



CITY OF MARTINEZ

**CITY COUNCIL AGENDA
December 4, 2013**

TO: Mayor and City Council
FROM: Michael Chandler, Senior Management Analyst
SUBJECT: Discussion of Potential Pacheco Annexation Areas
DATE: November 26, 2013

RECOMMENDATION:

Discuss options and provide direction to staff regarding possible study and initiation of annexation proceedings for various areas of Pacheco, including 1) resubmitting the previously considered North Pacheco annexation application, and 2) expanding the boundaries to include additional areas, which could include the following: a) area east of the original North Pacheco application, along Blum Road; b) the Vine Hill/Arthur Road area; and/or c) the Mountain View area of unincorporated Contra Costa County.

BACKGROUND:

The City Council has been discussing and analyzing the feasibility of annexing parcels in the North Pacheco Boulevard area for some time. The City's Community and Economic Development Department began discussions with the Contra Costa Local Area Formation Commission (LAFCO) in 2008 to annex the North Pacheco area. In response to the City Council's expressed desire to annex this area, staff retained the services of CH2MHill and Economic and Planning Systems, Inc. (EPS) to complete a fiscal analysis and required environmental review in 2008 and 2009. Subsequently, staff worked with EPS to revise the draft fiscal report to more accurately reflect current fiscal conditions, expectations for revenues and expenditures, and provision of City services. The City also retained the contract planning services of Tasini and Associates to revise the Initial Study, initiate communication with the residents and businesses in the area, meet with LAFCO and prepare all relevant staff reports and application materials. Total costs for the annexation effort were approximately \$105K.

The public hearing process for the previous North Pacheco annexation began with a Planning Commission public meeting on November 23, 2010, at which time the Commission discussed the proposed annexation of North Pacheco and related planning actions. At that meeting, the Commission reviewed the materials presented and took public testimony. Based on the public testimony and the information provided to the Commission, the annexation and related actions were unanimously approved. On January 19, 2011, the City Council held a public hearing and adopted a resolution of intent to annex the North Pacheco Area, along with supported actions including rezoning; general plan amendments; and adoption of a Negative Declaration. The City Council also instructed staff to submit a completed application to LAFCO and initiate the annexation process.

The City and Contra Costa County agreed on terms for a Tax Sharing Agreement (ratified by the City Council in October 2011 and Board of Supervisors in November 2011), and the City formally filed its application with LAFCO in November 2011. On January 11, 2012, LAFCO held a public hearing to consider the North Pacheco Annexation and took unanimous action to approve the annexation, subject to a protest hearing. On March 6, 2012, LAFCO held a protest hearing and 47 protest ballots were received. The LAFCO Executive Director provided the City with a certificate of sufficiency stating that a sufficient number of protest votes were received and a vote of the registered voters within the annexation area was required. On April 11, 2012, LAFCO ordered the annexation subject to an election; this election was held in August 2012 and failed by a vote of 40-39. LAFCO adopted its Certificate of Termination for the North Pacheco annexation/reorganization on September 12, 2012. Per Government Code Section 57090, the City was required to wait a minimum of one year from the time LAFCO adopted its Certificate of Termination to resubmit the annexation.

Recently, the Annexation Subcommittee met to discuss the possibility of resubmission of the North Pacheco Annexation. The subcommittee also discussed whether the City should consider expansion of the boundaries of the previously submitted annexation area.

DISCUSSION:

Based on discussions of the Annexation Subcommittee at its meeting of November 15, 2013, the Subcommittee requested staff bring forward to the City Council the concepts of two potential annexation scenarios. Option 1 is to resubmit the North Pacheco annexation as it was previously submitted in 2011 (see map of area as Attachment A); Option 2 is to consider the submission of an expanded boundary application to include, in addition to the original North Pacheco territory of approximately 99 acres, area along Blum Road (approximately 110 acres); area around Vine Hill/Arthur Road (approximately 530 acres); and the area known as Mountain View (approximately 185 acres). A map of the expanded boundary areas is included as Attachment B.

Several factors may be relevant to the consideration of whether to expand or modify the boundary of the potential annexation area. These factors include, but may not be limited to:

- 1) the LAFCO laws and policies that may be in effect for one or more of the areas;
- 2) the fiscal impact and provision of services analyses for any one or more of the contemplated areas;
- 3) the required environmental analysis associated with the inclusion of any adjustment to the previously proposed boundary;
- 4) the potential costs and time requirements associated with each option; and
- 5) the likelihood of success of the annexation, including possible survey of the residents of the annexation area(s).

Based on the request of the Annexation Subcommittee, staff is presenting the initial question as to whether council wishes staff to investigate the above considerations, provide additional information, and develop a more refined strategy and recommendation to the Council based on the information obtained.

ANALYSIS:

Staff has made some very preliminary inquiries into the possible costs and timeline for the two options described above. The information provided below is very preliminary in nature, and is based on just two basic scenarios. However, based on the factors above, there are several possible permutations of Option 2 that Council may wish staff to more fully explore. In addition, as staff is able to obtain more information, these numbers and timelines will likely change and become more predictable.

The initial options for Council's broad consideration are presented below based upon information to date.

Option 1: Resubmit North Pacheco Annexation/Reorganization Application

Most aspects of the North Pacheco LAFCO submission will remain intact, such as the planning, environmental and zoning actions. The key components requiring update include the following:

- Fiscal Analysis
- Provision of Services (including Fire)
- Tax Sharing Agreement with Contra Costa County
- Environmental Analysis (if there have been any changed circumstances)

Estimated Costs

The estimated budget for resubmitting the application is approximately **\$25K**, comprised of the following:

- Updating Fiscal Analysis = **\$8K**
- Planning and other professional services = **\$10K**
- Filing and other fees = **\$7K**

Actions and Timelines

Upon direction from Council to proceed, the following actions would need to be taken by the City prior to formally resubmitting the application to LAFCO (potential estimated rough timelines are included after each action in bold):

1. Adopt budget adjustment resolution establishing funding for the project (**December 18, 2013**)
2. Update Fiscal Analysis; environmental analysis (if necessary). Provision of Services; and Negotiate updated Tax Sharing Agreement with Contra Costa County (**December 18, 2013 – March 2014**)
3. Host Community workshops (**January/February 2014**)
4. Revise LAFCO application as necessary based on updates (**March 2014**)
5. Council adoption of revised LAFCO application and Tax Sharing Agreement (**March 2014**)
6. County Board of Supervisors adoption of Tax Sharing Agreement (**April 2014**)
7. City submits complete application to LAFCO (**April 2014**)

Upon receipt of the City's complete application in April 2014, LAFCO's regulatory process takes 4-5 months before the item receives its first LAFCO hearing. The following is an estimated timeline once LAFCO receives the City's application:

1. City submits complete application; LAFCO staff immediately distributes City's application to required agencies (e.g., County Auditor, Assessor, Elections, Surveyor, etc.)
(April 2014)
2. County Assessor generates assessed value and tax rate area info (by law, they have 30 days, but typically do this within two weeks) **(May 2014)**
3. County Auditor notifies affected agencies of the proposed boundary change and property tax implications (by law, they have 45 days, but typically do this within 30 days); affected agencies have 60 days to respond **(June/July 2014)**
4. 60 tolling period ends and LAFCO notices the LAFCO hearing (21 day notification required by statute) **(August/September 2014)**
5. LAFCO holds first hearing **(September/October 2014)**
6. Assuming Commission approves the annexation, and following the 30 day reconsideration period, LAFCO staff holds protest hearing **(October/November 2014)**
7. Commission orders the annexation provided an election (i.e., 25% or more protest) or termination (i.e., majority protest) is not required **(November/December 2014)**
8. If an election is required, the City would coordinate with County elections on a special election date **(Spring/Summer 2015)**

Option 2: Analyze and Possibly Submit Expanded Boundary Pacheco Annexation/Reorganization Application

Submitting an expanded boundary application is a complex process that would require additional time to research and gather the information needed to develop a refined analysis and comprehensive annexation strategy. Staff recommends surveying the residents of the potential annexation areas to gauge support should the Council indicate its interest in exploring the expanded boundaries.

Estimated Costs (very preliminary; additional refinement and scoping required)

A rough budget for submitting the application inclusive of all the new territories is approximately **\$155K - \$180K**, comprised of the following:

- Survey/Polling services = **\$5K - \$10K**
- Preliminary Environmental Initial Study and other Contract Planning Services = **\$90K - \$100K**
- Fiscal Analysis = **\$30K**
- Mapping/Engineering Services = **\$15K - \$20K**
- Filing and other fees = **\$15K - \$20K**

Timeline (very preliminary; many variables can affect the potential timeline)

Upon direction from Council to proceed, the projected timeline for finishing all actions necessary to submit a complete application to LAFCO is approximately 2 years. As previously indicated, the LAFCO process typically takes 4-5 months from receipt of a complete City application before the annexation receives its first LAFCO hearing. If a protest hearing is required, the process will take an additional two months, and if an election is required, the City would coordinate with County elections on a special election date, no less than 88 days from the date LAFCO orders the election, per State statute. As a result, the entire process is projected to take approximately 3 years.

FISCAL IMPACT:

To be determined based upon direction from Council.

ACTION:

Hold discussion on various options for potential annexation of Pacheco areas and provide direction to staff on the following:

- 1) Resubmit the North Pacheco Annexation application with previous boundary intact;
- 2) Expand the boundaries of the North Pacheco Annexation to include various other areas; or
- 3) Do neither, and give direction to staff

Attachments:

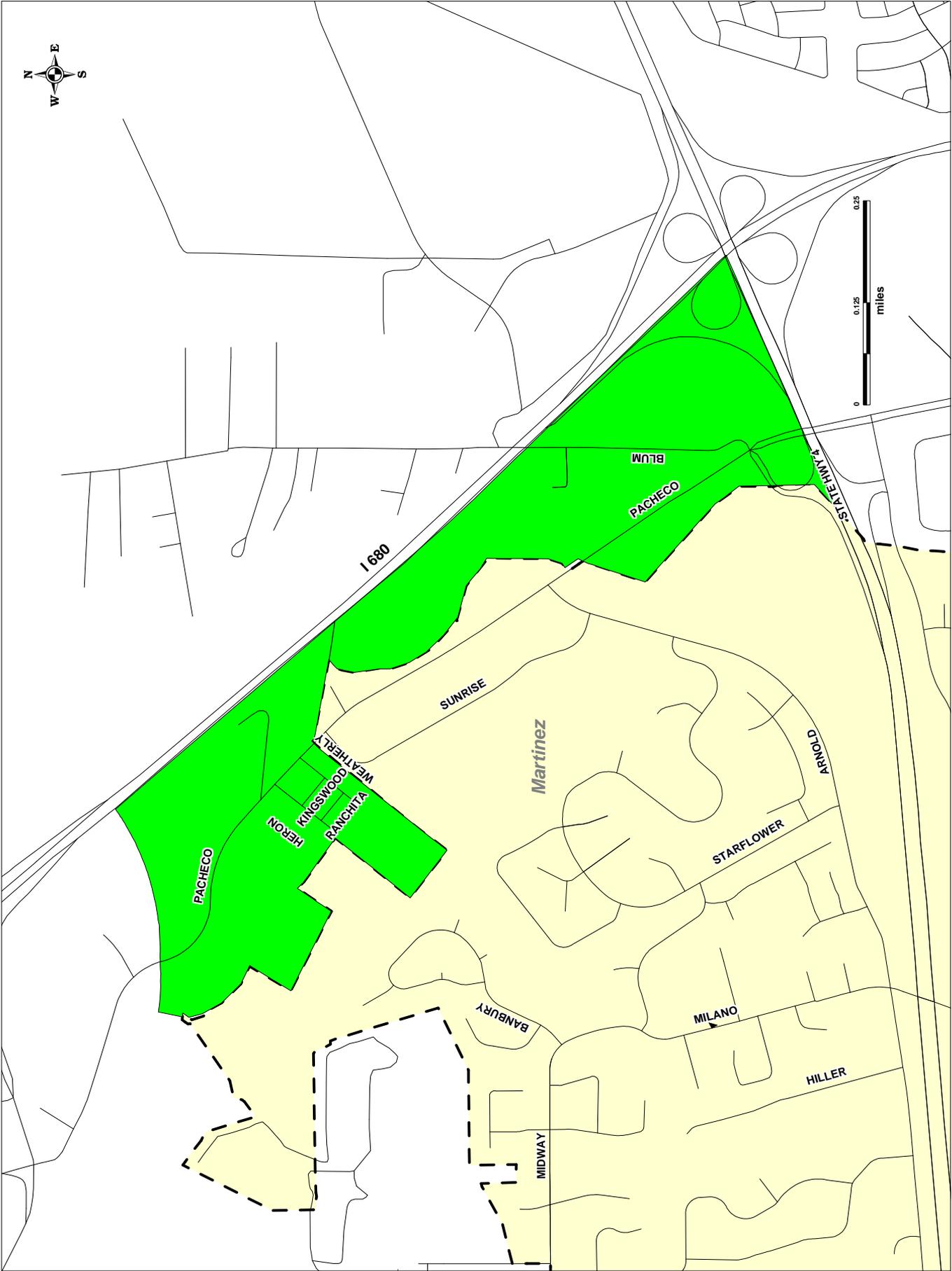
- A. North Pacheco Original Annexation Area Map
- B. Expanded Pacheco Annexation Areas Map

APPROVED BY:

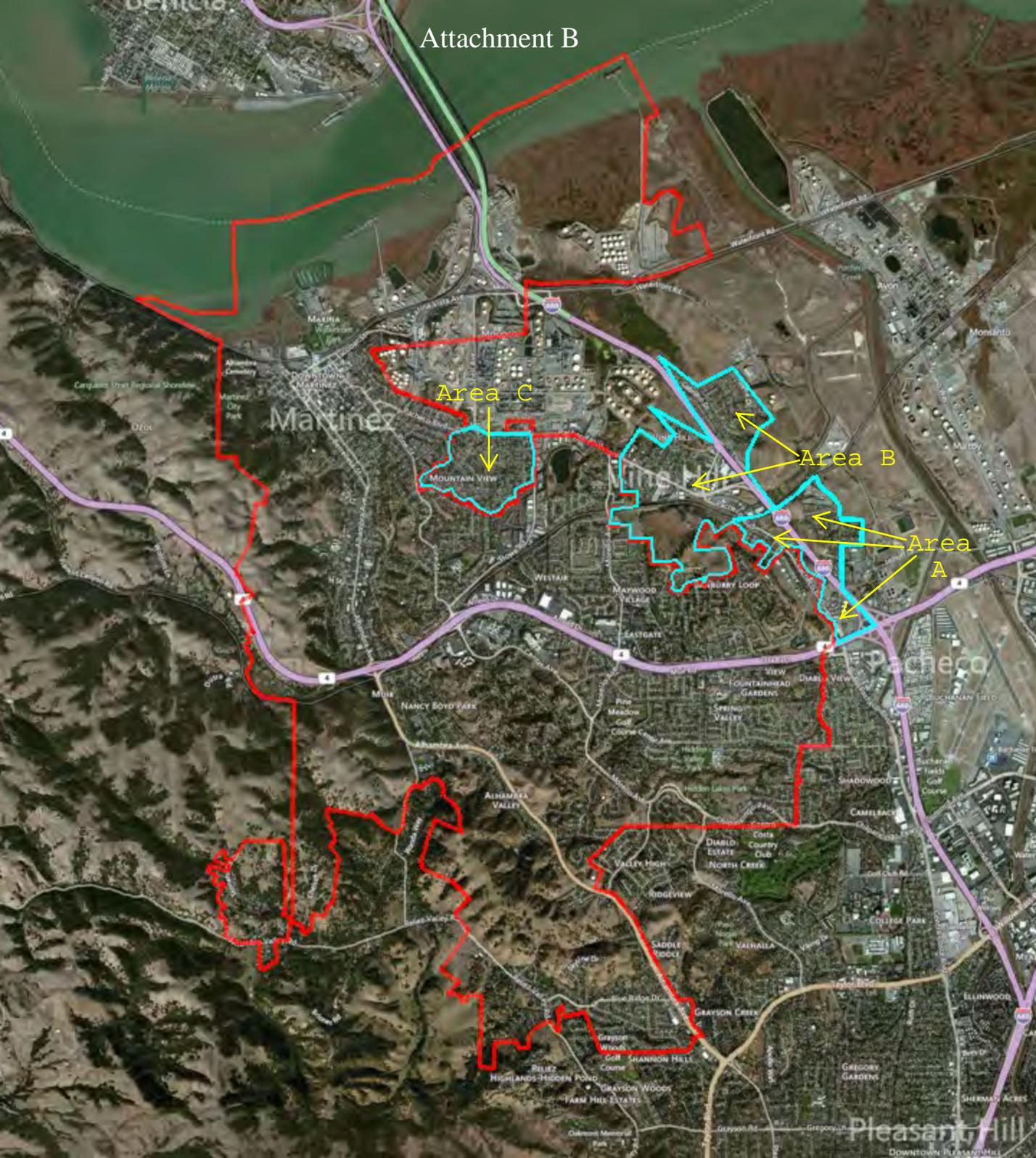


Acting City Manager

Figure 1:
Proposed North Pacheco Annexation Area



Attachment B



Martinez

Area C

Area B

Area A

Pacheco

Pleasant Hill
Downtown Pleasant Hill