



Legislation Details (With Text)

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Title:	SUBJECT: Overview of North Merced Annexation Feasibility Study Process				
	REPORT IN BRIEF The City Council will receive an overview of the proposed North Merced Annexation Feasibility Study process.				
	RECOMMENDATION Information Only.				

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Attachments: 1. Att 1--Study Area.pdf, 2. NM Annex Feas Study RFP-CC Overview-9-4-18.v2.pdf

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

SUBJECT: Overview of North Merced Annexation Feasibility Study Process

REPORT IN BRIEF

The City Council will receive an overview of the proposed North Merced Annexation Feasibility Study process.

RECOMMENDATION

Information Only.

ALTERNATIVES

None.

AUTHORITY

Not Applicable.

CITY COUNCIL PRIORITIES

"Future Annexations/Growth of City" is listed under "Future Planning" on the Fiscal Year 2018-19 Council Goals and Priorities.

DISCUSSION

Background

On January 3, 2012, the Merced City Council adopted the *Merced Vision 2030 General Plan*, which includes a 28,000-acre growth boundary [known as the Specific Urban Development Plan (SUDP)/Sphere of Influence (SOI)]. In August 2016, the City of Merced executed a new Tax Sharing Agreement with the County of Merced, which allows annexations to the City to move forward.

Prior to the adoption of the General Plan, throughout the 1980's, 1990's, and early 2000's, the City grew at a steady pace and annexations occurred on a regular basis. In fact from 1997-2008, 20 annexations were completed adding over 3,835 acres of residential, commercial, and industrial land to the City's inventory. The last annexation to the City was completed in 2009, just after the start of the great recession. From 2009 to 2015, no annexation applications were processed by the City due in part to the downturn in the economy and housing market as well as the lack of a tax sharing agreement with the County.

In 2015 and 2016, two annexation applications for properties directly adjacent to the City Limits (of approximately 8 and 28 acres respectively) were submitted to the City, and have been going through the environmental review process and City approval process. Also during this time, the City began work on the City's Wastewater Collection System Master Plan to address wastewater collection infrastructure required to serve the City's Sphere of Influence. This work is on-going.

Starting in 2017 and into 2018, the City began meeting with property owners interested in pursuing annexation to the City of Merced for large properties within North Merced in the vicinity of the UC Merced campus. The potential annexations currently being considered in the North Merced Area are of various sizes, locations, and purposes or potential uses. Annexation laws and adopted LAFCO procedures, as well as the City's General Plan policies, make those areas immediately adjacent to the existing city limits, or "contiguous," the easiest and most likely areas to annex. Those areas of interest that are not adjacent to the current city limits or are "non-contiguous" may be annexed, but will require a larger working group of property owners to ensure the area can be annexed as one contiguous area. The City's General Plan also discusses some annexation priorities to create continuity with UC Merced and promote economic development.

The City has consulted with Merced County LAFCO staff regarding the general interest and location of the proposed annexations. Given the number of interested potential applicants and scale of the potential annexations, LAFCO would like the City to consolidate the annexations into as few as is feasible that also provide for a comprehensive planning and service approach that is orderly and logical, which is consistent with the City's General Plan and Bellevue Community Plan (BCP) policies. (The BCP calls for annexations to begin along the Bellevue Corridor in order to create continuity with UC Merced.) Additionally, LAFCO is discouraging any annexations that create peninsulas, islands, or large bays which fragment services or create irregular boundaries.

In May 2018, City staff held a joint meeting with the owners and developers of large parcels in North Merced regarding a potential North Merced Annexation. Merced County LAFCO staff was also present. City staff indicated that the City would be moving forward with obtaining consulting services to determine the feasibility of a large North Merced annexation. The property owners were also told that the City would be seeking reimbursement for the cost of those consulting services from those properties which will benefit from the proposed annexation.

The North Merced Annexation Study Area consists of approximately 7,600 acres within the City's Sphere of Influence, generally located east of G Street and north of Yosemite Avenue (see below). The Study Area currently has approximately 700 separate parcels and over 600 property owners. However, there are approximately 10-15 property owners who control large areas of over 100 acres or more who have expressed strong interest in annexation to the City.

Proposed Scope of Work

City staff has prepared a Request for Proposals (RFP) which was sent out to approximately 15 to 20 consultants and posted on the City's website on August 27, 2018. The City is seeking to secure a contract with a qualified consultant or team of consultants that would provide the following scope of services:

- Review all previously adopted plans, environmental documents, entitlement approval documents, as well as supporting information for creating a project baseline and general information, such as current and potential land uses, zoning, environmental constraints, numbers of registered voters living in the study area, available services and utilities, etc.
- Conduct up to 20 assessment meetings with each potential annexation applicant and/or project developer in the area to gauge project readiness, land use entitlement needs, state or federal permit needs, and financial support/ability.
- Conduct up to 4 meetings with Merced County LAFCO, Merced County, the City, and other current and future approval agencies and service providers to develop a framework of policy and other critical issues that will need to be addressed in any future annexation application(s).
- Organize and hold a series of community workshops (at least 5 total). As part of this effort, the consultant will provide specific education on annexations procedures, requirements, roles, and rights of landowners, residents, and registered voters in the potential annexation boundary area. The consultants would also share conceptual plans or as much detail as possible on the potential annexation and development projects in the North Merced Area. Input should also be sought from existing residents regarding desired public infrastructure/utility improvements they would like to see implemented as part of any annexation.
- Formally poll land owners and registered voters consistent with annexation legal procedures and requirements to gauge support for annexation proposal(s).
- Provide an analysis of any potential alternatives to annexation, such as out of boundary service agreements, establishment of out of boundary service districts, etc.
- Prepare a formal report with recommendations specific to annexation implementation, including timelines, possible phasing, potential boundaries for dividing the area into multiple annexation areas; maps, expected budget, cost allocation approach, and other critical analysis items which may impede or support annexations in the North Merced Area. This analysis should include an assessment of those areas that are most likely to be ready for annexation in the short, medium, and long term, based on willing property owners, numbers of registered voters/existing residents, number of impediments to annexation, access to infrastructure and utilities, etc.
- Participate in up to two public workshops where the final report will be presented to the Planning Commission, City Council, Stakeholders, and the public.

The anticipated time frame to complete the above work would be approximately 4 to 6 months.

RFP Review and Selection Schedule

The tentative RFP schedule is summarized in the table below:

Action	Date	Notes
RFP Released	Monday, August 27, 2018	
Proposers Meeting	Friday, September 21, 2018	1:30 P.M. to 4:00 P.M.
Proposal Due Date	Thursday, October 4, 2018	Received by 5:00 P.M.
Consultant Interviews	Tuesday, October 30, 2018	Please Block Out Entire Day.
City Council Contract Approval	Monday, November 19, 2018 (Tentative)	6:00 P.M. (Consultant Attendance not required)

IMPACT ON CITY RESOURCES

The City has not established a budget for this process as of this date, but is intending to have developers/land owners who will benefit from annexation reimburse the City for the costs of this project.

ATTACHMENTS

1. Map of North Merced Annexation Study Area
2. Presentation