



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



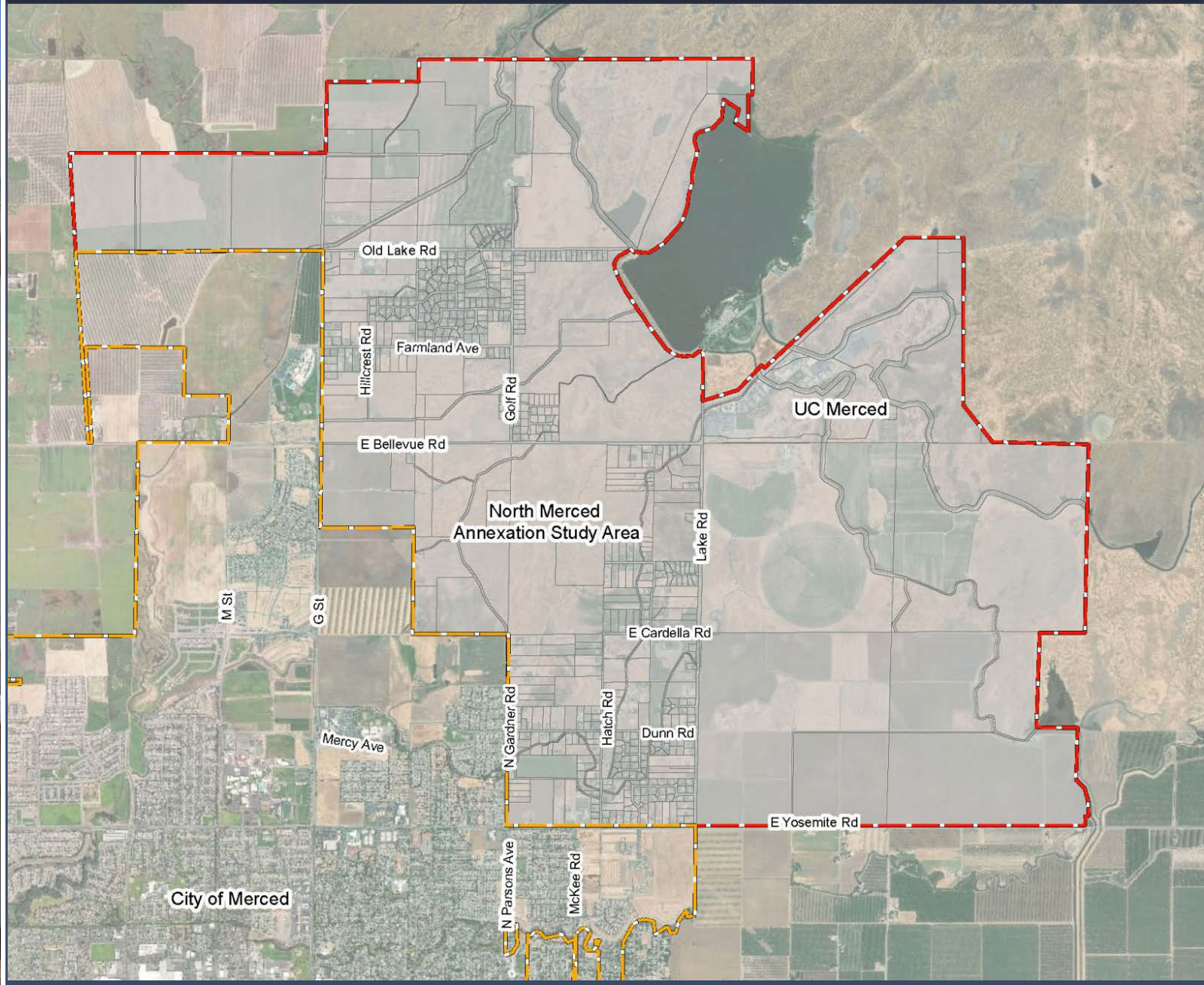
North Merced Study Area Setting



- 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

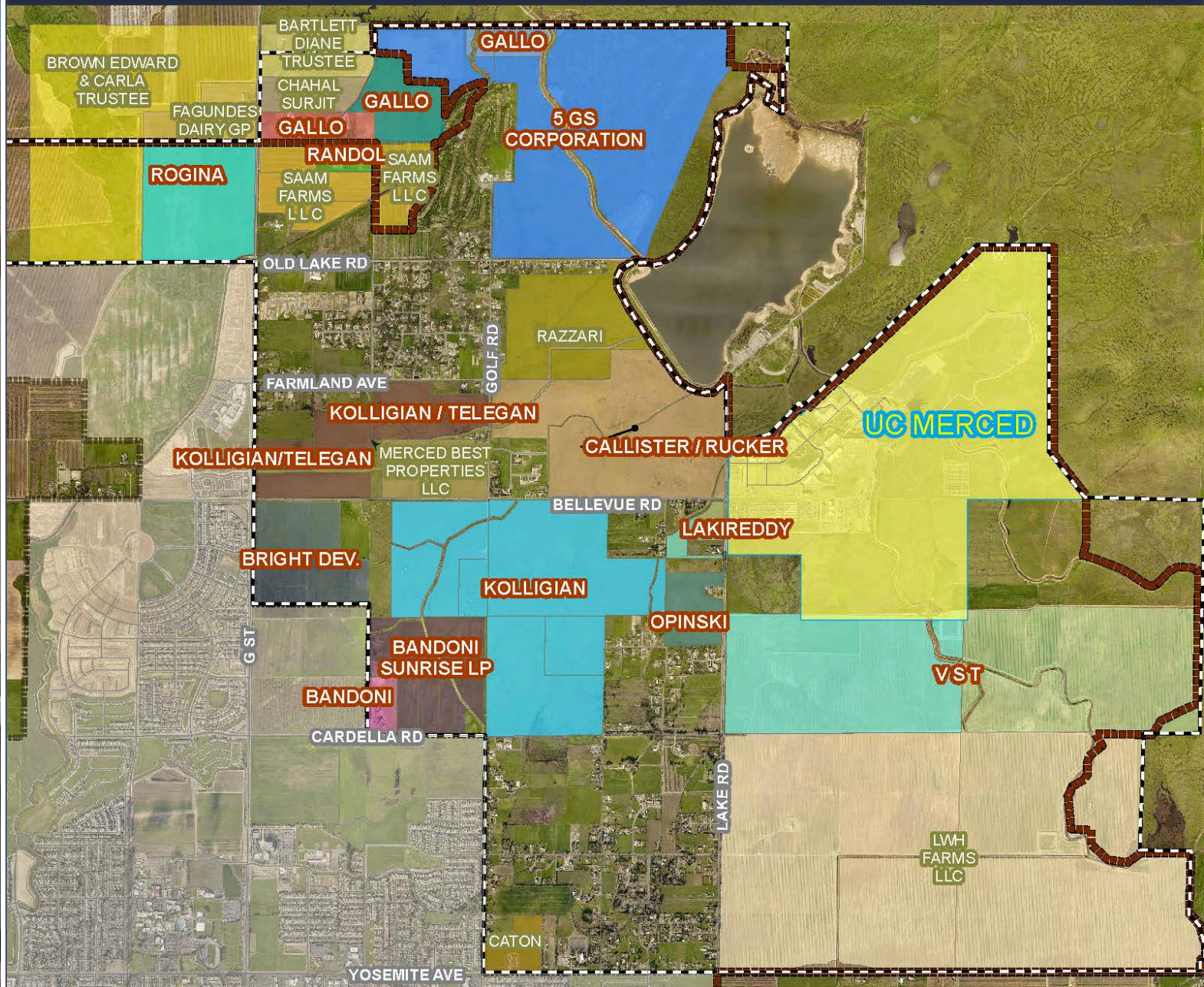


North Merced Study Area





North Merced Major Landowners

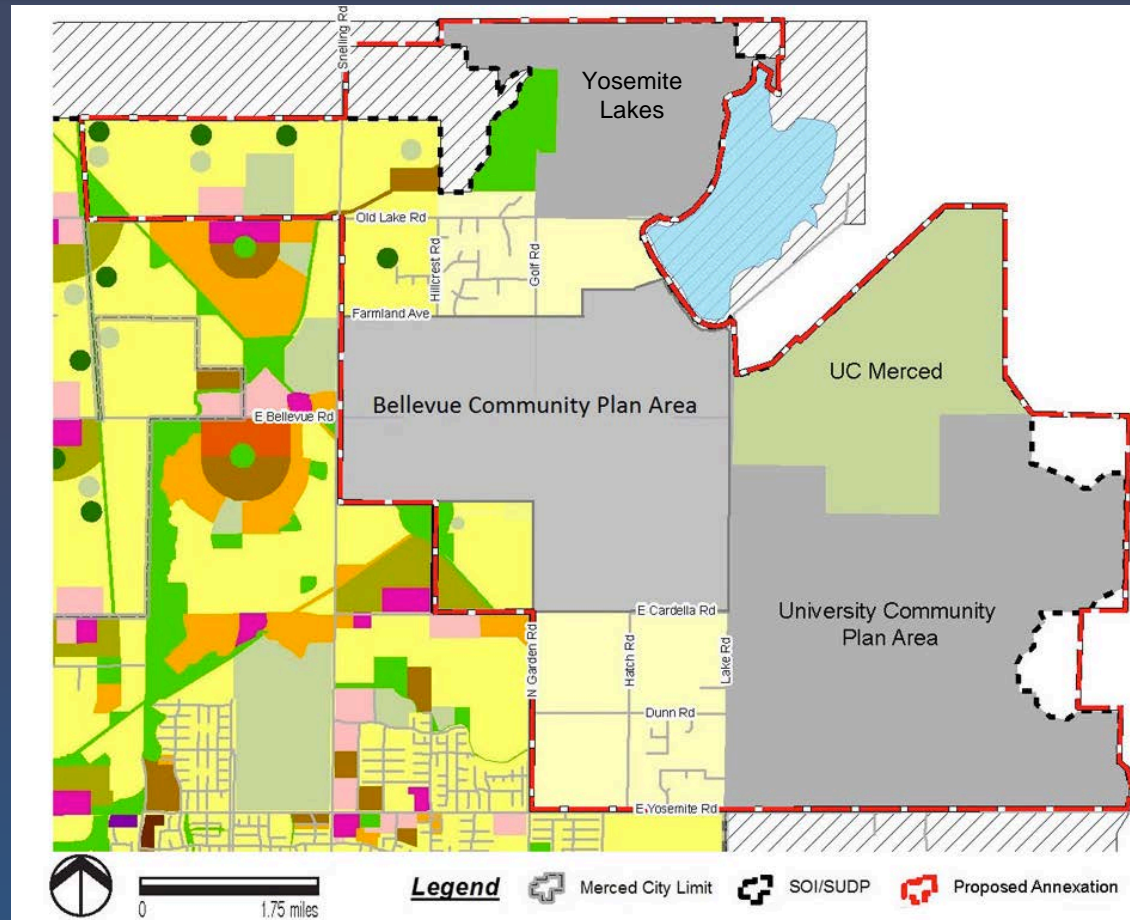




North Merced Development Planning Context

- 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



Merced City General Plan

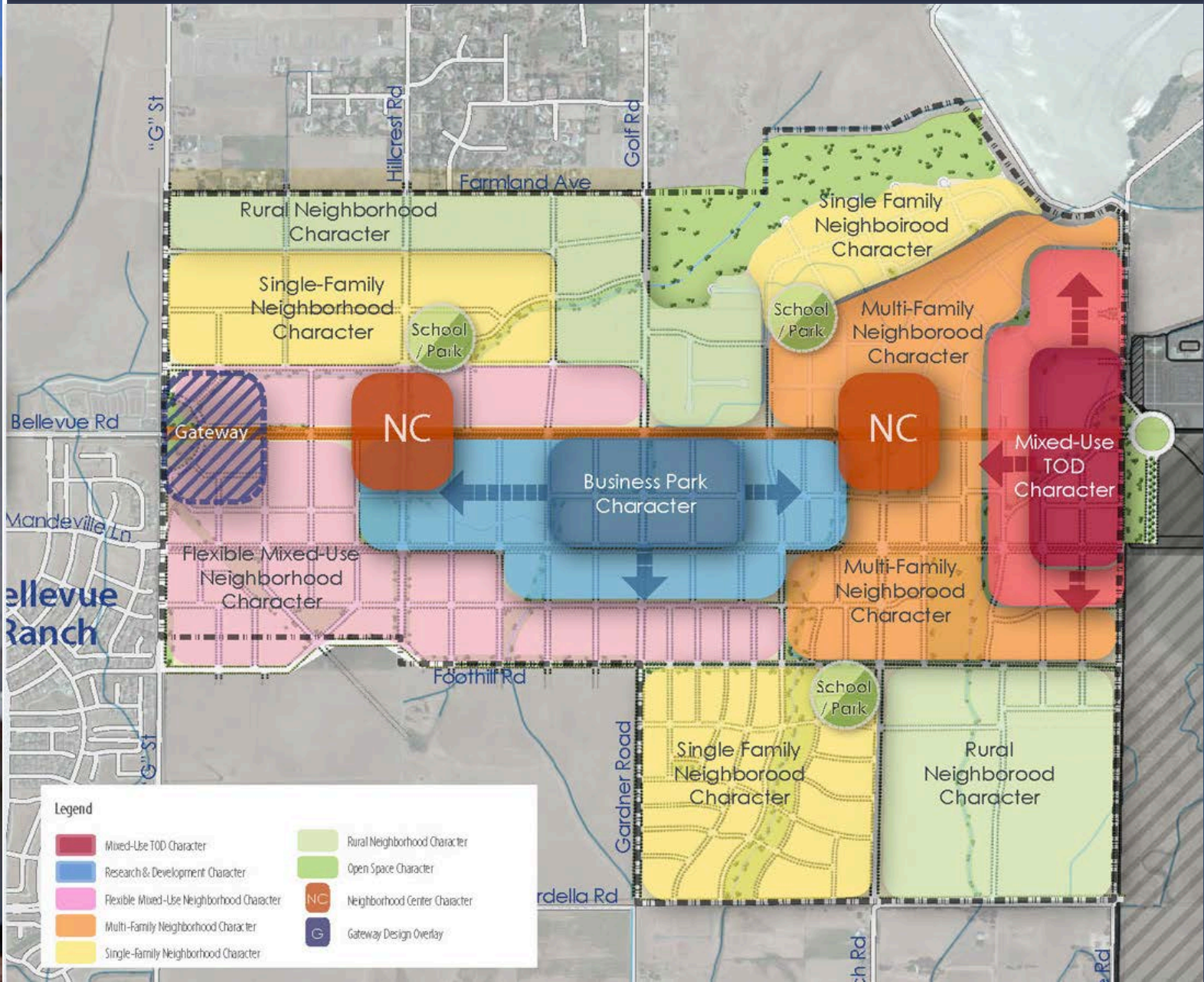
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|-------------------------------|------------------------------|------------------------------------|
| BUSINESS PARK | SCHOOL | VILLAGE RESIDENTIAL |
| BUSINESS PARK RESERVE | FUTURE SCHOOL | LOW DENSITY RESIDENTIAL |
| THOROUGHFARE COMMERCIAL | PUBLIC/GENERAL 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

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Outreach/Information Gathering

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

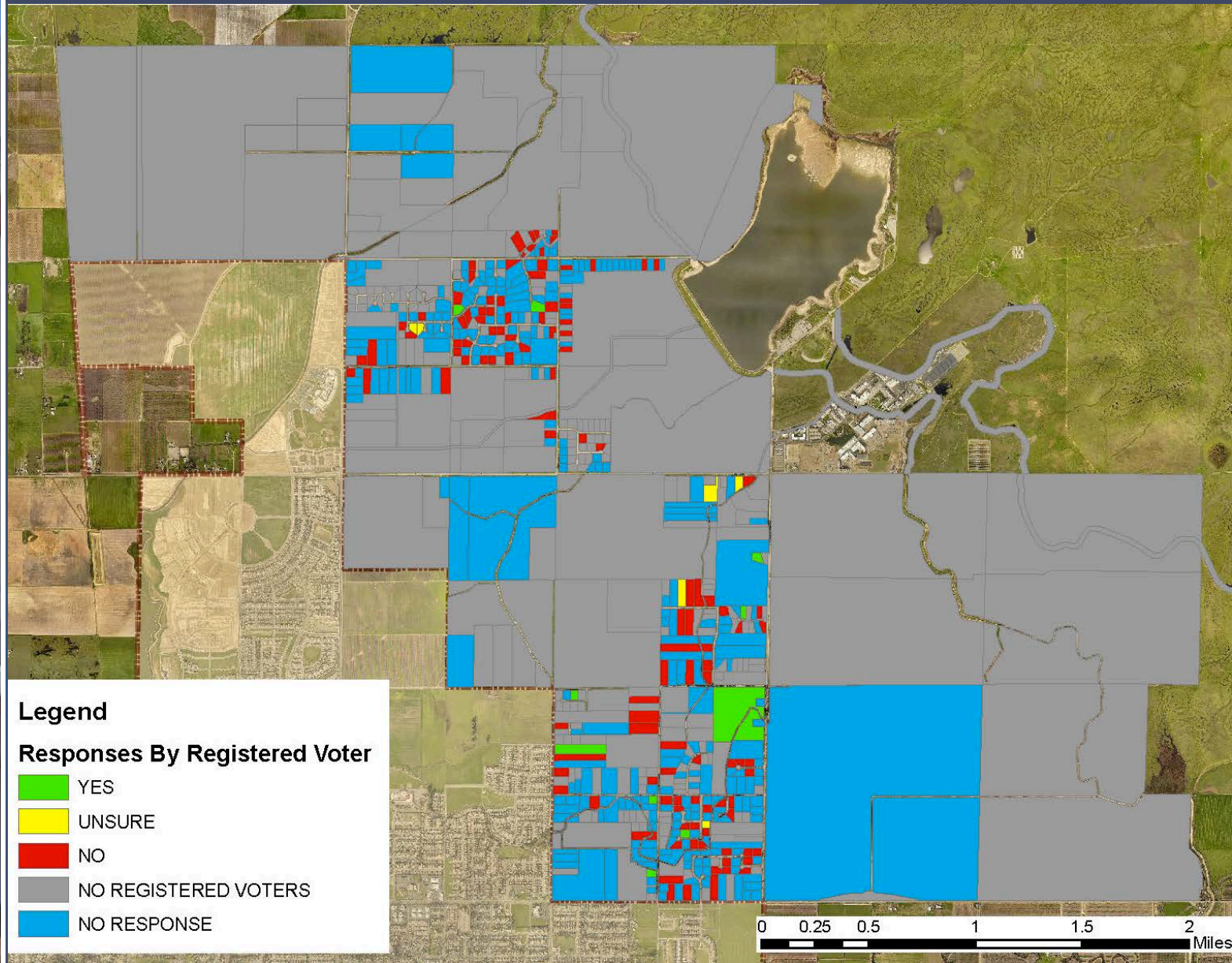


Outreach/Information Gathering



- 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



Legend

Responses By Registered Voter

- YES
- UNSURE
- NO
- NO REGISTERED VOTERS
- NO RESPONSE

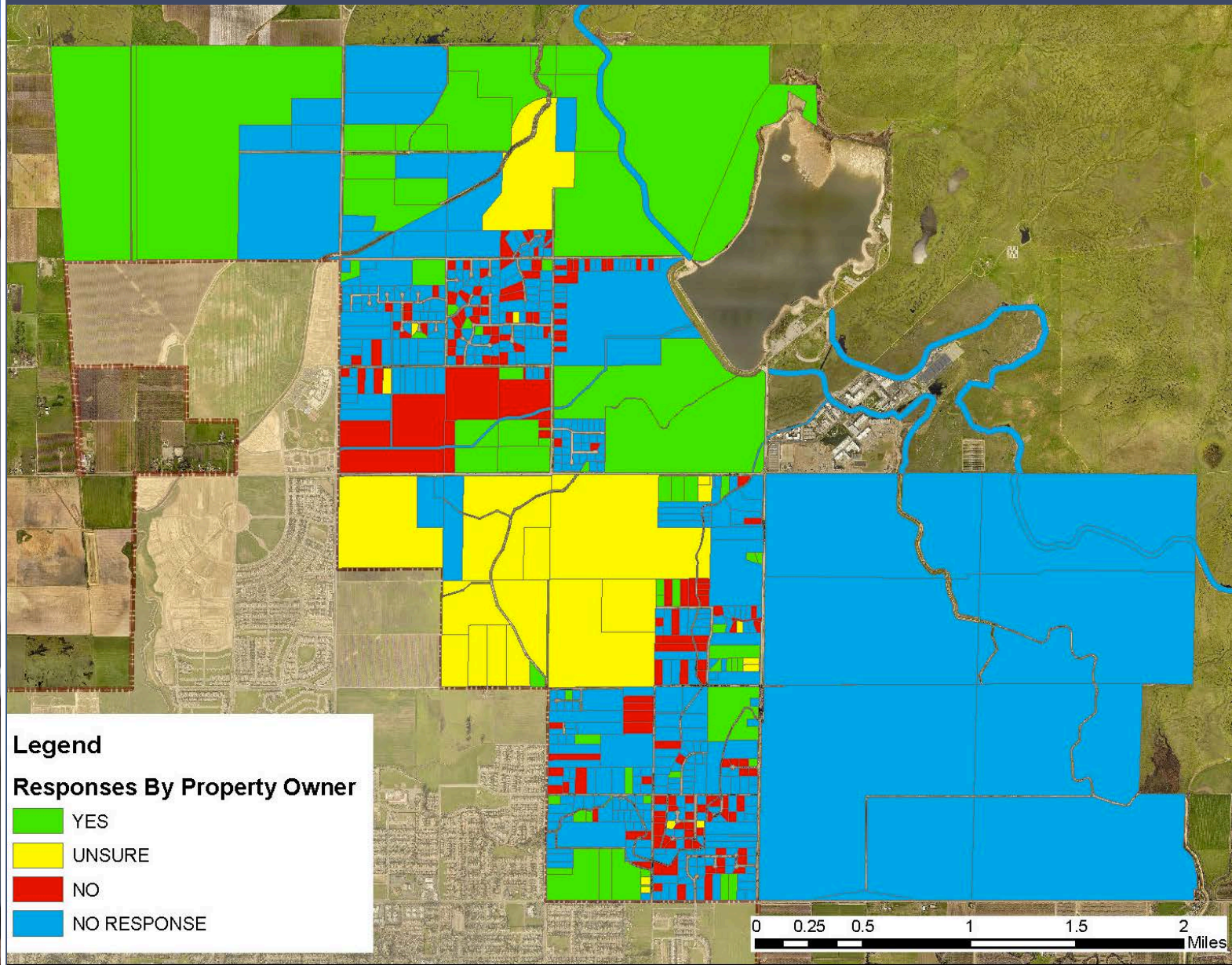
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Polling Results – Property Owners

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Residential Development Supply and Demand



- 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

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- 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

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- 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



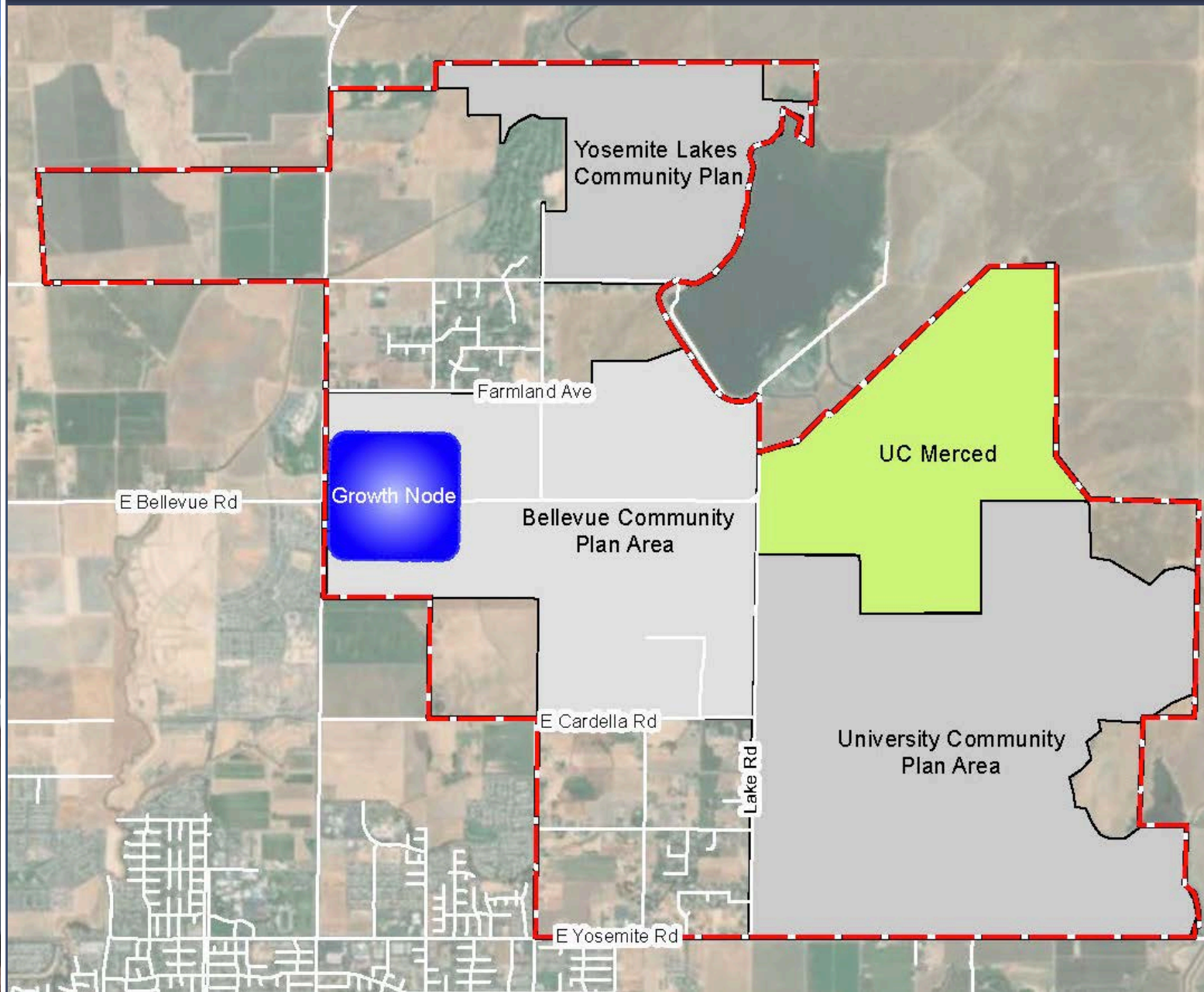
Growth Within BCP



- 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)

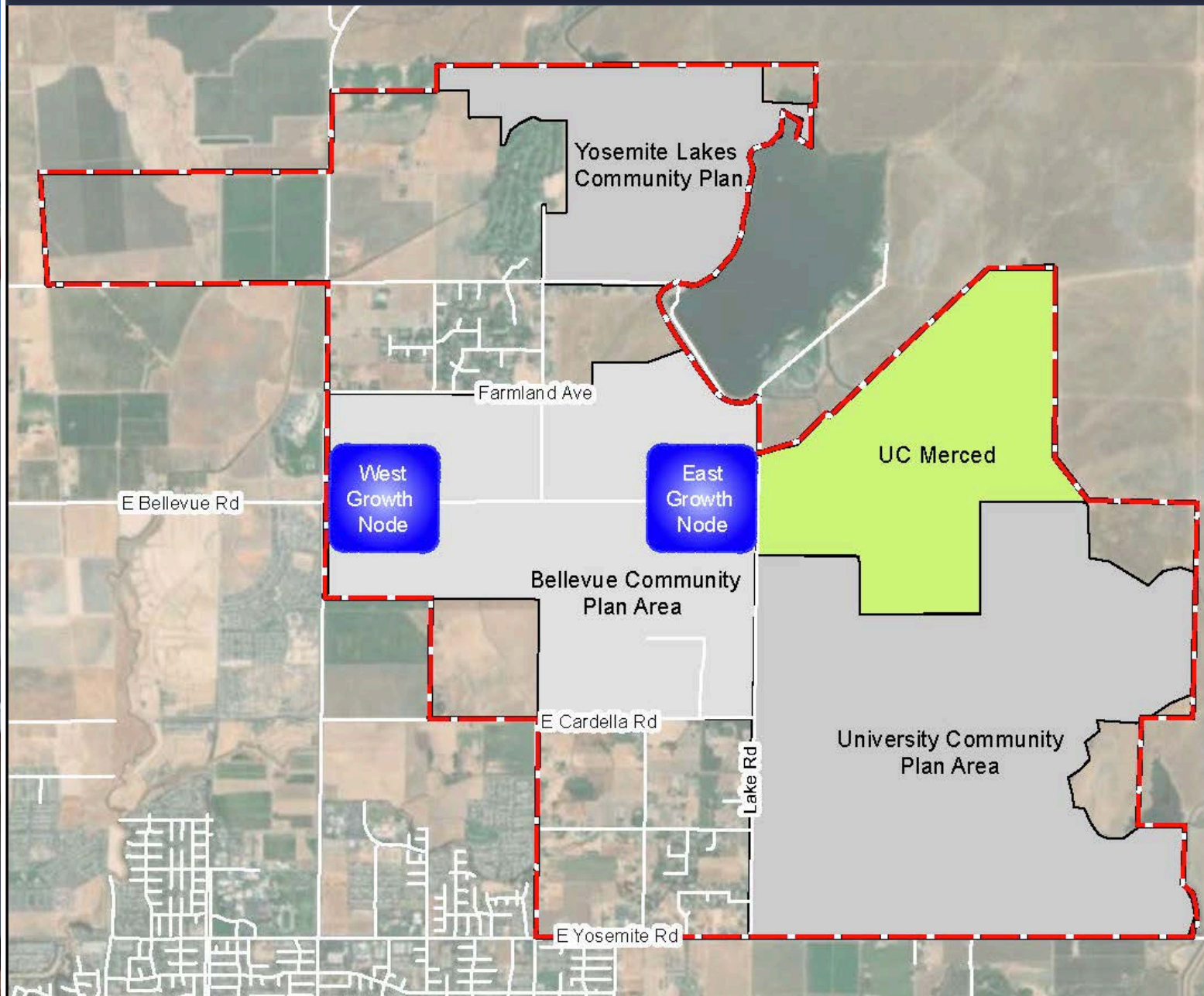


BCP – West to East/Interim UC Needs



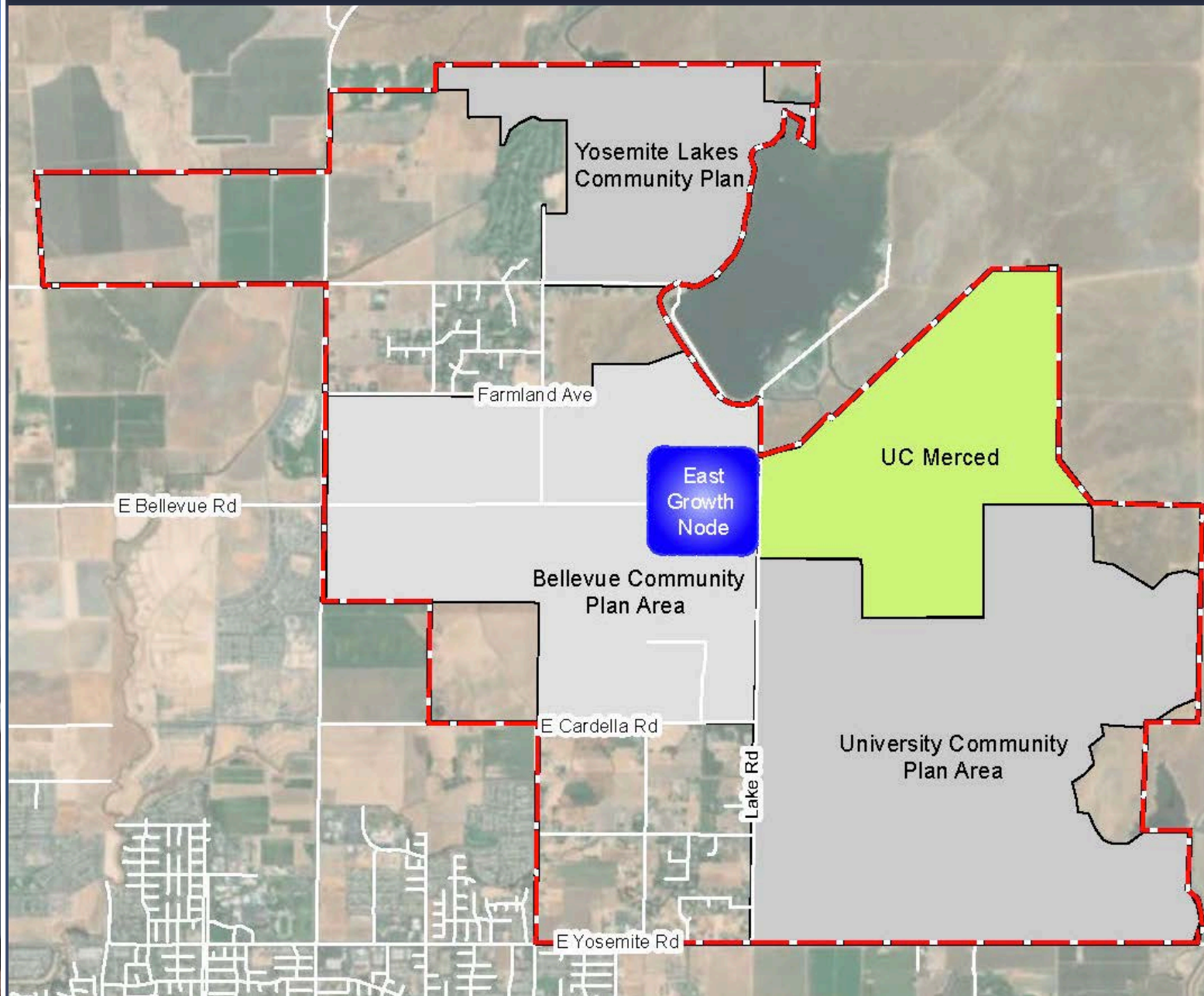


BCP – West + East Growth Nodes



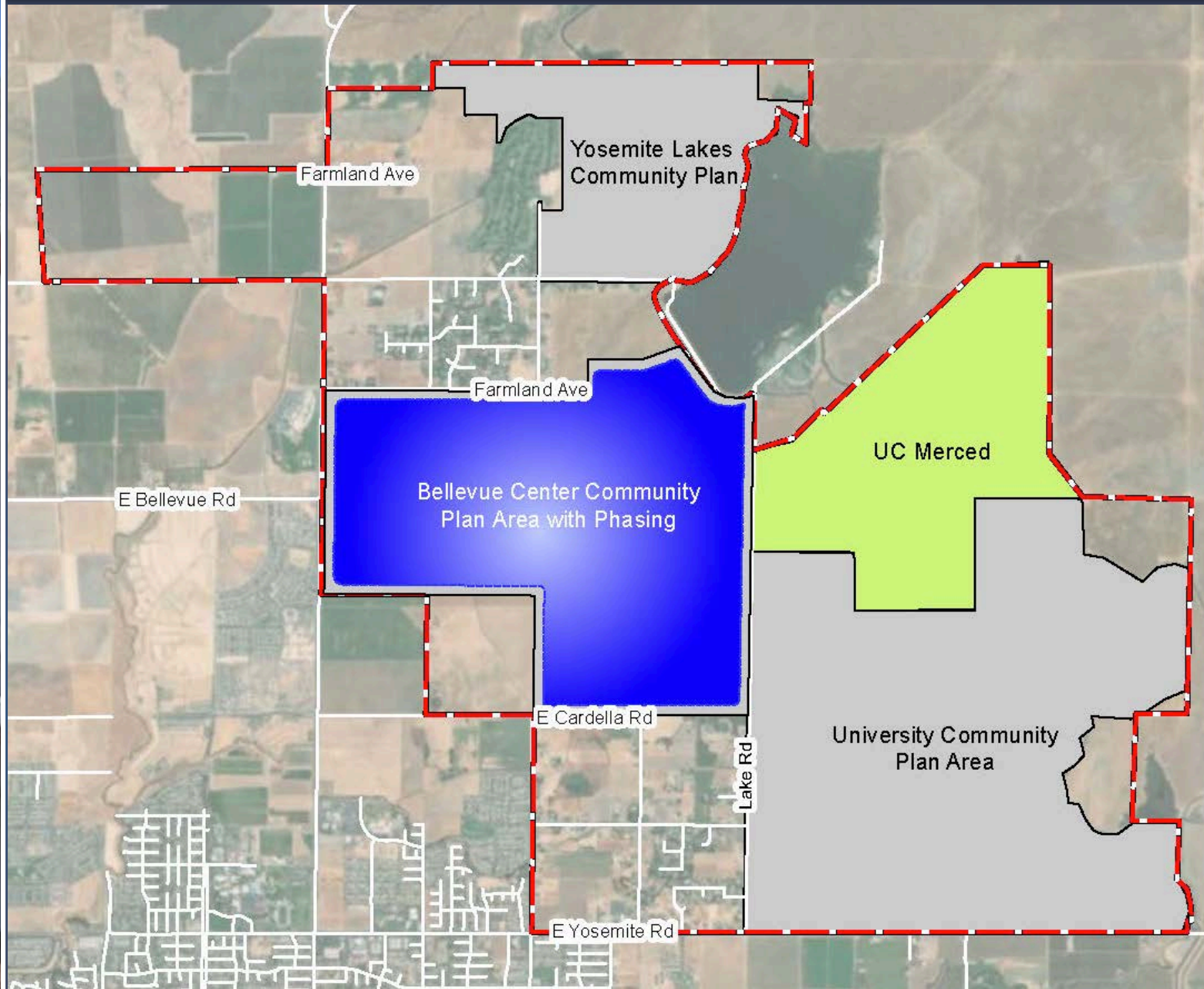


BCP – East Only Growth Node





BCP – Entire BCP with Phasing





Growth Within Community Plans

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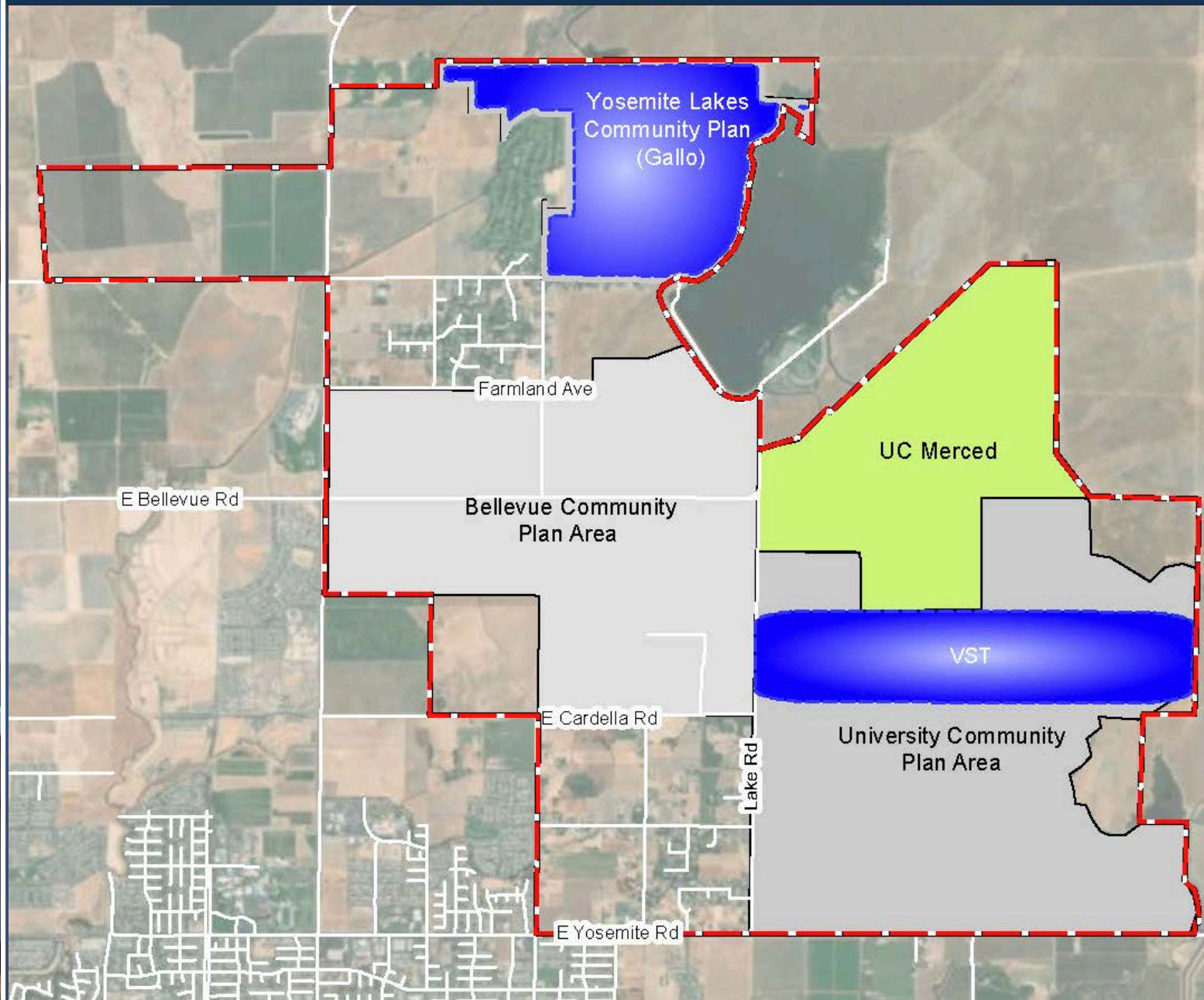
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- Yosemite Lakes Estates (Gallo)
 - In Combination with One or More Other Options. Phased?
 - Development Type Fills Existing Market Gap and/or Indirectly Supports UC
 - Traditional Annexation Likely Constrained? = OBSA?
- University Community Plan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



Yosemite Lakes (Gallo)/UCP (VST)





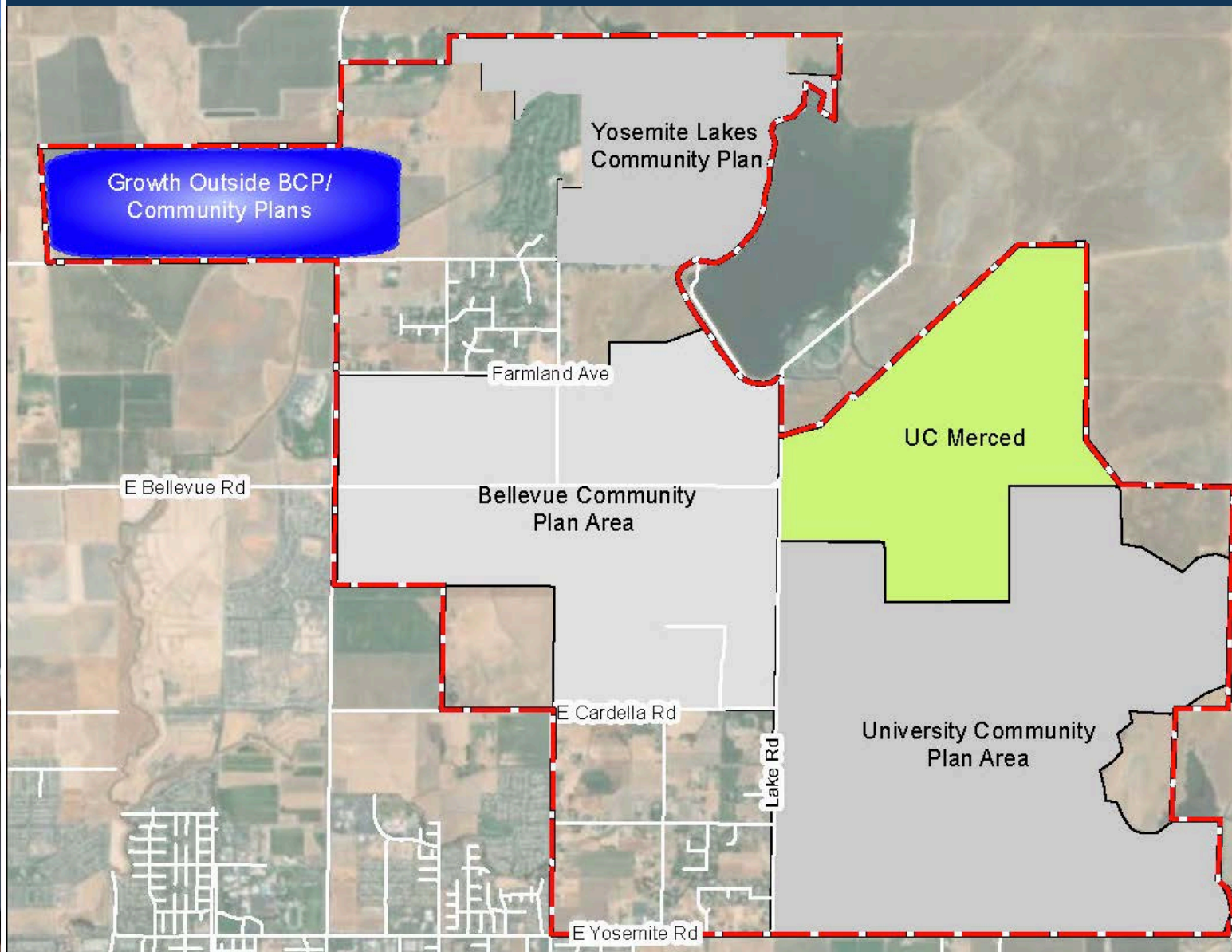
Growth Outside BCP/Community Plans



- 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



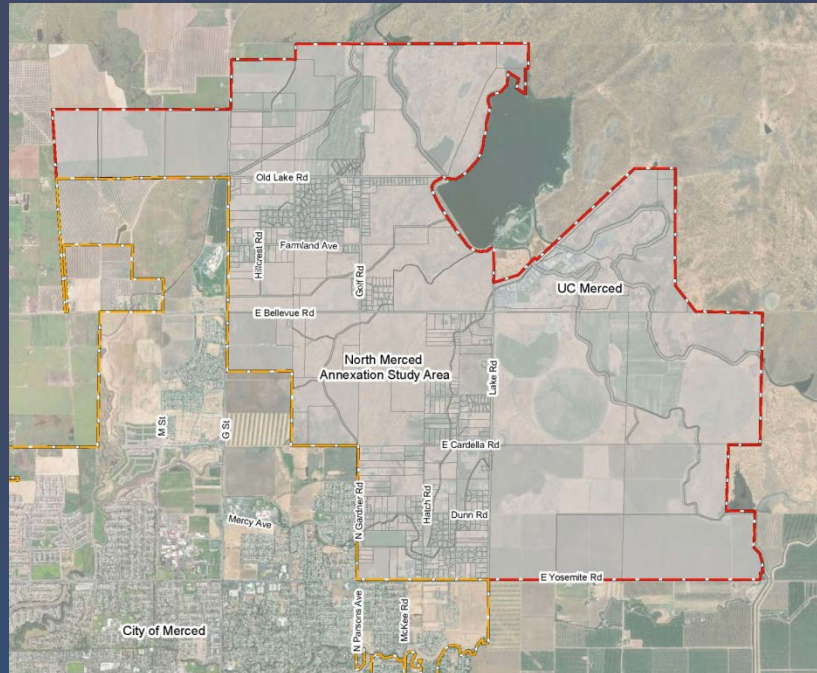
Next Steps/Schedule



- 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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