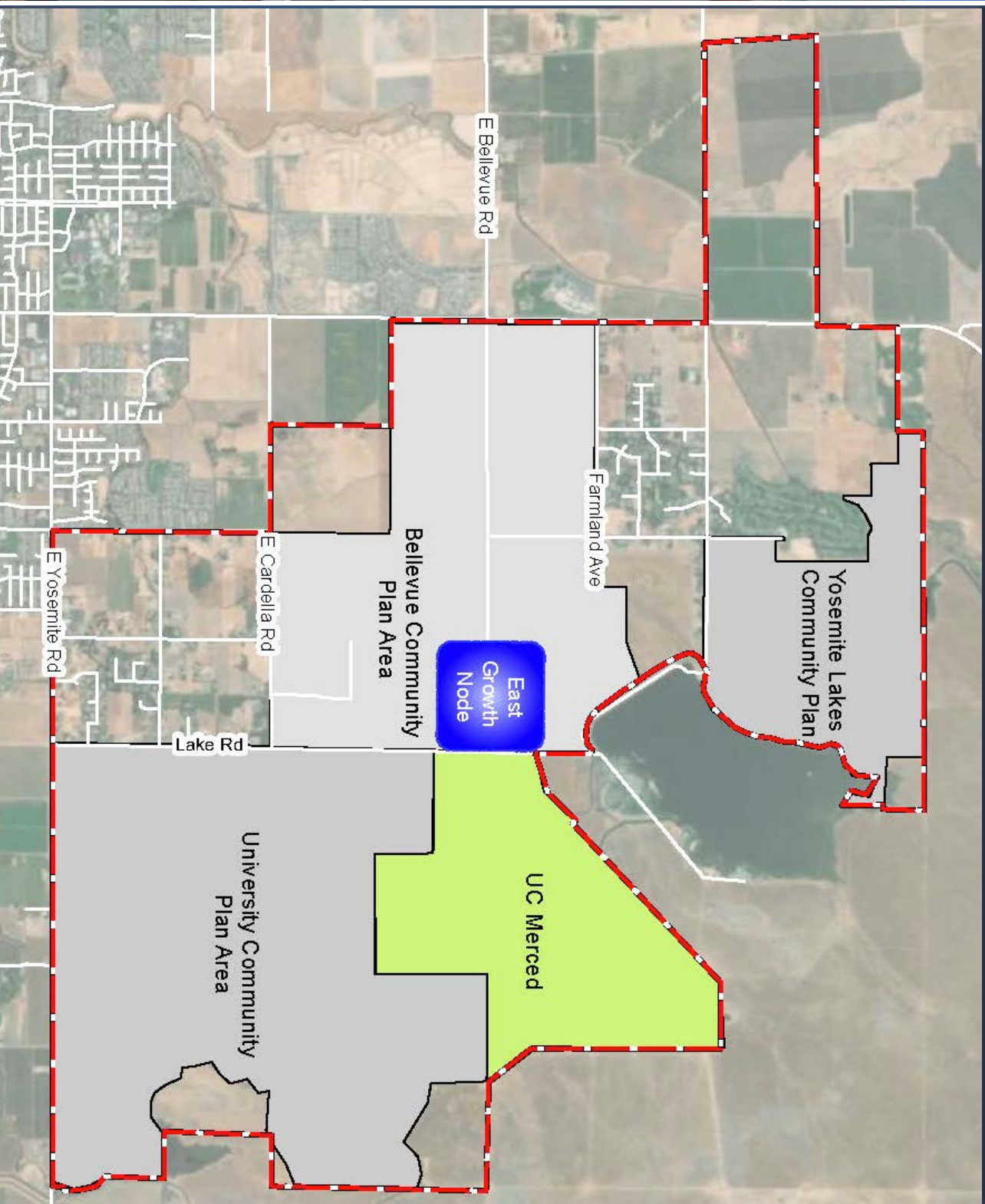


BCP - East Only Growth Node

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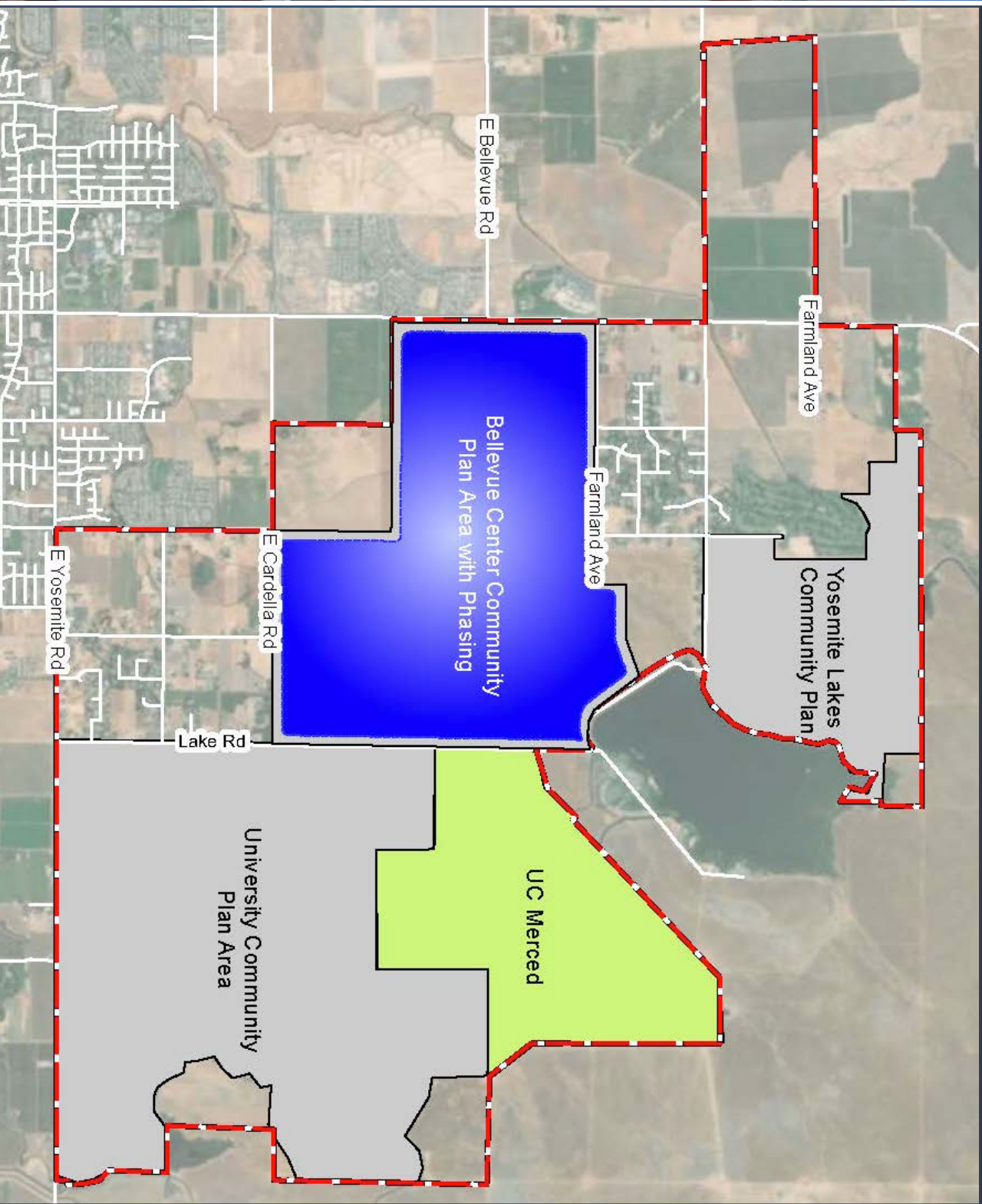


BCP - Entire BCP with Phasing

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Growth Within Community Plans



- Yosemite Lakes Estates (Gallo)
 - In Combination with One or More Other Options. Phased?
 - Development Type Fills Existing Market Gap and/or Indirectly Supports UC
 - Traditional Annexation Likely Constrained? = OBSA?
- University Community Plan (VST)
 - VST Currently Revising Plan/Including Phasing
 - UC Merced Focused
 - Traditional Annexation Likely Constrained? = OBSA?

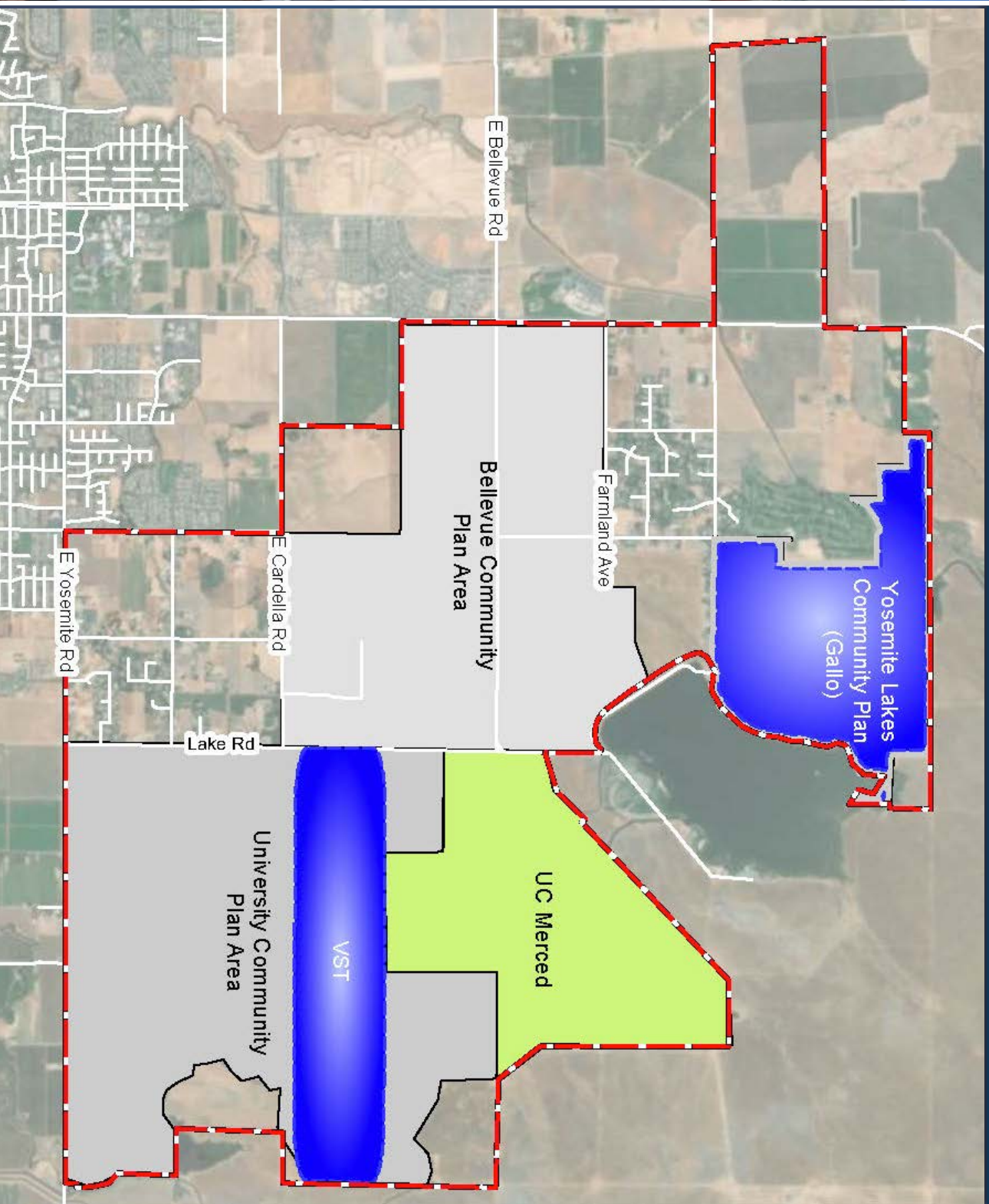


Yosemite Lakes (Gallo)/UCP (VST)

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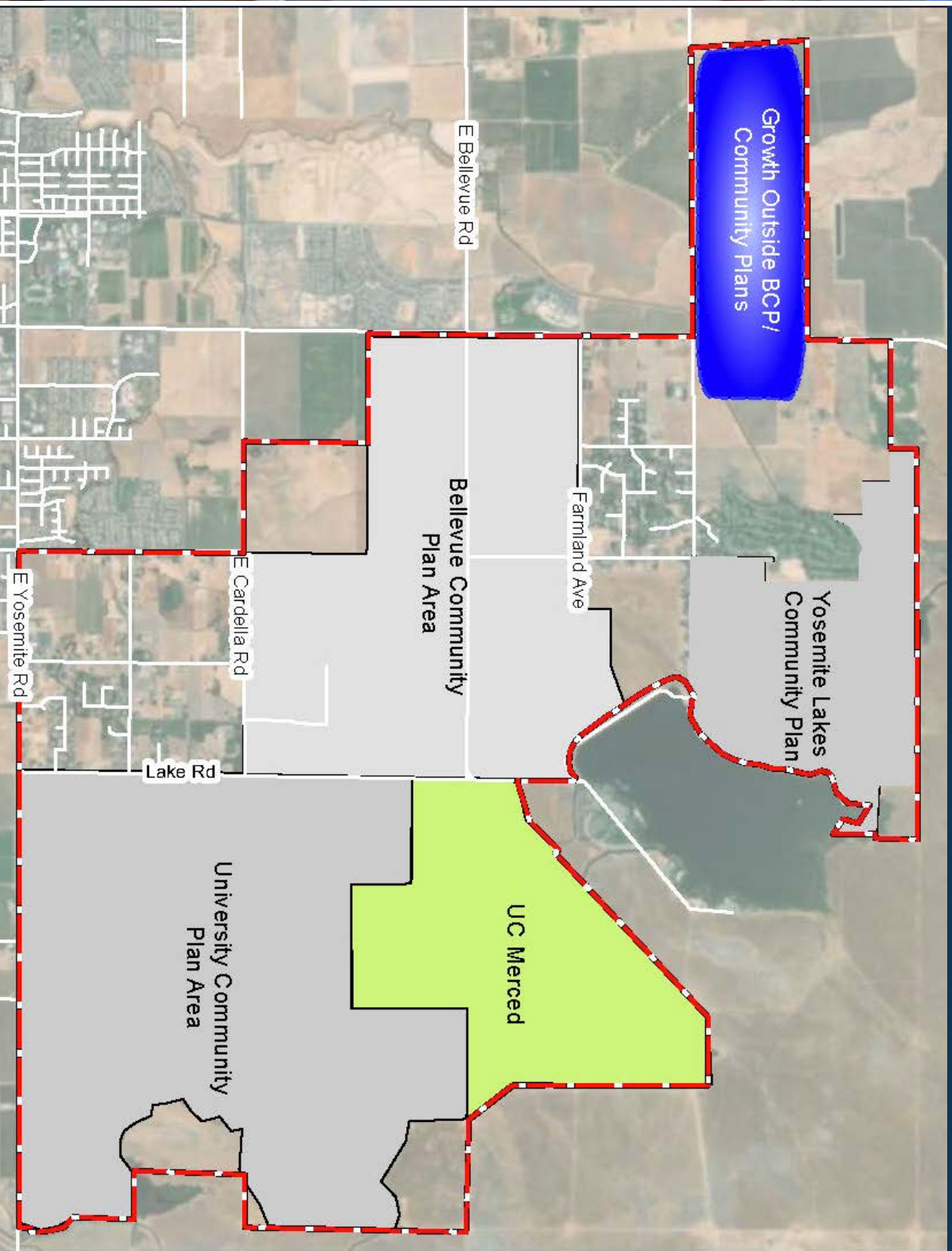
Growth Outside BCP/Community Plans



- North of Old Lake/West (e.g. Rogina. Brown, SAAM)
- Annexation/Organic Growth
- Little UC Annexation Benefit?



Growth Outside BCP/Community Plans





Feasibility Study – Draft Content

- Background and Purpose
- Environmental/Infrastructure Constraints
- Public Outreach Process/Input
- Input from City Council, Board of Supervisors, Agencies, etc
- Technical Studies
- Growth Option Factors
- Mechanisms to Facilitate Growth
- Growth Options and Options Evaluations
- Preferred Growth Option(s)
- Actions Required to Implement Option(s)
 - General Plan Amendments (Amend Existing/Propose New Policies/Direction)
 - Application Requirements
 - Performance Standards



Desired Input from Decision Makers



- Ideas/Preferences on:
 - UC Annexation as the Key Growth Driver
 - Growth Option Ideas
 - Preferred Types of Development
 - Allocating Existing Sewer Collection Capacity
 - How to Treat Existing Residential Neighborhoods



Next Steps/Schedule



- Complete Sewer Collection Flow Monitoring Work
- Meet Again with LAFCO Staff to Review Growth Options
- Re-Engage Landowners/Developers as Needed
- Consider PC/CC and Public Input in Evaluating Growth Options/Priorities
- Move Forward with Draft Feasibility Study Content
- Present Draft Feasibility Study to Decision Makers

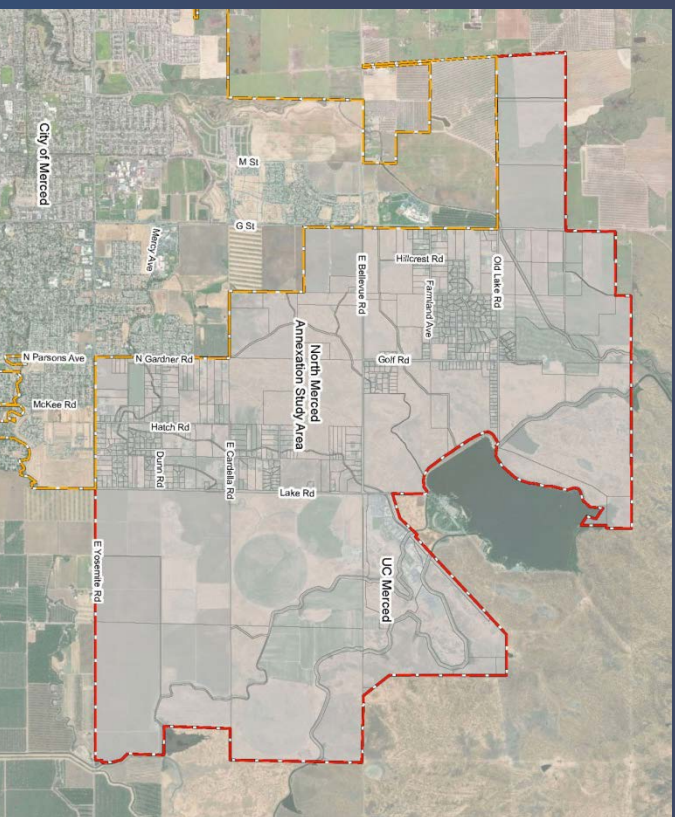


Questions and Answers

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