



Legislation Details (With Text)

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On agenda: 6/3/2024 **Final action:** 6/3/2024
Title: SUBJECT: Report for Discussion on Preliminary Annexation Application #24-01 for LWH Farms, LLC, 1,186 Acres at the Northeast Corner of Yosemite Avenue and Lake Road

REPORT IN BRIEF

The City Council will be asked to evaluate Preliminary Annexation Application #24-01 LWH Farms, LLC, 1,186+ acres of mixed-use development mostly at the northeast corner of Yosemite and Lake Roads.

RECOMMENDATION

City Council - Adopt a motion indicating general support for an official annexation application being processed for the LWH Farms project.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Summary of Annexation Pre-Application Process (approved July 6, 2021), 2. Map of Current Preliminary and Active Annexations, 3. Location Map, 4. LWH, LLC, Pre-Application Submittal, 5. University Community Plan, 6. University Community Plan Map, 7. Presentation

Date	Ver.	Action By	Action	Result
6/3/2024	1	City Council/Public Finance and Economic Development Authority/Parking Authority	approved	Pass

Report Prepared by: Jonnie Lan, AICP, Principal Planner, Development Services Department

SUBJECT: Report for Discussion on Preliminary Annexation Application #24-01 for LWH Farms, LLC, 1,186 Acres at the Northeast Corner of Yosemite Avenue and Lake Road

REPORT IN BRIEF

The City Council will be asked to evaluate Preliminary Annexation Application #24-01 LWH Farms, LLC, 1,186+ acres of mixed-use development mostly at the northeast corner of Yosemite and Lake Roads.

RECOMMENDATION

City Council - Adopt a motion indicating general support for an official annexation application being processed for the LWH Farms project.

ALTERNATIVES

1. Indicate general support for an official annexation application moving forward; or,
2. Indicate general non-support for an official annexation application moving forward; or,

3. Direct staff and/or the applicants to provide additional information or analysis (to be specified in Council motion) before making a decision; or,
4. Continue to the item to a future Council meeting (date and time to be specified in motion).

AUTHORITY

On July 6, 2021, the City Council approved an Annexation Pre-application Process to give early Council input on potential annexation projects. The City Council has reviewed several annexation pre-applications since then. The Cortese-Knox-Hertzberg Act of 2000 establishes procedures for city annexations and other local government changes in organization.

CITY COUNCIL PRIORITIES

Not Applicable.

DISCUSSION

Annexation Pre-Application Process

On July 6, 2021, the City Council approved an Annexation Pre-application Process as outlined in detail in Attachment 1. In summary, the Pre-Application process allows for early input from the City Council into the annexation process by allowing applicants to present their proposal for a potential future annexation application to the City Council before submitting an official application. After reviewing the information and the staff analysis, the City Council will indicate either general support or non-support for an official annexation application moving forward. The applicants may then decide whether to move forward or not.

Since that time, the City Council has reviewed several annexation pre-applications and has indicated general support for many of them. This proposal is northwest of the City. See Attachment 2 for a map of preliminary and active annexation applications.

Background

The City of Merced, Merced County, UC Merced, Hunt Family Trust, and the Virginia Smith Trust have been engaged in land planning activities for many years related to the University Community Plan (UCP). This plan essentially covers the non-campus land area between Yosemite Ave, Lake Road, and the UC Merced campus. The UCP planning process started in 2000 and was approved in 2004. The UCP area is within the City's Sphere of Influence (SOI). The UCP also has an approved EIR. The UCP area includes the Virginia Smith Trust (VST) lands and the property owned by LWH Farms.

The UCP concept was an integrated community between the adjacent land and the campus. Changes in the University's Long-Range Development Plan (LRDP), property ownership, and economic conditions necessitated changes to the UCP. These same changes also required a need to review and update the land planning for the VST controlled area just south of the University of California campus and north of the property owned by LWH Farms. The City decisions related to that part of the UCP concluded earlier this year when the City Council approved and adopted several actions to support the VST part of the UCP. The last step for that approval is to be heard and approved by LAFCO. They are on schedule to be considered by LAFCO late summer, early fall, 2024. This proposal includes properties that are the southern portion of the adopted UCP. The inclusion of these properties into the City will complete the annexation of the entire UCP area.

AB 3312, which allowed for the City of Merced to annex the UC Merced Campus, also allowed specific adjacent parcels to participate in potential subsequent annexation activities. Whereas that approval includes VST, it didn't include the LWH property. Therefore, this annexation proposal requires that the properties be adjacent to the existing City boundaries. To do this, the applicant has proposed the inclusion of APNs 238-010-013 and 238-010-014 at the southeast corner of Yosemite Avenue and Lake Road. These properties will link the northern properties to the City's jurisdictional boundary as required by state law.

Proposed Project

The part of the annexation north of Yosemite Avenue is the southern section of the University Community Plan. The Plan buildout calls for a mixture of uses. There is expected to be 250,000 square feet of Local Commercial and 140,000 square feet of Office and Hotel space. There is also expected to be additional Commercial Uses not accounted for under the current University Community Plan at the intersection of Yosemite Avenue and Campus Parkway. This will need to be clarified and approved through later entitlement processes. In addition to the proposed commercial uses, the project is expected to provide 1,794 Multi-Family dwelling units and 4,029 single family dwelling units. In total 5,823 housing units are planned for the southern section of the UCP. In addition, currently the City Council requires that 5% of the housing brought into the City be affordable. This proposal once realized will be subject to the affordable housing requirement at the time of annexation.

Land Use	UCP North			UCP South			Total		
	Net Acres	Commercial (SF)	Housing Units	Net Acres	Commercial (SF)	Housing Units	Net Acres	Commercial (SF)	Housing Units
Local Commercial	19.1	273,650		15.0	250,000		34.1	523,650	
Office/Hotel	10.6	275,000		9.0	140,000		19.6	415,000	-
Mixed Use Commercial	15.3	307,500	108	-		-	15.3	307,500	108
Business Park	-		-	-		-	-		-
Parks/Open Space/Canal	99.7		-	148.0		-	247.7		-
School	14.5		-	80.0		-	94.5		-
MF Residential	72.3		1,992	75.0		1,794	147.3		3,786
SF Residential	263.6		1,757	560.0		4,029	823.6		5,786
Major Roads	69.8			131.3			201.1		-
Minor Roads	89.2			168.8			257.9		-
Total Proposed	654.0	856,150	3,857	1,187.0	390,000	5,823	1,841.0	1,246,150	9,680
Total Existing Approved	946.0	1,632,900	5,793	1,187.0	390,000	5,823	2,133.0	2,022,900	11,616

Merit Based Criteria

As outlined in General Plan Policy UE-1.3.g and other General Plan policies, the application must meet the criteria listed below.

"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?*

Response: The project north of Yosemite is within the City's SUDP (and SOI). They are also part of the University Community Plan area that has been planned for decades and is intended for development to support the UC. Because the property is not part of the AB3312 approval, the

annexation must include property that is adjacent to the City boundaries in compliance with state law. To comply, the applicant has included APN 238-010-013 in the annexation proposal. This parcel is directly contiguous to the City of Merced boundary. To annex this and APN 238-010-014, the approval would have to include a change in the Sphere of Influence (SOI) because these properties south of Yosemite are not currently in the City's SOI, however they are within the General Plan designated Area of Interest.

b) Is the proposed development consistent with the land use classifications on the General Plan Land Use Diagram?

Response: The General Plan designation on the property north of Yosemite is University Community Plan. The General Plan designation on the parcels south of Yosemite is Area of Interest. The development of the northern part of project will be relatively consistent with the University Community Plan, the County's UCP development policies, and the City's policies regarding development of the UCP area.

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?

Response: Yes. Earlier engineering studies have shown that the project can be served by sewer, water, and storm drainage facilities, however details regarding the provision of City services will be addressed through the environmental review and entitlement processes if the annexation moves forward. Development of the project will require the payment of impact fees to support needed public services, including fire and protection services, parks, and street systems. With the mixture of uses planned under the UCP, it is expected that the project will generate adequate revenues to support needed public services. In addition, under the UCP, streets have been generally designed to accommodate planned traffic, including Campus Parkway.

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?

Response: Development of the site will result in the conversion of prime farmland. The site has been designated for development by the City and the County for the past 15 years. Development of the site will support UC operations. City General plan policies recognize that development of the UCP properties will convert prime farmland, and such development is necessary to support the UC. There are no alternative locations since those alternative locations would not be next to UC as is necessary to fulfill the objective of the UCP. However, the property will be required to mitigate the use of the farmland through mitigation measures as outlined in the environmental review if the annexation moves forward.

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

Response: The County Zoning Ordinance requires setbacks to long-term agricultural lands, and the project will be required to integrate those setbacks.

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?*

Response: Yes. The site is within the University Community Plan Area as defined by the adopted University Community Plan.

- 2) *Does the area contain significant amounts of job-generating land uses, such as industrial, commercial, office, and business/research & development parks?*

Response: Yes. The project site will contain a mixture of commercial, office and residential uses. This could generate thousands of jobs.

- 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.?"*

Response: Yes. The project will involve the development of key portions of Campus Parkway, Lake Road and East Yosemite Avenue. It will also install water and sewer mains along the project frontages of Lake Road and East Yosemite Avenue. The project will also include pedestrian and bike trails and parks.

Wastewater Analysis

Wastewater generation and system improvements for the project are described in Attachment 5. A more refined analysis will need to be performed during the entitlement process to ensure adequate wastewater capacity within the City's system. With this and other annexation projects in this area that could be moving forward, the City's wastewater system will certainly need to be expanded to accommodate all these new users. Ultimately, impacts on the City's wastewater system will be addressed through the environmental review and entitlement process if the annexation moves forward.

Next Steps

If the City Council indicates general support for the annexation, the applicants will need to decide if they want to proceed with submitting an official annexation application. This would also require expansion of the Sphere of Influence boundary to include the parcels south of East Yosemite Avenue. Once the annexation application is submitted the Project (including a Pre-Annexation Development Agreement and any required entitlements such as General Plan Amendments, Pre-zoning, Specific Plan adoption, etc.) can be scheduled for public hearings before the City Planning Commission and City Council and finally LAFCO.

IMPACT ON CITY RESOURCES

There will be no impacts on City resources from this pre-application. However, if an annexation moves forward, there will likely be impacts that will be outlined at that time.

ATTACHMENTS

1. Summary of Annexation Pre-Application Process (approved July 6, 2021)
2. Map of Current Preliminary and Active Annexations

3. Location Map
4. LWH, LLC, Pre-Application Submittal
5. University Community Plan
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7. Presentation