



## Legislation Text

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File #: 24-068, Version: 1

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**SUBJECT:** Approval of the Annexation and Pre-zoning Application #23-03, Adoption of a Pre-Annexation and Development Agreement, General Plan Amendment #23-04, Establishment of Planned Development #80, Adoption of VST Specific Plan and Environmental Review #23-44 all Initiated by the Virginia Smith Trust (VST), Property Owner

### REPORT IN BRIEF

Considers approving the proposed annexation and pre-zoning of 654 acres of land generally located near the northeast corner of Cardella Road and Lake Road (4600 Lake Road -APNs 060-010-004 and 060-020-048), along with adoption of a Pre-Annexation and Development Agreement, changes to the text of the General Plan, creation of a Planned Development Zone and adoption of the VST Specific Plan.

### RECOMMENDATION

**City Council** - Adopt a motion:

- A. Approving **Resolution 2024-13**, a Resolution of the City Council of the City of Merced, California, Acting as a Responsible Agency Adopting the Final Focused Supplemental Environmental Impact Report for the VST Annexation (Environmental Review #23-44), and Adopting the Statement of Facts and Findings Required by CEQA Guidelines Section 15091, a Mitigation Monitoring Program, and a Statement of Overriding Considerations For Environmental Review #23-44; and,
- B. Approving **Resolution 2024-14**, a Resolution of the City Council of the City of Merced, California, Approving General Plan Amendment #23-03 Which Amends Certain Text and Figures Within the General Plan and Adopting the VST Specific Plan Which Establishes the Standards and Guidelines for the Development of Approximately 654 Acres of Land Generally Located at the Northeast Corner of Cardella and Lake Roads (4600 Lake Road); and,
- C. Approving **Resolution 2024-15**, a Resolution of the City Council of the City of Merced, California, to the Local Agency Formation Commission for the Annexation of Uninhabited Property Located at 4600 Lake Road Generally Near the Northeast Corner of Lake and Cardella Roads as Described Herein; and,
- D. Introducing **Ordinance 2560**, an Ordinance of the City Council of the City of Merced, California, Amending the Official Zoning Map by Prezoning Land Generally Located at the Northeast Corner of Lake and Cardella Roads (4600 Lake Road) as Planned Development (P-D) #80; and,
- E. Introducing **Ordinance 2561**, an Ordinance of the City Council of the City of Merced, California,

Approving a Pre-Annexation Development Agreement by and Between the City of Merced and the Virginia Smith Trust for the VST Annexation; and,

F. Authorizing the City Manager to execute the necessary documents.

## **ALTERNATIVES**

1. Approve the request as recommended by the Planning Commission and staff; or,
2. Approve subject to modifications as conditioned by the City Council; or,
3. Deny the request; or,
4. Refer back to staff for reconsideration of specific items (specific items to be addressed in the motion); or,
5. Continue to a future meeting (date and time to be specified in the motion).

## **AUTHORITY**

The State of California's Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 outlines the procedures governing the annexation of territory to local jurisdictions. AB 3312 allows for the annexation of the University of California, Merced, campus which will make this annexation compliant with the aforementioned state law. Title 19 of the Merced Municipal Code outlines environmental review procedures and Title 20 of the Merced Municipal Code (Zoning) regulates the process to establish a planned development and its standards. Pre-annexation development agreements are authorized by Government Code Section 65864 et seq. and Merced Municipal Code Section 20.86.150.

## **CITY COUNCIL PRIORITIES**

Although the annexation of the VST property is not listed as a City Council priority in the 2023-24 adopted budget, the annexation of the VST property and UC Merced has been a longstanding goal of the City of Merced.

## **DISCUSSION**

### Project Description

This project proposes to develop 654 acres of non-prime agricultural land into a mixture of uses including about 3,900 residential dwelling units, approximately 800,000 square feet of commercial/office space, 76 acres of parks and 25 acres of open space and trails.

### Background

To support the children of Merced County, Virginia Smith gifted property to the Merced County Office of Education through the creation of the Virginia Smith Trust (VST) (Attachment 1). The Trustees of the Merced County Office of Education (MCOE) also oversee the assets of VST. Part of the property, to the north, was used for the University of California, Merced, campus with its large conservation easement. The proposed project being considered by the City Council is located on two parcels to the south of the campus, currently being used for agricultural purposes.

The City of Merced, Merced County, UC Merced, and the Virginia Smith Trust have been engaged in land planning activities for many years. With the University of California Campus and subsequent

University Community Plan (UCP), the agencies have been in partnership for almost 30 years. The UCP 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 General Plan Area, the City's Sphere of Influence (SOI) and has an approved EIR.

The intent with this property was to create a development that supported the University campus, its students, faculty, employees and visitors with housing, office, commercial and recreational uses. With the commercialization of this land through thoughtful development, the VST will continue to fund college scholarships to graduates from high schools within Merced County.

The VST parcels were originally expected to develop in the County. However, the passage of Assembly Bill 3312 allows for the City of Merced to annex the UC Merced Campus. Because it will become contiguous to the City Limits, once the UC is annexed, the VST parcels will be eligible for potential subsequent annexation. Currently, the VST land is within the jurisdiction of Merced County.

The University of California, Merced, campus has submitted for the annexation of 1,134 acres, which includes the campus and connecting public right-of-way. Once this is approved, those properties that are adjacent will be eligible to be considered. Due to the fact the VST properties are adjacent to UC Merced, they will also be eligible.

The proponents are submitting for consideration so that their entitlement approvals will allow them to move quickly through the LAFCO process as soon as the UC has been annexed.

### General Plan Amendment

The proposed General Plan Amendment would amend text and Figure 3.9 as described below (*note underlined text is new text and strikethrough text is deleted text*):

#### *Amend Policy UE-1.4b as follows:*

The City accepts the University Community Plan adopted by Merced County on December 21, 2004, and October 17, 2023, as a general conceptual framework for the planning of the University Community. The City also accepts the VST Specific Plan adopted by Merced County on October 17, 2023, as the design framework and program for the VST Property, including the development standards, land use diagram, circulation diagram, development plan, lot sizes and standards, and recreation, open space, and park standards. These documents and plans were developed through a collaborative effort with UC Merced, the City, and the County, in conformance with the City's policies for the area, including annexation to the City.

- That existing plan can be used as foundation work for further planning for the area, with the City as lead agency in the planning progress.
- If a special planning process or framework is used for the development of the University Community, the costs of that planning process shall be borne by the applicants and developers, not by Merced residents.

The City should revise all of its various planning documents to accommodate the incorporation of the University Community into the City of Merced. These include not only the General Plan, but also

plans for wastewater treatment, water, storm drainage, parks, fire protection, and other services.

*Amend Figure 3.9 of Chapter 3 - Land Use to accurately reflect the modified boundaries of the University Community Plan.*

Figure 3.9 of the General Plan (Attachment 3) would be modified to match the boundary of the adopted University Community Plan as shown at Attachment 4.

*Add Policy L-3.8 as follows:*

L-3.8 Implement the 2023 UCP and VST Specific Plan as adopted by the County of Merced.

*Amend Section 3.73 University Community Plan by adding the following to the end of this section after "2009 Revisions" on page 3-71:*

After the 2009 amendments the University Community Plan was further amended. The amendments included substantial revisions to the UCP policies text to reflect the current regulatory conditions, annexation the City of Merced as the preferred form of development, reduction of the planning area from 2,133 acres to 1,841 acres to include only those areas outside of the boundaries of the LRDP (and subject to local land use regulations), modification of the land use program to reduce the number for dwelling units from 11,616 to 9,680), a reduction of the amount of commercial development from 2,022,900 square feet to 1,246,150 square feet, and a modification of the circulation diagram. The modification of the circulation diagram included changes to the alignment of Campus Parkway. A revised land use diagram was also adopted and is included in Appendix 3.10.1. A Specific Plan was developed for the Virginia Smith Trust (VST) property concurrent with the update of the UCP.

*Delete illustrations and figures for the UCP in Appendix 3.10.1 on pages 3-86 through 3-89 (Attachment 5) and replace with Figures 3 and 4 of the VST Specific Plan (Attachment 6).*

#### General Plan Compliance/Annexation Criteria

General Plan Policy UE-1.3 and Implementing Action 1.3.g requires that annexation requests be evaluated against certain criteria. Below is an evaluation of the proposed annexation against those criteria:

##### *Criteria 1:*

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?

##### *Evaluation:*

After the UC Merced annexation is completed, and at the time the application for annexation is submitted to LAFCO, this site will be contiguous to the existing City Limits to the north (see map at Attachment 1). After the annexation of the University of California, Merced, campus, the annexation of the proposed project site would logically begin the physical connection of what will become a

University Village to the south of the UC Merced Campus.

*Criteria 2:*

Is the proposed development consistent with the land use classification on the General Plan Land Use Diagram (Figure 3.1)?

*Evaluation:*

The proposed project site land use designations are consistent with the land use classification of the University Community Plan and with the proposed changes to the General Plan text and diagrams as described above. The VST Specific Plan is a subset of the larger University Community Plan that provides support for the University campus, students, employees, and faculty by creating a university village to house, recreate and entertain those associated with the UC. This project will implement that objective of the plan.

*Criteria 3:*

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?

*Evaluation:*

The University is being served by the City of Merced through a service agreement. Once the UC annexes followed by the VST annexation, those services can be extended without burden to the City's financial health. All new development within the annexation area would be required to annex into the City's Community Facilities District (CFD) for services which would cover the costs of Police and Fire protection. Public Facilities Impact Fees would also be paid that would help fund future police and fire stations, parks, and street improvements. Requirements to annex to the CFD and pay the PFFP impact fees are listed as conditions of approval in Planning Commission Resolution #4127 (Attachment 9).

*Criteria 4:*

Will this annexation result in the premature conversion of prime agricultural land as defined in 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?

*Evaluation:*

Though parts of the annexation area are listed as Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, the proposed development is planned to provide higher density, which will minimize the encroachment overall into local prime farmlands. Converting these lands to support the UC will help minimize vehicle trips and provide opportunities for healthy activity with plans for open space and parks. The conversion of farmland was evaluated

as part of the FSEIR.

*Criteria 5:*

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

*Evaluation:*

The proposed development would not create barriers to the use of nearby agricultural lands.

*Criteria 6:*

Does the annexation area help the City reach one of the following goals?

Does annexation of the area bring the City closer to annexation of the UC Merced campus and University Community?

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

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.?

*Evaluation:*

The proposed annexation area is within the University Community Plan. This annexation will not be possible until the UC Merced campus is annexed. Although this annexation does not bring the City closer to annexing the UC Campus it does start the process of annexation of the University Community Plan area.

The land uses proposed in this project area will contain land uses that support the University such as residential, commercial, office, and mixed use. Due to that, there will be many opportunities for economic growth and job generation. The project provides key infrastructure facilities or other desirable amenities such as the extension of major roads, utility trunk lines, parks, and recreational facilities. The VST Specific Plan provides linkages between the University Campus and this property to create opportunities for residents and staff to traverse between the school and the uses to the south eventually built on the VST site. The design also provides continued connections for roadways and utilities.

Community Benefits

The VST annexation is the first step in the development of this area. Once the area begins development, there will be significant community benefits as a result of this development. These benefits include affordable housing, providing incentives to workers on the UC Campus, providing features that reduce environmental impacts, and providing ongoing funding for services and programs that further the Merced County Office of Education's (MCOE) mission. The document provided at Attachment 7 provides more details on these benefits.

### Establishment of Planned Development (P-D) #80

The proposed annexation area would be zoned Planned Development (P-D) #80. The development standards contained within the VST Specific Plan would also be the development standards for P-D #80. The VST Specific Plan, including the development standards is provided at Attachment 8.

Merced Municipal Code Section 20.20.20 (J) Planned Development (P-D) Zoning Districts, requires the following findings be made to approve the establishment of a Planned Development.

*1. The proposed development is consistent with the goals, policies, and actions of the General Plan and any applicable specific plan and community plan.*

The proposed Planned Development Establishment would be consistent with the General Plan if General Plan Amendment #23-04 is approved.

*2. The site for the proposed development is adequate in size and shape to accommodate proposed land uses.*

The subject site is located at the northeast corner of Cardella and Lake Roads (Attachment 1). The project proposes 654 acres of mixed-use development, including approximately 3,900 dwelling units, approximately 800,000 square feet of commercial/office space, 76 acres of parks and 25 acres of open space and trails. The site for the proposed development is adequate in size and shape to accommodate the proposed land uses.

*3. The site for the proposed development has adequate access considering the limitations of existing and planned streets and highways.*

The proposal would have adequate access to existing and planned streets and highways.

*4. Adequate public services exist or will be provided to serve the proposed development.*

City utilities such as water and sewer main lines as well as storm drain lines would be extended to the project site with approval of the proposed annexation. These lines would be adequate to serve the project.

*5. The proposed development will not have a substantial adverse effect on surrounding property, will be compatible with the existing and planned land use character of the surrounding area, and will enhance the desirability of the area and have a beneficial effect.*

There may be some temporary impacts such as vibration, noise, and dust during construction, but the proposed development would not have a substantial adverse effect on surrounding property, will be compatible with the existing and planned land use character of the surrounding area, and will enhance the desirability of the area and have a beneficial effect.

*6. The proposed development carries out the intent of the Planned Development zoning district by providing a more efficient use of the land and an excellence of site design greater than that which could be achieved through the application of established zoning standards.*

The proposed development provides efficient use of land. By creating the VST Specific Plan, the project proponents provided the vision and standards for optimizing the property, creating a sense of place, creating the foundation for mixed use and pedestrian scaled development and ultimately providing the village support needed for the existing university students and staff.

*7. Each individual unit of the proposed development, in each phase as well as the total development, can exist as an independent unit capable of creating a good environment in the locality and being in any stage as desirable and stable as the total development.*

The proposed development consists of a mixture of uses that mirror a similarity of design to the UC campus. Anything that is developed on this property, to the plan standards, can exist by itself and still benefit the community, especially the UC campus. Once anything is developed it could remain independent capable of creating a good environment in the locality and being in any stage as desirable and stable as the total development.

*8. Any deviation from the standard ordinance requirements is warranted by the design and additional amenities incorporated in the development plan, which offer certain unusual redeeming features to compensate for any deviations that may be permitted.*

As shown in VST Specific Plan at Attachment C of Planning Commission Staff Report #23-1114, the proposal includes walking and bike trails connecting the future development with the UC campus. There are also development standards that will create architectural interest not required in standard zoning. A mixed-use development, planned as part of the land use vision, will provide the extension of visual interest and optimal pedestrian and bike friendly environment as currently experienced on the campus to the north.

*9. The principles incorporated in the proposed development plan indicate certain unique or unusual features, which could not otherwise be achieved under the other zoning district.*

The proposed use would allow development of the entire parcel, in a way that is directly linked and supportive to the University of California, Merced campus. The design provides physical pedestrian and bicycle linkages that will promote healthy transportation options and get people out of their car. The mixed-use design and variety of housing types proposed throughout the development will provide direct support to the UC students, employees and faculty and create a village as is in the original plans for the site.

### Specific Plan

The proposal includes a specific plan as shown at Attachment 8. The VST Specific Plan is an update of the University Community Plan previously adopted by the County of Merced. The original plan had a vision which supported the University of California campus with a village-like development of mixed-use, walking and bike trails and a variety of housing styles. The VST Specific Plan contains similar requirements. The goal is to support the University campus in the same way as originally planned.

As described above, the standards of the Specific Plan will be incorporated into the standards for Planned Development (P-D) #80. The "Regulatory and Design Framework" section of the VST Specific Plan defines the standards for development within the specific plan area. All projects within

the area will be measured against these standards to ensure compliance with the Specific Plan. In order to ensure this compliance, Condition #8 was added which requires Site Plan Review for all commercial, mixed-use, multi-family, or office uses within the plan area. Single-family development would also be required to comply with all requirements for setbacks and design standards as outlined in the specific plan but would not be subject to Site Plan Review.

### Pre-Annexation and Development Agreement

Section 20.86.150 of the Zoning Ordinance requires a property owner to enter into a Pre-Annexation and Development Agreement prior to annexation. This agreement shall not become operative unless annexation proceedings are completed by the Local Agency Formation Commission (LAFCO).

The developer has reviewed and agreed to the terms of Pre-Annexation and Development Agreement found as Exhibit A of the Draft Ordinance at Attachment 17.

### Environmental Review

A Focus Subsequent Environmental Impact Report SCH No. 2001021056 (certified by Merced County on 10/17/2023) was prepared, and a Statement of Overriding Consideration with a Mitigation Monitoring Program is being recommended. This environmental document is provided as Exhibit C of the Draft City Council Resolution at Attachment 13.

### Planning Commission Action

On December 20, 2023, the Planning Commission held a duly noticed public hearing regarding the Annexation and Pre-Zoning application as well as the General Plan Amendment, Adoption of the VST Specific Plan, the Establishment of Planned Development (P-D) #80 and Environmental Review #23-44. The Planning Commission unanimously recommended approval of these applications to the City Council. Planning Commission Resolution #4127 reflecting the Planning Commission's action is provided at Attachment 9. The Planning Commission Staff Report for the meeting of December 20, 2024, is provided at Attachment 10.

On January 3, 2024, the Planning Commission held a duly noticed public hearing to consider the Pre-Annexation and Development Agreement related to the applications related to the VST development. The Planning Commission unanimously recommended approval of the Pre-Annexation and Development Agreement to the City Council. Planning Commission Resolution #4128 reflecting their recommendation is provided at Attachment 11. Planning Commission Staff Report #24-031 is provided at Attachment 12.

### Public Notice

Both Planning Commission meetings were properly noticed in accordance with state law and local code. The City Council meeting was also properly noticed to allow all interested parties to provide comments.

### City Council Action

The City Council should hold a public hearing prior to considering the proposed applications. After

the public hearing has been closed, staff recommends City Council adopt the resolution at Attachment #13 approving the FSEIR, Attachment #14 approving the Annexation and Pre-Zoning application, General Plan Amendment, VST Specific Plan, and P-D #80 Establishment and the resolution at Attachment #15 authorizing an application to LAFCO regarding the annexation. Staff also recommends the City Council introduce the Ordinance at Attachment #16 approving the establishment of P-D #80, and the Ordinance at Attachment #17 approving the Pre-Annexation and Development Agreement and authorizing the City Manager to execute the agreement.

## **IMPACT ON CITY RESOURCES**

The Virginia Smith Trust, through the Pre-Annexation and Development Agreement at Exhibit A of Attachment 17 will fund the cost of their development and their impact on City infrastructure. To develop, they will be required to create a new Community Facilities District (CFD) (or annex into the existing CFD). Though the new development will require additional support from City services, at build out, the new development will provide increased property tax and sales tax revenue to fund such services. Additionally, Public Facilities Financing Program impact fees would be paid with all new development. These fees would help fund infrastructure needed to serve the development.

## **ATTACHMENTS**

1. VST Location Map
2. VST Specific Plan Area Map
3. Existing Figure 3.9 General Plan
4. Revised Figure 3.9 General Plan
5. Appendix 3.10.1 (existing)
6. Appendix 3.10.1 (revised)
7. Community Benefits
8. VST Adopted Draft Specific Plan
9. PC Resolution #4127
10. SR #23-1114 12.20 PC MTG
11. PC Resolution #4128
12. SR 1.3 PC MTG #24-031
13. Resolution 2024-13
14. Resolution 2024-14
15. Resolution 2024-15
16. Ordinance 2560
17. Ordinance 2561
18. Presentation