



Legislation Details (With Text)

**File #:** 20-416      **Version:** 1      **Name:**

**Type:** Report Item      **Status:** Agenda Ready

**File created:** 7/29/2020      **In control:** City Council/Public Finance and Economic Development Authority/Parking Authority

**On agenda:** 8/17/2020      **Final action:**

**Title:** SUBJECT: Update on North Merced Annexation Feasibility Study and Provide Direction Regarding Various Policy Decisions Including, but not Limited to, Water Use, Phasing of Development, Sewer Allocation, Annexation Applications, Out Boundary Service Requests, Community Engagement

REPORT IN BRIEF

Update the City Council on the work completed on the North Merced Annexation Feasibility Study since the joint Planning Commission/City Council study session in January 2020 and get policy direction on certain items to complete the study.

RECOMMENDATION

Provide direction to the consultants and staff on various topics to guide the completion of the North Merced Annexation Feasibility Study.

Sponsors:

Indexes:

Code sections:

**Attachments:** 1. North Merced Annexation Feasibility Study Area, 2. Minutes from Joint Planning Commission/City Council Study Session (January 27, 2020), 3. Presentation from Joint Planning Commission/City Council Study Session (January 27, 2020), 4. Final Results of Annexation Survey (March 2020), 5. Draft Letter of Support for AB 3312.pdf

Date	Ver.	Action By	Action	Result
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*Report Prepared by: Kim Espinosa, Planning Manager, Development Services Department*

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Provide direction to the consultants and staff on various topics to guide the completion of the North Merced Annexation Feasibility Study.

**ALTERNATIVES**

Continue to a future City Council meeting.

## **AUTHORITY**

The Cortese-Knox-Hertzberg Local Reorganization Act of 2000 establishes procedures for city annexations and other local government changes of organization.

## **CITY COUNCIL PRIORITIES**

FY 20-21 Council Goals and Priorities list “Future Annexations/Growth of City/Sewer Master Plan” under “Future Planning.”

## **DISCUSSION**

### Background

In March 2019, the City hired EMC Planning Group to prepare the North Merced Annexation Feasibility Study. The Study’s purpose is to provide recommendations to the City for when and how it considers future annexations over time for an approximate 7,600-acre study area in North Merced (Attachment 1).

As part of the public outreach for the project, the consultants conducted interviews with large property owners and developers along with elected officials, and held two public workshops on May 19, 2019, and August 7, 2019. The public workshops were well attended by property owners and residents within the Study Area and generated a significant amount of community input.

### Joint Planning Commission/City Council Study Session (January 27, 2020)

On January 27, 2020, a joint study session was held with the Planning Commission and City Council. The presentation and minutes from that meeting are provided at Attachments 2 and 3.

The general direction from City Council and Planning Commission members at the study session can be summarized as follows:

- No City interest in annexing the existing neighborhoods who have no interest in annexation
- Concentrate in the near future on the Bellevue Corridor and growth toward UC Merced
- No interest in annexing properties north of Old Lake Road at this time

### Final Results from Annexation Study

In early January 2020, City staff sent out a survey to all 688 property owners and 992 registered voters within the Study Area based on data from the Merced County Assessor’s Office and Elections Office. It should be noted that there were 283 parcels within the Study Area with no registered voters and that many property owners received 2 ballots, one for being the property owner and one as being a registered voter on the property.

The survey consisted of one question: “*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?*” The responders were asked to check either “Yes,

No, or Not Sure” and a space was provided for “Why?” comments and to return the self-addressed stamped postcard to the City prior to the January 27, 2020, study session.

At the January 27, 2020, Study Session, preliminary results of the survey were provided (Slides 12 through 14 of Attachment 3), but postcards continued to be returned to the City through February 2020. The last postcard was received in early March 2020. The final response rate was 45.9 percent (316 of 688) of the property owners and 40.2 percent (399 of 992) of the registered voters. The final results are summarized in tables and maps in Attachment 4. For property owners, 14.0 percent said “Yes,” 27.8 percent said “No,” and 4.2 percent said “Not Sure,” with 54.1 percent not responding. For registered voters, 4.2 percent said “Yes,” 34.6 percent said “No,” and 1.4 percent said “Not Sure,” with 59.8 percent not responding.

There were a wide variety of responses under the “Why” comments, but in general, the “No” votes were concerned about the costs of sewer and water hook-ups, they did not want to change their rural lifestyle, and didn’t see much benefit to annexation for them. The “Yes” votes were generally in support of City and UC growth and many wanted to annex their property for future development.

#### Overview of Topics to be Discussed at August 17, 2020 Update

The following topics will be discussed during the August 17, 2020, Update to the City Council, including several areas where the consultants and City staff will be seeking policy direction from the City Council.

1. Review of City Council direction from January 27, 2020, Study Session
2. Final Results of Annexation Survey for Property Owners and Registered Voters
3. Update on AB3312 - with proposed letter of support for Council’s consideration
4. Wastewater Master Plan and its relationship to the North Merced Study, including Interim Sewer Capacity, Flow Monitoring, and Water Use
5. Summary of Market Feasibility Development Scenarios (completed by Applied Development Economics, Inc.)
6. Proposed Development Phasing Options (previously discussed on January 27, 2020)
7. City Council Policy Direction
  - a. Water Use Assumptions (Affects Wastewater Capacity)
  - b. Development Phasing
  - c. How to deal with Interim Sewer Allocation?
  - d. How to deal with Annexation applications in the future?
  - e. How to deal with Out of Boundary Service Requests?
  - f. What Additional Community/Major Property Owner Outreach would the Council like done prior to the final report being submitted to them?

The Presentation will go over the above topics in detail. The Presentation is still under development

by the consultant team and will be provided to the City Council at the August 17, 2020 meeting.

### **IMPACT ON CITY RESOURCES**

There is no impact on City resources in providing direction to complete the Study.

### **ATTACHMENTS**

1. North Merced Annexation Feasibility Study Area
2. Minutes from Joint Planning Commission/City Council Study Session (January 27, 2020)
3. Presentation from Joint Planning Commission/City Council Study Session (January 27, 2020)
4. Final Results of Annexation Survey (March 2020)
5. Draft Letter of Support for AB 3312