



## Legislation Text

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*Report Prepared by: Julie Nelson, Senior Planner, Development Services Department*

**SUBJECT:** Report for Discussion of Preliminary Annexation Application #22-03 for the Baxter Ranches Annexation

### REPORT IN BRIEF

The City Council will be asked to consider support for Preliminary Annexation Application #22-03 for the Baxter Ranches Annexation project consisting of 161 acres of low density residential, commercial office and open space generally located on the north side of Bellevue Road, west of Fahrens Creek.

### RECOMMENDATION

**City Council** - Adopt a motion indicating general support for an official annexation application being processed for the Baxter Ranches Annexation 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 the official annexation application moving forward. The applicants may then

decide whether to move forward or not.

### Baxter Ranches Pre-Annexation Application

The proposed 161-acre annexation area is located on the north side of Bellevue Road west of Fahrens Creek (Attachment 1). The project is included within the City's Sphere of Influence (SOI) and Specific Urban Development Plan (SUDP). The site is adjacent to the existing City Limits on the north, east, and west sides. This annexation would continue to fill in an island area that was left by previous annexations. The area to the east between the eastern boundary of the project site and the existing City Limits is currently in the annexation process (Annexation #20-01).

The proposed annexation area consists of 8 individual parcels, with 5 different property owners (refer to Attachment 2). The applicants have submitted detailed information about their proposed development which is included in Attachment 3. In summary, the Baxter Ranches project would involve the annexation of approximately 161 acres located on the north side of Bellevue Road west of Fahrens Creek (Attachment 2). The Baxter Ranches annexation would consist of a low-density residential development with approximately 580 single-family dwellings, 9.35 acres of dual use Park/Basin area, 3.6 acres of open space along the Parkinson Drain, and 1.48 acres of open space along Fahrens Creek (refer to Attachment 3).

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 voters, and public services and utilities.

The developer is aware of the City's Regional Housing Needs Allocation Unit Production Policy and anticipates providing affordable housing in compliance with that policy. Based on the proposed 580 units, the development's share of affordable housing would be 73 units. The developer intends to satisfy the requirement for 73 affordable housing units in compliance with the policy either by providing a variety of housing types, including duplexes, zero-lot line town homes, and Accessory Dwelling Units, using SB 9 to create small lots for single-family ownership, or by paying the in-lieu fee. The affordability level of the 73 units would be as follows:

Very Very Low	Very Low	Low	Moderate
9	9	28	27

The applicant provided a supplemental letter at Attachment 4. The letter provides additional information on job creation, the developer's experience and background, and community benefits.

### Merit Based Criteria

As part of the application packet at Attachment 3, 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 information under "Response" below is a combination of information provided by the applicant and staff's analysis. City staff comments are 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 annexation area is contiguous to the current city limits and is within the Sphere of Influence (SOI) and the Sphere of Specific Urban Development (SUDP). The project lands form a logical and efficient city limit by annexing an unincorporated island. The land uses proposed with this application is consistent with General Plan Land Uses. The Annexation Area can be served by city sewer, water, storm drain, fire and police protection, parks and streets systems to meet acceptable levels of service. *(Staff: The Project area is contiguous to the current city limits to the north and west and is within the City’s Specific Urban Development Plan (SUDP)/Sphere of Influence (SOI). However, there are additional lands between this annexation area and the city limits to the east that should be annexed to prevent an island of unannexed land being created adjacent to the city limits (refer to Attachment 4). Fortunately, the city is currently working on an annexation of this area known as the M Street Annexation. This annexation would be coming before the City Council prior to the Baxter Ranches Annexation. The M Street annexation includes 13.45 acres of land designated for multi-family and 16.15 acres of land for Commercial Office. This annexation is currently in the environmental review phase. We hope to move this annexation forward within the next few months.)*

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

Response:

Consistent with the General Plan the annexation proposes a Pre-Zone of 580 single family residential lots, 9.35 Acres of dual use Park/Basin, 3.6 Acres of Parkinson Drain open space and 1.48 Acres of Fahrens Creek open space with a Planned Development (PD) overlay. A floating school site is shown on the General Plan. A school site is proposed within Bellevue Ranch north of Bellevue Road and the School District has purchased a school site within Bellevue Ranch West to the south of Bellevue Road, more specifically, the northwest corner of M Street and Arrow Wood Drive. The proposed single family residential lots vary in size from 5,000 sf to 11,675 sf with an average area of approximately 6,378 sf. The annexation area anticipates four phases of development to coincide with each quadrant bisected by R Street (north and south) and a quarter mile collector (east and west). Phasing is subject to change driven by market demand at the time of development. *(Staff: The General Plan Land Use designates the area as Low Density (LD) Residential with a floating school site shown in the northwest corner of the annexation area. The proposed Low Density residential development is consistent with the General Plan Land Use designation. A floating school site is indicated on the General Plan Land Use Map as circles indicating the need for a school site in the general area, but no precise location has been identified. The applicant points out that a school site is identified in the Bellevue Ranch North area to the east of this site and a school site was purchased by Merced City School District at the northwest corner of M Street and Arrow Wood Drive, within Bellevue Ranch West. City Staff recommends consultation with the School Districts as part of the*

*annexation process to determine if a school site is still needed in this 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:

*The Annexation Area can be served by city sewer, water, storm drain, fire and police protection, parks and streets systems to meet acceptable levels of service. (Staff: The applicant has provided estimations of the wastewater demand, water demand and storm drain requirements. Additional infrastructure would be required to connect the Project area to the existing utility system, but there is no indication that the City's systems do not have sufficient capacity to serve this area. Details would be addressed during the annexation entitlement process.*

*The Fire Department response time would currently be outside the desired 4 to 6 minute response time. It is anticipated that a new fire station would be constructed in the Bellevue Ranch Master Development Plan area which would reduce the response time to within the desired 4-6 minutes. Potentially, the new station may be constructed at the northwest corner of Bellevue Road and Barclay Way. Although the response time would be longer than desired prior to a new station being constructed, the Fire Department would still be able to serve this area.)*

- 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 primarily as "Unique Farmland," but there are small areas of "Farmland of Statewide Importance," "Urban and Built-Up Land," and "Rural Residential Land." (Staff: Impacts on Farmland would 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:

*(Staff: The land to the north of the Project site is currently being farmed, as is the area to the west. The area to the north is within the City Limits and is part of the Bellevue Ranch Master Development Plan. A portion of the land to the west is planted with almonds and another portion is used for grazing. The proposed residential use is consistent with the General Plan. Impacts on Farmland would 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. Community benefits for the annexation include improved traffic circulation within the project area, parks and recreation and much needed housing including a variation of the required levels of affordable housing. The fees generated from the project, developer contributed funds and PFFP identified segments will ensure major infrastructure will be installed servicing not only the project site, but will provide future improvements for adjacent properties. *(Staff: The project would extend R Street north of Bellevue Road to Farmland Avenue. In addition to the road being extended, water, sewer, and storm drain infrastructure would be extended as well. This would include water and sewer trunk lines. Four Park/Basin areas are also proposed totaling approximately 14 acres.)*

Single family residential development generally creates about 15 jobs for every one million dollars in construction costs. A 100-lot subdivision would roughly generate 100 jobs or an average of one job per lot.

Home building also creates jobs. National Association of Home Builders (NAHB) estimates that building 100 single family homes generates 300-year long jobs. The job impact on housing is broader than just home construction. The jobs created with new home construction generate an additional 50 percent of jobs in non-construction fields. The other new jobs show up across the rest of the economy because of home construction.

City Staff/LAFCO Meeting

A Development Review meeting was held on September 15, 2022, to review this application. LAFCO staff were invited to attend or provide comments. As of the date of this report, staff has not received any comments from LAFCO regarding this application. Based on staff's experience with LAFCO, staff assumes that LAFCO would be supportive since this annexation would fill in a pocket of County land left between the existing City Limits lines. As long as the City could provide services, staff does not anticipate any objections from LAFCO.

Wastewater Analysis

The City performed a wastewater flow analysis throughout the City by performing additional flow monitoring. The flow data will be used in the model managed by the City. The analysis confirmed a decrease in the flow from the City's current model.

The City has been using a model with an allocation of 85 gallons per day per person with an average of 3.2 persons per dwelling unit. The result is 257 gallons per day per dwelling unit. The flow monitoring demonstrated that rates are less than those rates the City has been using. A study performed by Stantec recommends the model be modified to use 65 gallons per day per person with an average of 3.02 persons per dwelling unit for a total of 196.3 gallons per day. This information was presented to City Council on February 6, 2023 as part of an update on the Draft Wastewater

Collection System Master Plan. The Council provided direction to move forward with finalizing the report to include the reduce flows for the sewer model.

Wastewater generation is estimated for the annexation area based on the proposed land uses is 116,000 gallons per day (average daily flow) with a peak hour flow of 266,800 gallons per day. The calculated total annual wastewater flow is 130-acre feet per year. The project will install various sized gravity lines into a Sanitary Sewer Lift Station wastewater and force main a waste discharge line into the Bellevue Ranch Sewer 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 Baxter Ranches Annexation, 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. Required entitlements in addition to Annexation/Pre-Zoning (including the establishment of a Residential Planned Development) would be a Pre-Annexation Development Agreement, General Plan Amendment to change the school site designation to Low Density (LD) Residential, and 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. Location Map
3. Baxter Ranches Pre-Application Submittal
4. Supplemental Letter - Baxter Ranches
5. Presentation