



CITY OF MERCED

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July 7, 2020

Assembly Member Adam C. Gray
21st Assembly District
690 W. 16th St.
Merced, CA 95340

RE: City of Merced support for Assembly Bill 3312.

Dear Assembly Member Gray,

The City of Merced supports the AB 3312. This proposed legislation would amend the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 to provide for an alternative method for the City of Merced to annex the University of California, Merced main Campus and other contiguous territory.

The City is currently completing an Annexation Feasibility Study in the North Merced Area. The area is generally north of Yosemite Avenue to the extent of the City's existing Sphere of Influence (SOI). This study area includes the UC Merced Campus, Bellevue Community Plan Area, University Community Plan Area, the proposed Yosemite Lake Estates Plan Area, and other developed and undeveloped properties. The City undertook this study due to increasing interest by private property owners to possibly annex and develop their land. The process has included many opportunities for public participation as well as outreach with various stakeholders. The City also initiated polls to registered voters and property owners to solicit their input on potential annexation. This work is nearing completion and now also contemplates the unique opportunity which is represented using the proposed language of AB 3312.

Concurrent with the Annexation Feasibility Study, the City has also been working on completing the Wastewater Collection System Master Plan. This plan addresses the lines and facilities that would be needed to provide services to future land that would likely be annexed and developed. That work includes the environmental analysis which is culminating in a Draft Environmental Impact Report likely out before the end of 2020. Work on creating the financing mechanisms for this infrastructure will also be initiated. Having a plan for services in support of annexation and development is necessary as part of any proposal that would accompany a formal annexation application to LAFCO.

The City has received numerous inquiries for potential annexations and developments in the North Merced Study Area. Most of the inquiries are not adjacent to the City's existing city limits so there is limited ability to initiate an annexation in support of future development without including additional properties. The bulk of interest is immediately adjacent to the UC Merced Campus. Currently there are only two ways to accommodate development adjacent to or within a close proximity to the UC campus.

First, is the approach highlighted in the Bellevue Community Plan which was prepared in 2015. The plan generally discussed a corridor along Bellevue Road reaching from the current City limits near G St. to the UC Merced Campus. As noted in the Plan, annexation and development may occur in a west to east direction in an incremental approach. This would be a traditional approach involving contiguous properties along Bellevue Road through a series of annexations which would stretch the city limits over time to reach the UC Merced Campus. Another option discussed in the plan would potentially include a larger single or comprehensive annexation. By initiating a large single annexation, it would provide the ability to provide services to the entire area but also accommodate a nodal or separate development component adjacent to the UC Merced Campus. This method would also allow for concurrent development to occur at both ends of Bellevue Road similar in shape to a dumbbell. Early feedback from the north Merced Feasibility Study indicated that the nodal - dumbbell approach is the most likely to succeed given market interest being most concentrated immediately adjacent to the UC Merced Campus but also supporting development at the west end of Bellevue Road as well.

The other potential method to support development closer to the UC Merced campus would potentially be an Out of Boundary Service Agreement Approach (OBSA). Under this scenario development would occur within the jurisdiction of Merced County with services being provided by contract to a Special District by the City of Merced. The North Merced Annexation Feasibility Study is also now looking at a third and new potential method which would be provided through AB 3312. If enacted, and subject to LAFCO approval, the potential for an annexation using this approach is somewhat of a hybrid between the traditional contiguous annexation and an out of boundary service agreement. It's essentially another tool the City of Merced could use to support providing housing and other services close to the UC Merced Campus.

We appreciate your efforts in the crafting of this legislation and work within the community. We look forward to the continuing support at the State level to enact this legislation. We are aware that the Assembly has acted in support of the bill and it is now being considered by the Senate.

Sincerely,

Michael W. Murphy, Mayor
City of Merced