



February 16, 2021

Merced City Councilmembers  
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Re: February 16<sup>th</sup> City Council Agenda Item J.4; UC Annexation Discussion

I am Stephen Peck with Peck Planning and Development I am a representing the Virginia Smith Trust (VST) here tonight to request that the City Council provide direction to City staff to move forward with the annexation of entire 1,026-acre Main Campus of UC Merced as is now permitted by Section 56748 of the Government Code.

Annexation of this property to the City has been a priority for many years, and the UC Campus and the adjacent University Community are identified in the Merced Vision 2030 General Plan for development in the “short-term”. General Plan Urban Expansion Policy UE-1.4 specifically speaks to this, stating that *“[t]he University Community should be incorporated into the City of Merced, and should not be part of the unincorporated County, or a separate City. It is in the public interest that the University Community’s development not result in the creation of a new city or other jurisdiction. Multiplication of jurisdictions can lead to conflicts, which should be avoided. A separate city on Merced’s border is inherently undesirable....”* Annexation of UC Merced and the adjacent properties are necessary and logical to begin to realize the community benefits of development of the VST property that were promised and anticipated when the State UC Regents approved Merced for the 10<sup>th</sup> UC campus in 1995.

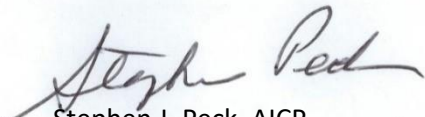
The actual annexation of UC Merced up until this point has been confounded by a number of constraints, including traditional LAFCo requirements for “contiguous” annexations, urbanization in County areas near the City, environmental constraints and other factors. The North Merced Annexation Study has taken a “deep dive” into these issues and revealed that annexation of UC Merced and the University Community properties through “organic, contiguous” annexations will never occur.

Last year, the state approved Assembly Bill 3312 (Gray) that provided the option to annex the “Main Campus” of UC Merced (and a limited number of properties that are contiguous to it) without the requirement that the properties be substantially contiguous to other portions of the community. AB 3312 now provides a realistic, feasible way to achieve General Plan and community policies to annex UC and to allow the development of the VST property.

The staff report provides an excellent summary of the public service and public revenue issues and opportunities. The university provides most of its own services, and the City would provide supplemental, backup service in most cases. Annexation of the university brings with it revenue from state and federal population-based subventions, sales taxes from on-campus taxable retail sales, and limited property taxes. Such revenue opportunities could be in the range of \$750,000 to \$900,000 per year. Further refinement of the potential revenues and service responsibilities is needed, but is part of the annexation application process.

Annexation of UC Merced, and the subsequent annexation and development of the VST property, would provide public facilities that are currently needed in the area, including shopping, housing, police and fire facilities, public parks, and major regional transportation facilities. It would also allow VST to proceed down a predictable path so that it can increase its college scholarship awards from \$150,000 per year to \$5,000,000 per year. Proceeding with the annexation of UC Merced would allow the community to complete the "Merced Promise" that was made 25 years ago.

Sincerely,



Stephen J. Peck, AICP