

CITY OF MERCED
Planning Commission

Resolution #4124

WHEREAS, the Merced City Planning Commission at its regular meeting of October 4, held a public hearing and considered **Annexation and Rezoning Application #22-01**, initiated by the City of Merced, on behalf of the Regents of the University of California, property owners. The application would involve the annexation of the University of California, Merced Main Campus as described in the University of California, Merced 2020 Long-Range Development Plan (dated March 2020) consisting of approximately 1,139 acres to the City of Merced and pre-zoning of the property to “Public Facility” (P-F) as well as the annexation of the 2-mile long section of Bellevue Road right-of-way from the current Merced City Limits at G Street to Lake Road, as allowed by Assembly Bill 3312 (enacted in 2020). The UC Campus is generally located at the northeast and southeast corners of Bellevue and Lake Roads with a General Plan designation of “School”; more particularly described as portions of Section 26, Section 27, Section 32, Section 33, Section 34, and Section 35 in Township 6 South, Range 14 East, and portions of Section 2, Section 3, Section 4, and Section 5 in Township 7 South, Range 14 East, Mount Diablo Base and Meridian in the County of Merced; also known as portions (or all) of Assessor’s Parcel Numbers (APN) 060-010-003, 060-020-047, 170-220-006, 170-220-007, 170-220-008, and 170-220-015; and,

WHEREAS, the Merced City Planning Commission concurs with Findings/Considerations A through I of Staff Report #23-102 (Exhibit A); and,

NOW THEREFORE, after reviewing the City’s Draft Environmental Determination, and discussing all the issues, the Merced City Planning Commission does resolve to hereby recommend to City Council approval of Environmental Review #22-15 [Addendum to the *Merced Vision 2030 General Plan Environmental Impact Report*] and Annexation and Rezoning Applications #22-01, subject to the Findings set forth in Exhibit A attached hereto and incorporated herein by this reference.

Upon motion by Commissioner _____, seconded by Commissioner _____, and carried by the following vote:

AYES: Commissioner(s)

NOES: Commissioner(s)

ABSENT: Commissioner(s)

ABSTAIN: Commissioner(s)

PLANNING COMMISSION RESOLUTION #4124

Page 2

October 4, 2023

Adopted this 4th day of October 2023

Chairperson, Planning Commission of
the City of Merced, California

ATTEST:

Secretary

Exhibits:

Exhibit A –Findings/Considerations

Findings and Considerations
Planning Commission Resolution #4124
Annexation/Prezoning #22-01 (“UC Merced Annexation”)

FINDINGS/CONSIDERATIONS:

General Plan Policies Related to This Application

- A) The proposed annexation would involve approximately 1,139 acres (Attachment B) which includes the entire area defined in the UC Merced Long Range Development Plan (approximately 1,125 acres) as well as the approximate 2-mile-long Bellevue Road right-of-way from G Street to Lake Road, per the terms of AB 3312 (see Finding C). The Prezoning for the UC Merced Campus would be “Public Facility” (P-F) which would match the General Plan designation of “School.”

General Plan policies that deal with the UC Campus are as follows:

Policy UE-1.4

Continue Joint Planning Efforts on the UC Merced Campus and University Community Plans.

The University Community Plan area is planned as an urban area requiring urban services. Consideration has been given to making this area part of the incorporated City of Merced. Cooperative planning efforts will be necessary to ensure the effective development of this area for all interested and affected parties.

Implementing Actions:

1.4.a Incorporate the UC Merced campus area as part of the City’s SUDP/Sphere of Influence and begin planning for the eventual annexation of the Campus.

This designation within the SUDP/SOI would facilitate the eventual incorporation of the Campus into the City. The City should begin the process of planning for the eventual annexation of the Campus to the City, including evaluating various corridors for possible annexation in order to bridge the gap between the current City limits and the Campus boundary. Planning of the land uses along those corridors should also begin as well, including possible locations for research and development parks.

1.4.b Working in cooperation with the County, implement the following policy statement from City Council Resolution #2006-89 regarding the University Community Plan Area.

MERCED CITY COUNCIL: UNIVERSITY COMMUNITY POLICY STATEMENT

The City Council establishes the following as the City of Merced's position regarding the development of the University community.

Long-term Land Use and Governance

The University Community should be incorporated into the City of Merced, and should not be part of the unincorporated County, or a separate City.

- It is in the public interest that the University Community's development not result in the creation of a new city or other jurisdiction.
- Multiplication of jurisdictions can lead to conflicts, which should be avoided. A separate city on Merced's border is inherently undesirable.
- The University Community is expected to develop at an urban density. Merced County does not currently provide urban services. The City is already serving the University of California campus, and it is logical for the City to serve the adjacent area as well.
- No separate wastewater treatment plant should be allowed or constructed in the area, given the risks to the City's groundwater supply that could result, and competition for qualified licensed operators. This statement does not, however, preclude consideration of innovative methods of wastewater treatment for the area which are reasonably viable from an economic perspective.

The University Community should be developed with the use of annexation agreements and phased annexations, not through the creation of a County services district, either as an interim or permanent measure.

Phasing of Development and Services

The City of Merced is willing to provide interim sewer and water services from existing sewer and water lines along Bellevue Road that serve the University campus, provided that certain conditions are met:

- Interim services to the University Community require compliance with environmental law and permitting, including the California Environmental Quality Act (CEQA) and approval by the Local Agency Formation Commission (LAFCo).
- Prior to providing interim services, the City must receive an acceptable plan for long term service provision, enforceable commitment for annexation, and financial planning and commitments necessary to fund long term services.

The City should encourage annexation along the Bellevue Corridor to provide contiguity between the University Community and the City of Merced.

- The Bellevue corridor is expected to become a major regional transportation arterial. Bellevue Road also contains sewer and water lines which have been extended from the City to the University of California campus. The western half of the Corridor, from G Street to Golf Road, is already within Merced's SUDP, and annexation proposals are pending. East of Golf Road, the area along Bellevue Road is held in large tracts by a few land owners, and is mostly undeveloped. It is realistic to expect development proposals in this area in the near term.
- Phasing of the University Community's development should provide for logical extension of urban services.

The Merced County "Rural Residential Center" bounded by Lake Road, Cardella Road, Yosemite Avenue, and Golf Road (extended) should be annexed into the City of Merced as well. However, this area, which is already developed to a large extent, should be allowed to retain its rural character, with a special plan Designation to be worked out through the General Plan update process.

Planning Processes

The City accepts the University Community Plan adopted by Merced County on December 21, 2004 as a general conceptual framework for the planning of the University Community.

- That existing plan can be used as foundational work for further planning for the area, with the City as lead agency in the planning process.
- If a special planning process or framework is used for the development of the University Community, then the costs of that planning process shall be borne by applicants and developers, not by Merced residents.

The City should revise all of its various planning documents to accommodate the incorporation of the University Community into the City of Merced. These include not only the General Plan, but also plans for wastewater treatment, water, storm drainage, parks, fire protection, and other services.

General Plan Policies Related to This Application

- B) General Plan Policy UE-1.3 and Implementing Action 1.3.g requires that annexation requests be evaluated against certain criteria. Below is an evaluation of the proposed annexation against those criteria as seen below.

<i>Policy UE-1.3</i>
<i>Control the Annexation, Timing, Density, and Location of New Land Uses Within the City's Urban Expansion Boundaries.</i>
<i>Implementing Actions:</i>
1.3.g Evaluate future annexation requests against the following conditions:
a) Is the area contiguous to the current City limits and within the City's Specific Urban Development Plan (SUDP)/Sphere of Influence (SOI)? Do the annexed lands form a logical and efficient City limit and include older areas where appropriate to minimize the formation of unincorporated peninsulas?
b) Is the proposed development consistent with the land use classifications on the General Plan Land Use Diagram (Figure 3.1)?

- c) Can the proposed development be served by the City water, sewer, storm drainage, fire and police protection, parks, and street systems to meet acceptable standards and service levels without requiring improvements and additional costs to the City beyond which the developer will consent to provide or mitigate?**
- Can the proposed development be served by the City water, sewer, storm drainage, fire and police protection, parks, and street systems to meet acceptable standards and service levels without requiring improvements and additional costs to the City beyond which the developer will consent to provide or mitigate?**
- d) Will this annexation result in the premature conversion of prime agricultural land as defined on the Important Farmland Map of the State Mapping and Monitoring Program? If so, are there alternative locations where this development could take place without converting prime soils?**
- e) Will a non-agricultural use create conflict with adjacent or nearby agricultural uses? If so, how can these conflicts be mitigated?**
- f) Does annexation of the area help the City reach one of the following goals?**
- 1) Does annexation of the area bring the City closer to annexation of the UC Merced campus and University Community?**
 - 2) Does the area contain significant amounts of job-generating land uses, such as industrial, commercial, office, and business/research & development parks?**
 - 3) Does the project provide key infrastructure facilities or other desirable amenities, such as the extension of major roads, utility trunk lines, parks and recreational facilities, etc.?**

Criteria "a"--Is the area contiguous to the Current City Limits and within the City's Specific Urban Development Plan (SUDP)/Sphere of Influence (SOI)? Do the annexed lands form a logical and efficient City limit and include older areas where appropriate to minimize the formation of unincorporated peninsulas?

Evaluation

Because of the terms of AB 3312 (see Finding C), the City is allowed to annex the UC Merced Campus along a roadway strip. The Bellevue Road right-of-way will be annexed from the current City Limits at G Street for approximately 2 miles to Lake Road to connect to the UC Campus Main Campus and Long Range Development Plan (LRDP) boundary.

Criteria “b”--Is the proposed development consistent with the land use classification on the General Plan Land Use Diagram (Figure 3.1)?

Evaluation

The UC Merced Campus LRDP area is designated on the General Plan Land Use Diagram as “School”. The proposed rezoning of “Public Facility” (P-F) is consistent with that designation.

Criteria “c”--Can the proposed development be served by the City water, sewer, storm drainage, fire and police protection, parks, and street systems to meet acceptable standards and service levels without requiring improvements and additional costs to the City beyond which the developer will consent to provide or mitigate?

Evaluation

The City would be able to provide services to the annexation area as spelled out in the Urban Services Agreement from 2003. See Finding C for further details.

Criteria “d”--Will this annexation result in the premature conversion of prime agricultural land as defined in the Important Farmland Map of the State Mapping and Monitoring Program? If so, are there alternative locations where this development could take place without converting prime soils?

Evaluation

As identified on the most recent data provided by the Farmland Mapping and Monitoring Program of the California Resources Agency, the annexation area contains area of land that is considered Prime Farmland, Farmland of Statewide Importance, Farmland of Local Importance, Urban and Built-Up Land, and Grazing Land. As noted in the Environmental Document at Attachment D of Planning Commission Staff Report #23-102, the conversion of this farmland was evaluated in the Merced Vision 2030 General Plan EIR. The EIR included a mitigation measure (MM #3.2-1) that among other things, requires the City to protect agricultural land by establishing conservation easements. UC Merced has placed enough Important Farmland under conservation easements to compensate for the conversion of Important Farmland to campus uses. Therefore, any impacts to the Important Farmland within the annexation area is off-set by the conservation easements.

Criteria “e”--Will a non-agricultural use create conflict with adjacent or nearby agricultural uses? If so, how can these conflicts be mitigated?

Evaluation

The UC Campus would not conflict with any nearby agricultural uses. As discussed in the environmental document at Attachment D of Planning Commission Staff Report #23-102, the area proposed for annexation is within the 8,758 acres of agricultural land where potential impacts due to land use conflicts were disclosed in the adopted GP PEIR. The area north and east of the UC Merced campus outside of the SUDP/SOI evaluated in the GP PEIR is within an area zoned as Exclusive Agricultural (A-2) by Merced County (Merced County n.d.). This includes Lake Yosemite and Lake Yosemite Regional Park managed by Merced County and the Merced Vernal Pools and Grassland Reserve established by UC Merced. Due to existing uses and land use restrictions, these areas would not convert to nonagricultural uses as a result of development or annexation of UC Merced. The agricultural land to the southeast would be buffered from the developed portion of the university by passive open space.

Criteria "f"--Does the annexation area help the City reach one of the following goals?

- 1) *Does annexation of the area bring the City closer to annexation of the UC Merced campus and University Community?*
- 2) *Does the area contain significant amounts of job-generating land uses, such as industrial, commercial, office, and business/research and development parks?*
- 3) *Does the project provide key infrastructure facilities or other desirable amenities such as the extension of major roads, utility trunk lines, parks and recreational facilities, etc.?*

Evaluation

- 1) The proposed annexation would meet this criterion by bringing the UC Merced campus into the City Limits. It is anticipated that land within the northern portion of the University Community currently owned by the Virginia Smith Trust would annex soon after.
- 2) The UC Campus currently has over 3,000 employees. As the UC Campus grows additional jobs would be generated both on campus and throughout the region.
- 3) The development of the UC Merced Campus has involved the development of key infrastructure in the area, including the extension of water and sewer lines that currently serve the UC Campus. These

lines which were installed in Bellevue Road would also serve other annexations in the area.

UC Merced is responsible for a pro-rata share of the cost to widen Bellevue Road from two lanes to four lanes. This project would happen gradually as development occurs along Bellevue Road and right-of-way is acquired.

AB 3312

- C) During 2020, AB 3312 was introduced in the California Legislature by District 21 Assembly member Adam Gray. AB 3312 passed both the House and Senate unanimously and was signed into law by the Governor on September 9, 2020. The final text of AB 3312 can be found at Attachment C. In summary, AB 3312 allows the City to annex the main UC Merced Campus through a “road strip” (Bellevue Road) annexation and places certain restrictions on future annexations along the “road strip.” The “road strip” being used is Bellevue Road. Therefore, once the UC Merced annexation is completed, other properties along Bellevue Road would be eligible for annexation.

City-UC Merced Agreements

- D) In 2003, the City and the Regents of the University of California entered into a “Contract for Water and Sewer Services.” This contract provided an agreement for the City to provide sewer and water services to Phase One of the campus (102 acres). The contract has been amended twice to modify the payment terms and to enlarge the area of service from 102 acres to 219 acres to accommodate the UC’s Revised 2020 Project.

In 2003, as part of the original agreement to provide water and sewer services, the UC was required to enter into an “Agreement to Annex. This agreement states that the UC agrees to annex at such time as the City determines it to be appropriate. In 2016, an “Agreement Affecting Real Property and Covenant to Annex” was entered into between the Regents of the University of California and the City of Merced. The 2016 agreement modified the area to be considered for annexation to include the Revised 2020 Project.

As part of the current annexation application, the UC and the City of Merced have negotiated a Memorandum of Understanding (MOU) regarding the annexation of the UC Campus. City Council will consider this MOU on October 16, 2023. The MOU clarifies the annexation area

and includes the following provisions related to the annexation:

- The UC shall retain full powers of sovereignty and self-governance;
- UC approval and adoption of Long Range Development Plans (LRDP) shall govern future Merced Campus development;
- The City agrees that the LRDP is the sole cap or limitation on the amount and type of development and uses allowed with the UC Campus area.

Public Improvements/City Services

- E) The annexation of the UC Merced Campus will not initially involve the development of public improvements. However, as development occurs within the annexation area, typical infrastructure improvements such as streets, sidewalks, curb, gutters, streetlights, and traffic signals (if required) would be installed.

UC Merced is responsible for paying a pro-rata share of the cost to widen Bellevue Road from two to four lanes between G Street and Lake Road as well as the improvements to the intersections of Bellevue Road and Lake Road and Yosemite Avenue and Lake Road. A traffic signal was recently installed at the intersection of Lake Road and Yosemite Avenue. The installation was done by the developer of the Merced Stations Apartment Complex. UC Merced is responsible for a pro-rata share of the cost of the signal.

1) Streets/Sidewalks/Curb/Gutter

All streets/sidewalks/curb/gutter and any other street improvements on the campus would be the sole responsibility of UC Merced. As development occurs, the campus would install the necessary improvements on the campus to serve the new development. Any development along Lake Road would be required to install frontage improvements (i.e., street, sidewalk, etc.) per City Standards.

2) Sewer/Water

UC Merced is currently receiving City sewer and water through the extension of main lines in Bellevue Road. This extension was part of the Agreement to Annex entered into by the UC Regents and the City in 2003. The UC would be responsible for any extension of lines on the campus to serve future development.

- 3) *Storm Drainage*
The UC Merced campus would continue to accommodate storm drainage on the campus. If storm drainage facilities are required for future development that cannot be accommodated on the campus, those facilities would be required to meet City Standards.
- 4) *Police and Fire Protection*
UC Merced has its own independent police department. This would not change with the annexation of the campus.

Fire protection for the UC Merced Campus is currently contracted through the County. Once the campus is annexed into the City, the UC would contract with the City Fire Department to provide fire protection services.
- 5) *Parks and Recreation*
The UC campus provides an array of open space and recreation programs for students. The campus is responsible for the maintenance of all the parks and open space on the campus. This would not change after annexation. The UC is also responsible for any recreation programs run through UC Merced.

Timeliness of Annexation

- F) It has been the City's long term goal to annex the UC Merced Campus and the adoption of AB3312 allowed the City to annex the Campus along a road strip without having to annex a significant amount of private property between the current City Limits at G Street and the UC Merced Campus. This has allowed the annexation of the UC Campus to proceed quicker than anticipated.

Pre-Annexation Development Agreement

- G) Section 20.86.150 of the Zoning Ordinance requires a property owner to enter into a Pre-Annexation Development Agreement prior to annexation. However, since the University of California has already entered into an Annexation Agreement with the City and is not subject to the City's land use authority, no Pre-Annexation Development Agreement is necessary.

Time Frames

- H) If recommended for approval by the Planning Commission on October 4, 2023, the Annexation/Rezoning would be scheduled for a City

Council public hearing on December 6, 2023. If the City Council authorizes an application to the Merced Local Agency Formation Commission (LAFCO), the application would likely be submitted by December 15, 2023. The LAFCO approval process would likely take several months, but the City is hopeful that the annexation will be finalized by April 2024.

Environmental Clearance

- I) An Addendum to the *Merced Vision 2030 General Plan Environmental Impact Report (EIR)* for the UC Merced Annexation Project has been prepared on behalf of the City by Ascent Environmental under the California Environmental Quality Act and concluded that the annexation project would not result in significant new or substantially more severe environmental impacts than described in the previously-adopted *Merced Vision 2030 General Plan EIR* (adopted in January 2012). (See Attachment D of Planning Commission Staff Report #23-102.)