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Title: SUBJECT: Report for Discussion on Preliminary Annexation Application #22-01 for Branford Point Annexation

REPORT IN BRIEF

The City Council will be asked to evaluate Preliminary Annexation Application #22-01 for the Branford Point Annexation project, 47.7 acres of mixed-use development on the west side of Lake Road, south of Bellevue Road.

RECOMMENDATION

City Council - Adopt a motion indicating general support for an official annexation application being processed for the Branford Point 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. Branford Point Pre-Application Submittal, 4. Presentation

Date	Ver.	Action By	Action	Result
7/18/2022	1	City Council/Public Finance and Economic Development Authority/Parking Authority	approved	Fail

Report Prepared by: Kim Espinosa, Planning Manager, Development Services Department

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RECOMMENDATION

City Council - Adopt a motion indicating general support for an official annexation application being processed for the Branford Point 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 a new Annexation Pre-application Process for which this is the 5th pre-application to be reviewed by the City Council. The Cortese-Knox-Hertzberg Act of 2000 establishes procedures for city annexations and other local government changes in organization.

CITY COUNCIL PRIORITIES

N/A

DISCUSSION

New Annexation Pre-Application Process

On July 6, 2021, the City Council approved a new 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 four annexation pre-applications and has indicated general support for all four pre-applications (University Vista, Virginia Smith Trust, Rogina, and Yosemite Lake Estates). Of those, Rogina already had an official annexation application on file, University Vista subsequently filed an official annexation application, and VST is being processed through the County until the UC Merced Annexation is completed. See Attachment 2 for a map of preliminary and active annexation applications. (Please note that one pre-application, UC Villages, on the map will be reviewed by the City Council in August).

Branford Point Pre-Application

The Branford Point project involves lands owned by Greg Opinski Construction and represented by Precision Engineering. The applicants have submitted detailed information about their proposed development which is included in Attachment 3. In summary, the Branford Point project would involve the annexation of approximately 47.7 acres (plus two additional parcels of approx. 2.3 acres, not owned by the applicants, that will need to be included in the annexation per LAFCO regulations), bringing the annexation total to 50 acres. The Branford Point mixed-use development would include an estimated 650+ dwelling units (including 92 affordable units, 325 apartments, 233 townhomes, and an unknown number of mixed-use units) along with approximately 758,597 square feet of Commercial/Industrial (including 196,020 square feet of Research and Development/Office, 280,526 square feet of Hospitality, 205,168 square feet of mixed use, and 76,883 square feet of Retail Commercial).

The Pre-Application packet at Attachment 3 includes detailed maps, illustrations, and narrative descriptions of the project, including ownership and annexation boundaries, anticipated entitlement actions, conceptual land use and circulation, project phasing, wastewater and water demands,

project design features, job generation estimates, community benefits, evaluation of the merit criteria, developer experiences, financing strategy, registered votes, and public services and utilities.

During the pre-application review process below, City staff provided the applicants and their representatives with the Regional Housing Needs Allocation Unit Production Plan, adopted by City Council in April 2022. The Plan seeks to ensure that new housing entitlements that will require a Pre-Annexation Development Agreement (PADA) shall provide housing at various income levels. This approach is intended to help the City achieve Regional Housing Needs Allocation (RHNA) production goals for 2015-2023, which calls for 5,537 total units (2,348 or 42% Above Moderate, 886 or 16% Moderate, 966 or 17.3% Low, 676 or 12.2% Very Low, and 675 or 12.1% Extremely Low). Subsequently, the applicants modified their plans to include 92 affordable housing units, but no income levels for those units are indicated at this time.

Merit Based Criteria

As part of the application packet at Attachment 3 (pages 19 to 20), the applicants provided their own evaluation of how their application meets the merit-based criteria as outlined in General Plan Policy UE-1.3.g and other General Plan policies. The applicant's analysis is included below with any additional City staff comments noted in *italics* in the "Response" sections.

"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 area is not contiguous of the current city limits but is within the City's Specific Urban Development Plan (SUDP)/Sphere of Influence (SOI). The site is 0.35 miles from the UC Merced campus and is between the city and campus. Thus, the annexation of the site is logic and efficient, and could encourage the annexation/ development of other areas in the SUDP/SOI. *(Staff: Per the terms of AB 3312, this project would be eligible for annexation once the UC Merced campus is annexed to the City of Merced.)*

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

Response: The General Plan Land Use designates the area as CP - Community Plan. Consequently, the Bellevue Community Plan (BCP) was developed to provide a high-level planning framework consistent with the *Merced Vision 2030 General Plan* for the area, inclusive of the Project site. The Project proposes HD - High Density Residential, HMD - High Medium Density Residential, BP - Business Park, and RC - Regional/ Community Commercial land use designations, which does not conflict with the BCP. Thus, the proposed development is consistent with the General Plan land use classification. *(Staff: The Business Park designation was removed by the applicants with the revisions submitted in May.)*

- 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. The Project will comply with the City's standards to be served by the City's utilities and service systems. There are no known conditions of the site that would impede the installation required infrastructure and services. *(Staff: Details will be addressed during the annexation entitlement process.)*

- 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: The Project site is categorized as the "Farmland of Local Importance" on the California Department of Conservation Important Farmland Finder. Thus, the Project would not result in the conversion of prime agriculture land. *(Staff: Impacts on Farmland will be addressed through the annexation process per the farmland definitions provided in Merced County LAFCO policy.)*

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

Response: The Project site is surrounded by single-family residential use (south and east) and vacant or agricultural lands (north, east, and west). The site and its surroundings are located within the City's SUDP/SOI and is planned for urban use. The General Plan anticipates urban development on adjacent and nearby lands by 2030. Thus, the proposed Project would not create conflict with adjacent or nearby agricultural uses. In addition to this, as a condition of approval, the developer will ensure that a right to farm covenant will be executed to reduce the potential for future conflicts. *(Staff: Impacts on Farmland will be addressed through the annexation process per Merced County LAFCO policies.)*

- 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.?"*

Response: 1) Yes. The Project area is 0.35 miles from the UC Merced campus and is located between the City and campus. The Project will provide housing, commercial, and research near the campus. 2) Yes. The Project includes the development of commercial land uses and a business/research & development park. Full buildout is estimated to generate approximately 2,509 jobs. 3) Yes. The Project will develop public infrastructure, including public collector and local roads, utility lines, sidewalk and bike lanes, public open space, and recreational spaces. One (1) proposed collector road extends from the existing roads, Los Olives Road and La Loma Road, and both proposed collector roads, Foothill Road and La Loma Road, connects to the existing major road, Lake Road. *(Staff: The estimated number of jobs were reduced to 1,145 with the May revisions.)*

City Staff/LAFCO Meeting

On March 3, 2022, City and Merced County Local Agency Formation Commission (LAFCO) staff met

virtually with the applicants and their representatives to discuss the Pre-Application. City staff representatives from Planning, Inspection Services, Economic Development, Fire, Police, Engineering, and Public Works, along with LAFCO Executive Director Bill Nicholson, LAFCO staff member Tiffany Ho, and Ken Testa from Merced City School District, reviewed the proposal and offered comments on the pre-application packet submitted by the applicants in January 2022 (subsequently revised-see below).

City staff questions and comments included the lack of any affordable housing being proposed and the City Council's draft Regional Housing Needs Allocation Unit Production Plan (subsequently adopted in April 2022); the amount of commercial and business park development proposed (concerns shared by LAFCO staff); the project being outside the City Fire Department's current response times; and the need to provide water line looping and storm drainage infrastructure.

LAFCO staff's concerns included the need to include the two additional parcels not owned by the developer in the annexation to meet LAFCO policies; whether there had been any coordination with UC Merced on the type of development adjacent to the campus; the amount of commercial and business park development proposed being excessive given similar projects in the same area and the potential market demand; the ability of the City to provide needed infrastructure and services for all the proposed pre-applications and official annexations being proposed in the area; and the potential rate of growth for the City with all the proposed annexations and the realistic absorption rate for development.

The applicants indicated that the information provided in January had been the maximum density and intensity of development allowed and agreed that more housing and less commercial/research and development needed to be provided. Based on the above comments, the applicants subsequently submitted a revised application packet in May 2022 that increased the number of housing units, added affordable housing units, and reduced the amount of commercial/research and development. The information at Attachment 3 reflects the revised project as of May 2022.

Wastewater Analysis

The City is continuing to evaluate wastewater flow throughout the City by performing additional flow monitoring. That work should be completed later this year. The flow data will be used in the model managed by the City. The City has received independent data demonstrating a decrease in flow from the City's current model. The City's process is necessary to help verify the decrease.

The City has been using a model with an allocation of 85 gallons per day per person with an average of 3.02 persons per dwelling unit. The result is 257 gallons per day per dwelling unit. The independent model has demonstrated that rates are less than the allocation in the model.

Given this potential decrease in the wastewater flow, an update will be needed to the Wastewater Collection System Master Plan (a contract amendment was approved by the City Council on November 1, 2021). The line sizes should reflect the anticipated flow and, therefore, may need to be rescaled or decreased for the projected flows that will be generated. The environmental review process will also need to be reengaged based on this update. That will likely require amendments or updates to the Draft EIR document that was circulated for public review in September/October 2020.

Wastewater and water generation estimates for the Branford Point project are described in Attachment 3 on pages 14 and 15. A more refined analysis will need to be performed during the

entitlement process to ensure adequate wastewater capacity within the City's system. It should be noted that the City has estimated that there is at least enough interim capacity in the wastewater collection system for up to 4,637 equivalent dwelling units, but that number is still being refined and will likely increase. The Branford Point project, along with other annexations active and proposed, would exhaust that capacity, so the phasing of each project will be critical to ensuring capacity for each project. With this and other annexation projects that could be moving forward, the City's wastewater system will certainly need to be expanded to accommodate all these new users.

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. Because of its location adjacent to the UC Merced Campus and not adjacent to the current City limits, per the terms of AB 3312, this project would need to wait for the City's annexation of the UC Merced Campus to be completed before the annexation application could be forwarded to LAFCO, but the project could begin the annexation process through the City in the intervening time. Required entitlements in addition to Annexation/Pre-Zoning would be a Pre-Annexation Development Agreement, General Plan Amendments, Bellevue Community Plan amendments, along with the environmental review process. After completing the required application process for the above (generally takes 12 to 18 months), the project could be scheduled for public hearings before the City Planning Commission and City Council and finally LAFCO.

Council Action

After reviewing the pre-application materials and hearing from the applicants, the City Council should indicate either general support or non-support for the applicants moving forward with an official annexation application.

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. Branford Point Pre-Application Submittal
4. Presentation