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*City of Merced*

**MEMORANDUM**

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**DATE:** December 4, 2019  
**TO:** Planning Commission  
**FROM:** Kim Espinosa, Planning Manager  
**SUBJECT:** Update on North Merced Annexation Feasibility Study  
**ACTION:** Discussion/Questions

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In March 2019, the City hired EMC Planning Group to prepare the North Merced Annexation Feasibility Study. The Study's purpose is to provide recommendations to the City for when and how it considers future annexations over time for an approximate 7,600-acre study area in North Merced.

Since March, EMC has prepared two fact sheets about the process (Attachments A and B), conducted interviews with large property owners and developers along with elected officials, provided preliminary findings for two technical studies on wastewater services and land development potential, and held public workshops on May 21, 2019, and August 7, 2019. Summaries of comments from those public workshops are provided at Attachments C and D.

The presentation for tonight's meeting (Attachment E) is a combination of the slides prepared for these workshops and some additional information from City staff to provide the Planning Commission with an overview of the process thus far in preparation for a Joint Planning Commission/City Council workshop tentatively scheduled for January 2020. The Planning Commission will be able to ask questions of City staff after the presentation.

It is anticipated that the Joint Planning Commission/City Council Study Session on the North Merced Annexation Feasibility Study will be scheduled for either Tuesday, January 21, 2020 (before the regular Council meeting which is on a Tuesday because of the Monday holiday) or on Wednesday, January 22, 2020 (the regularly scheduled Planning Commission meeting). Staff expects to have a specific date/time by the January 8, 2020 Planning Commission meeting.

Attachments

- A) North Merced Annexation Feasibility Study Fact Sheet, including Map of Study Area
- B) Questions and Answers about Annexations
- C) Summary of Comments from May 21, 2019, Public Workshops
- D) Summary of Comments from August 7, 2019, Public Workshops
- E) Presentation



# The North Merced Annexation Feasibility Study

## City Planning

Two of a city's fundamental purposes are to provide services and plan for the future needs of a community. Forward planning can help prepare for and identify where future growth (including housing and jobs) might occur, and what types of City services may be needed or required.

## Considering Annexation

One of the future-planning activities currently underway by the City of Merced is to consider possible annexation (incorporation) of all or a portion of an area that is currently within the County. The area is generally located north of the City near UC Merced and encompasses approximately 7,670 acres. The area is partially rural and partially developed, mostly with homes.

## Feasibility Study

The City has contracted with a land use planning firm (EMC Planning Group Inc.) to prepare a study about the northern area called the "North Merced Annexation Feasibility Study". The main purpose of the Feasibility Study is to provide recommendations to the City for when and how it considers future annexations in this area over time for potential future development. A map of the Study area is attached to this handout.

The Study will identify:

- Potential constraints to development related to natural resources such as farmland, biological resources and flooding hazards that may exist;
- Types of infrastructure and other City services that may be needed or required (such as sewer collection/treatment services and utility and road improvements), and options as to how infrastructure might be provided;
- Future opportunities for development in the area based on economic analysis;
- Options for ways in which annexation might occur; and,
- Examples of general costs for annexing and developing land within the area.

## The Process

The Feasibility Study is expected to take about six (6) months to complete.

After the Feasibility Study is completed, requests for individual annexations and development within annexation areas would have to be formally submitted to the City by landowners or other interested parties. The City's consideration of each individual request would occur as part of a separate, subsequent process. An annexation and development approval process can take up to several years.

Should the City determine it is interested in considering individual future annexation and development requests, there is a decision-making process that must be followed.

The City must:

- Formalize its interest;
- Receive an annexation/development application from a landowner or other interest;
- Review the proposed annexation and development plans;
- Prepare an environmental assessment; and,
- Make a decision about whether to approve the request.

If the City approves a request for annexation and development, it must then submit an application for annexation to the Local Area Formation Commission (LAFCO), which must also approve the request.

Subsequent steps then include:

- Review and approval by LAFCO;
- A vote of area property owners or registered voters; and,
- Other steps as required by law.

## Public Participation

Opportunities for the public to stay informed about and participate in the Feasibility Study process will be available.

As the Feasibility Study progresses, information will be posted on the City's website at [www.cityofmerced.org/depts/cd/planning/north\\_merced\\_annexation\\_feasibility\\_study\\_\(2019\).asp](http://www.cityofmerced.org/depts/cd/planning/north_merced_annexation_feasibility_study_(2019).asp)

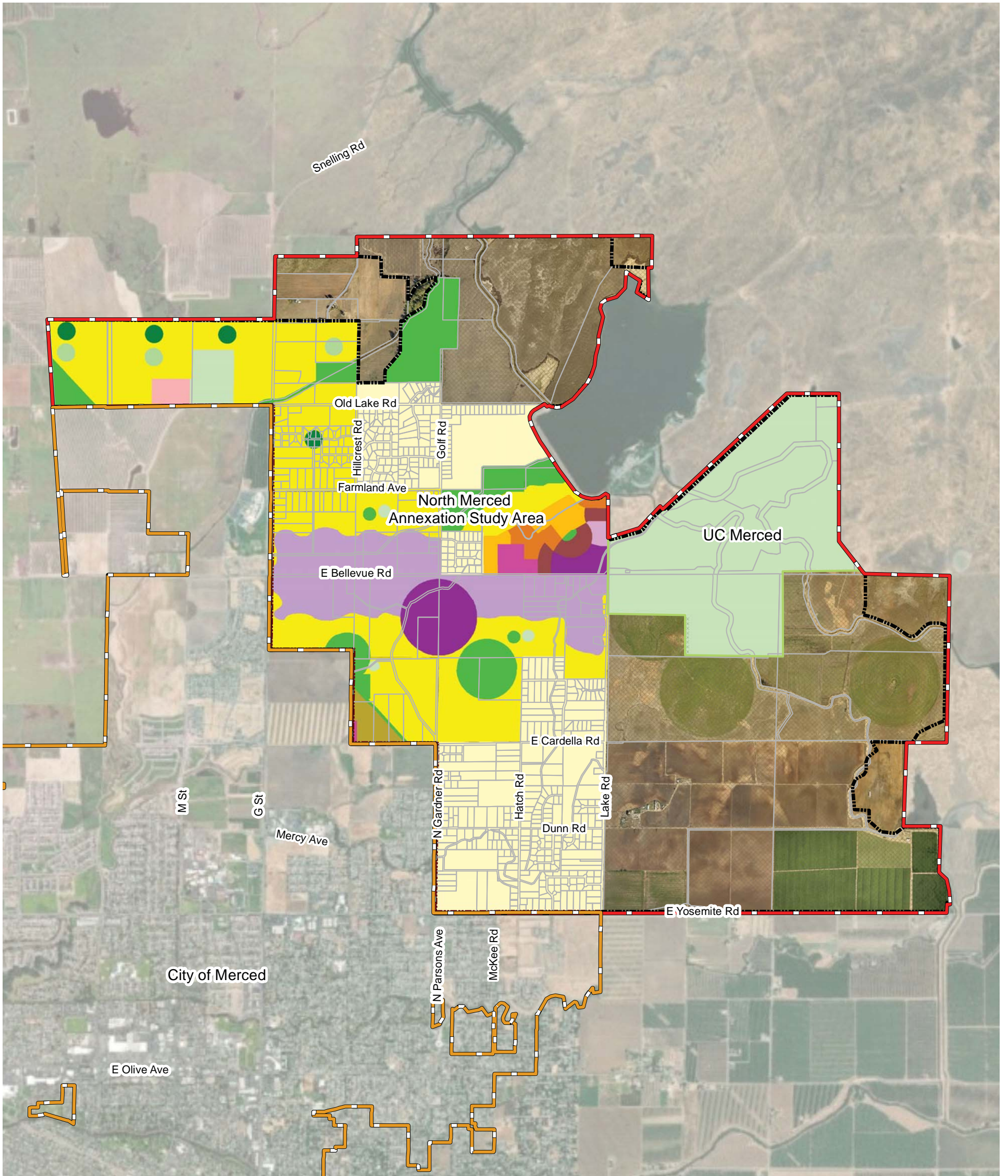
Informational meetings and a meeting with the Planning Commission and City Council are planned as part of the process. Notices of these meetings will be posted on the City's website. Public attendance at meetings is encouraged and welcomed. The first public workshop is scheduled for Tuesday, May 21<sup>st</sup>, 2019.



Questions and comments can be submitted by email to [planningweb@cityofmerced.org](mailto:planningweb@cityofmerced.org) or by contacting Kim Espinosa, Planning Manager for the City of Merced, at (209) 385-6858. All comments will be considered by the City and the

EMC Team as the Study is prepared.





**Legend**

- |                         |                                    |                               |
|-------------------------|------------------------------------|-------------------------------|
| Proposed Annexation     | THOROUGHFARE COMMERCIAL            | MIXED USE                     |
| SOI                     | COMMUNITY PLAN                     | OPEN SPACE - PARK RECREATION  |
| City Limit              | FUTURE PARK                        | PUBLIC/GENERAL USE            |
| AGRICULTURAL            | FUTURE SCHOOL                      | MOBILE HOME PARK RESIDENTIAL  |
| BUSINESS PARK           | HIGH DENSITY RESIDENTIAL           | RESIDENTIAL RESERVE           |
| BUSINESS PARK RESERVE   | INDUSTRIAL RESERVE                 | REGIONAL COMMUNITY COMMERCIAL |
| GENERAL COMMERCIAL      | LOW DENSITY RESIDENTIAL            | RURAL RESIDENTIAL             |
| NEIGHBORHOOD COMMERCIAL | LOW TO MEDIUM RESIDENTIAL          | SCHOOL                        |
| COMMERCIAL OFFICE       | MANUFACTURING INDUSTRIAL           | VILLAGE RESIDENTIAL           |
| COMMERCIAL RESERVE      | HIGH TO MEDIUM DENSITY RESIDENTIAL |                               |



Source: City of Merced, County of Merced GIS 2018



**North Merced Annexation Land Use Map**  
North Merced Annexation Feasibility Study





# The North Merced Annexation Feasibility Study

## Annexation Questions & Answers

### *What does it mean to annex to the City of Merced?*

Annexation is a term used when an area of land within the boundary of a county is brought into the boundary of a city. The process of annexation typically involves at least three public hearings and all property owners are notified as to the annexation process and the time, date and place of the public hearings. For annexation of land to the City of Merced, approval from both the City and the Merced County Local Agency Formation Commission (LAFCO) is required.

### *What are the costs of annexation to the City of Merced and how long does it take?*

If a property owner proposing annexation does not have plans for development and the City requests that their property be included as part of a formal application already submitted, then the fees are usually waived.

Otherwise, annexation fees vary depending on the size of the annexation. Typically, the City of Merced charges a fee for processing an application. The fee can vary widely depending on the size of the annexation and what is included in the application (i.e. development permits for subdivision, pre-zoning, etc.). In addition to City fees, the LAFCO fee for annexation and related environmental review is approximately \$3,500 (YR 2019). State Board of Equalization filing fees can range between \$300 and \$3,500 depending on the amount of land to be annexed. *These costs are likely to rise over time.* The total process can take more than one year to complete provided that environmental clearance can be obtained with a “Negative Declaration.” Where environmental clearance must be obtained through an environmental impact report, the total process will be longer.

### *Will my taxes increase?*

No change will occur. All properties are taxed at the same rates whether annexed to the City or not (approximately one percent of assessed value). That is, City and County property owners pay the same tax rates. Thus, property tax assessments will not be affected by annexation. However, if the property is resold, or if new improvements to the property are constructed, the assessed value of the property will most likely increase. This increase, however, has nothing to do with a property being in the City or the County.

## ***If I have a private septic system, will I be required to connect to City sewer?***

Not under most circumstances, Ordinance No. 2249, adopted in 2006 by the City of Merced waives connection requirements except under limited circumstances. The ordinance states:

*The owner or occupant of lands, building or premises having private sewage disposal systems, hereafter annexed to the City may continue the use of such system within the City, provided that the same is not enlarged, modified, or expanded and is approved by the Chief Building Official; However, in no event shall such system be used or be available for use upon failure as determined by the appropriate health official or regulatory authority, and the land, building, or premise shall thereafter be connected to the City's municipal sewer disposal system at the owner's sole cost and expense.*

Undeveloped parcels need not hook up to sewer services until development begins, unless the property owners wish to have the services and are willing to pay for them.

All homes in the annexed area would be allowed to hook up to City sewers if available at the owner's sole cost and expense. This is now prohibited in County areas except for documented health problems for a failing septic tank or water well. There may be homes in some proposed annexation areas that already have sewer service via previous agreements with the City. Depending upon a homeowner's income level, low-interest loans to cover the costs of sewer hook-up may be available through the City's Housing Department.

## ***What is the cost of City sewer service?***

There are a variety of fees related to connecting to the City of Merced sewer system. These include: "Sewer Facility Charges," "Plant Component," and "North Merced Sewer District Fee." An estimate of total fees is \$6,359 per house in North Merced and approximately \$6,198 in all other areas (YR 2019, 1st Quarter Estimate). *These costs are likely to rise over time.* Additional fees also apply if a property is located in North Merced, but outside the North Merced Sewer Assessment District (formed in the 1970's). It is likely that a new assessment district or other financing mechanism will be formed in the future to serve areas currently inside the City's growth boundary (or "Sphere of Influence") but outside of the older North Merced Sewer Assessment District.

## **Other Sewer Related Costs**

**Right-of-Way Encroachment and Building Permit:** Cost varies depending upon amount of work.

**Construction Costs:** The property owner must hire a licensed plumber to install the sewer lateral in the public right of way. The owner does have the option of installing the sewer lateral on his/her property.

It might be advantageous for a special sewer district to be set up for existing neighborhoods to spread these costs over a longer period of time. The City could do this if there were sufficient citizen requests.

**Monthly Service Fees:** After hook up, there is a monthly fee; current fee is \$42.64 (YR 2019) per month for a single-family residence. *These costs are likely to rise over time.*

### ***What If I have a private water well?***

All homes in an annexed area would be allowed to hook up to the City water service (in some cases, water service has already been extended into an area by the former water company which was purchased by the City in the early 1970s). Water rates are metered. The base rate for a 1” connection is \$30.39 which includes 20 hundred cubic feet (HCF) of water per month (YR 2019). An additional charge of \$0.73 per HCF is applied if use exceeds 20 HCF per month. The estimated cost to hook-up to the City water service is \$6,074 for a 1-inch service (YR 2019). This estimate does not include the cost of the work to be done by the City to bring the water line to the property. A deposit of \$6,500 is collected to cover the cost of this work. *These costs are likely to rise over time.*

### ***My property is presently served by the Merced Irrigation District. Will I continue to be able to get water in the same way after my property is annexed to the City?***

Yes, the Merced Irrigation District will continue to provide water and the property will remain within its service district.

### ***Will my garbage collection service change?***

The City would eventually be responsible for collecting garbage. Rates for this service are comparatively low and would be approximately \$37.08 per month (YR 2019) for residential “curbside” service (three cans). *This cost is likely to rise over time.* City service would not begin until the private hauler franchise expires, but no later than five years from annexation. There is no garbage charge for undeveloped parcels until the service is being used.

### ***What about curbs, gutters, sidewalks, street trees or streetlights?***

There is no requirement that curbs, gutters, sidewalks, street trees or streetlights be installed as part of the annexation. The City may require a developer to make off-site improvements, which may include improvements along the frontage of individual properties. If a property owner undertakes substantial building remodeling or new building construction on an individual lot basis after annexation, then curbs, gutters, sidewalks, street trees and street lights must be constructed along the frontage of property. If desired by a neighborhood, a special district could be established to install these items at the cost of the property owners. The City may also establish a special district in an existing neighborhood to install such public improvements to be paid for by the property owners over time

### ***City zoning regulations compared to County zoning regulations.***

Perhaps the most significant change to the circumstances of a property will be that City zoning and development laws, rather than County laws would apply. Zoning for an annexed area would be established at the time of annexation, consistent with the City’s General Plan for the area. Under City development standards and most zoning districts, with the availability of City sewer and water, individual properties may qualify to be used and developed more intensely than would normally be possible under County regulations. For example, a site designated for low-density residential uses in the City’s General Plan, could be zoned R-1-6 or R-1-5 when it is annexed, thereby allowing construction of single-family homes on 5,000 or 6,000 square-foot residential lots.

Typically, the potential uses and the type of development that can be considered under County standards are more restricted than under City zoning because City services that support more intense development are not available in the County. However, if a property is annexed with Urban Transition (U-T) zoning, then uses that were legally established in the County may continue, but cannot be expanded unless the zoning for the property is changed to allow the uses.

While City regulations tend to be more restrictive with respect to some types of appearance requirements, keeping of animals, and property maintenance, the City has routinely amended its regulations to permit the keeping of agricultural animals. If a property owner has an interest in annexation and a desire to maintain and keep agricultural related animals, a City Planner may be able to help prepare regulations to allow this to happen.

### ***If my property is used for farming now, will I be permitted to continue to farm?***

Yes. First of all, all uses and activities that are presently conducted on the property will become “legal non-conforming uses” if they do not comply with the City’s zoning regulations. While farming is not a normal use in the City code, existing farming operation will be permitted to continue in their present form. That does not mean that if a farm is presently a row-crop operation, that a dairy or poultry operation could be established; nor would an existing poultry or dairy operation be permitted to expand beyond its present boundaries if doing so is inconsistent with City regulations. Additionally, the City has adopted a code provision (Title 6, Section 6.04.081-Exception to Livestock and Poultry Regulations) which, if applied to a specific area (zone) permits the continuation of existing livestock and poultry keeping that would otherwise be limited under most current City zoning regulations. For those properties that do not have legal non-conforming use status, a maximum of two chickens are permitted on a City residential lot.

### ***Fire protection***

Fire protection service would be provided by the City Fire Department. The City has an excellent fire protection rating and fire insurance rates are generally lower in the City than in the County. If there are an insufficient number of fire hydrants in a newly annexed area, the City would likely require installation of fire hydrants, probably by special assessment in which landowners pay a fair share of the cost of installing hydrants.

### ***Police protection***

Police protection service would be provided by the City Police Department. The department has a highly trained staff of police officers. Response time to any call for emergencies is usually five to eight minutes.

### ***Can we park our vehicle in front of our home on the street?***

Operative vehicles can be parked on the street. Unlicensed or inoperable vehicles may be subject to removal immediately depending on the circumstances. Licensed/operational and legally parked vehicles should not be parked on the street for more than 72 hours without being driven; this is to prevent “storage” of vehicles (including motor-homes) on public streets. There is no restriction against parking on the street at night. The spot in front of a residence is NOT reserved for that residence (courtesy would say otherwise, but it isn’t a law). Other residents in the area may park on the street in front of other properties.



## ***Election***

After annexation, residents of the area would become citizens of the City, entitled to vote in City elections, and eligible to hold elective and appointive positions.

## **Annexation Process Information**

### ***Who Can Apply for an Annexation?***

Any landowner or representative of a landowner (applicant) with land in the City of Merced's adopted Sphere of Influence can submit an annexation to the City of Merced. If the applicant's land is already adjacent to the city limits, and the annexation would create a logical city boundary, no other property owners/properties need be included in the proposed annexation boundary. If the applicant's land is not directly adjacent to the city limits, the proposed annexation boundary will typically also include the land located between the applicant's land and the city limit so that at least one portion of the proposed annexation boundary is adjacent to the city limits.

### ***How are Landowners and Registered Voters Notified of Public Hearings for Annexation Proposals?***

#### **City Notification Process**

Once a landowner applies to annex land within Merced County to the City of Merced, the City will begin reviewing the application. Before any public hearings by the Planning Commission or City Council to consider the application, landowners within the proposed annexation boundary and within 300 feet of the boundary will be notified. This is in addition to the standard requirement to publish notices for Planning Commission and City Council meetings in the local newspaper. If the City Council approves the application, it is then forwarded to LAFCO for review.

#### **LAFCO Notification Process**

Once received, LAFCO will begin processing the annexation application and will send a notice with the application to all interested/affected agencies such as school districts, fire districts, conservation districts, etc., for their review and comment.

Twenty-one days prior to its public hearing to consider the annexation application, LAFCO will publish a notice in the newspaper about the hearing, post information about the hearing on its website, notify affected agencies, and mail information about the application and public hearing to all registered voters and property owners within the annexation boundary and to all registered voters and property owners within 300 feet of the annexation boundary.

### ***When are There Opportunities to Oppose/Protest a Proposed Annexation?***

#### **City of Merced Process**

A written statement of opposition to a proposed annexation may be submitted to the City prior to Planning Commission and/or City Council hearings at which the annexation is being considered. Opposition can also be expressed in person at such meetings.

## **LAFCO Process**

### ***Inhabited Annexation Protest Process***

A written statement of opposition to a proposed annexation may be submitted to LAFCO prior to or at the LAFCO hearing, or opposition can be expressed in person at the hearing.

If LAFCO approves the annexation and the annexation boundary is “inhabited” (it contains 12 or more registered voters), and one or more landowners did not sign a petition in support of the annexation, then LAFCO will hold a subsequent public protest hearing. LAFCO must provide notice of the protest hearing to all landowners and registered voters within the annexation boundary within 35 days of its decision to approve the annexation, but no less than 21 days before the protest hearing.

If fewer than 25 percent of the registered voters and/or less than 25 percent of the landowners owning less than 25 percent of the assessed land value within the annexation boundary protest, LAFCO can record/finalize the annexation. If more than 50 percent of registered voters or landowners owning more than 50 percent of the assessed land value within the boundary protest, the annexation application is terminated.

However, a vote (election) of registered voters must be held if between 25 percent and 50 percent of the registered voters file protest, or if landowners who own at least 25 percent but less than 50 percent of the assessed land value file protests. LAFCO then sends notice to the City and to the County Registrar of Voters with a requirement that an election be held. Only registered voters within the annexation boundary participate in the vote. If more than 50 percent of the registered voters vote against the proposed annexation, the application is terminated.

### ***Uninhabited Annexation Protest Process***

An “uninhabited” annexation boundary is one which contains 11 or fewer registered voters. Only landowners within an uninhabited annexation boundary have the option to protest the annexation. If LAFCO approves the annexation and one or more landowners protest the approval, then LAFCO will hold a subsequent public protest hearing. LAFCO must provide notice of the protest hearing to all landowners within the annexation boundary within 35 days of its approval of the annexation, but no less than 21 days before the protest hearing.

If landowners owning 50 percent or more of the assessed land value within the annexation boundary protest, the annexation is terminated. If landowners owning less than 50 percent of the assessed land value protest, the annexation is approved.

### **For more information**

Property owners are encouraged to visit or call the Merced City Planning and Development Services Department at 678 W. 18th Street, Merced, CA 95340, (209) 385-6858 to discuss these or other questions, future plans, or options resulting from annexation.

*Source: City of Merced Planning and Development Services Department*



# The North Merced Annexation Feasibility Study

## Summary of First Community Meetings

*( Held May 21, 2019 at 3PM & 6PM )*

Two public meetings were held on May 21, 2019, to present information, answer questions, and receive comments from the public about a Feasibility Study currently underway within the City of Merced. The same information was presented at each meeting. Approximately 100 people attended the 3 p.m. meeting and approximately 60 persons attended the 6 p.m. meeting.

The presentations included information about the purpose of the North Merced Feasibility Study and provided information about what is planned to be addressed in the Study. Public input and comments about thoughts and items to consider in preparing content for the Study were requested. City staff and consultants preparing the Feasibility Study responded to questions and comments expressed by meeting participants, as did a representative from the Merced County Local Agency Formation Commission (LAFCO).

It is important to note that there are no proposals or requests for annexation currently pending before the City. The purpose of the Study is to provide information to assist the City of Merced in decision-making should it receive requests to the City from landowners with property within the Study area.

The area for which possible future incorporation into City boundaries (annexation) would be considered is located north of the City's existing boundaries and contains approximately 7,600 acres currently located within the County of Merced. The area is generally near UC Merced and is mostly rural, but has some existing housing developments and some limited businesses in addition to the University campus.

The City designated the northern area for possible future urban growth in its adopted General Plan. The City anticipates future needs for new housing, retail and commercial businesses, and infrastructure improvements (such as roadways and water and sewer systems).

Annexation could potentially include all or only portions of the northern area. Existing residences and businesses may or may not be included in an annexation depending upon where, when and how annexation may



be proposed by owners of land within the area. The City has stated that if existing residents and businesses were included in an area proposed for annexation, they could retain flexibility in existing property uses, but potentially could be required in certain circumstances to connect to and participate in funding City-provided water and sewer service depending upon if, when and which parts of the area might be annexed.

The Study will identify possible future options for how and where future annexations might occur and identify types of City services that might be needed for such annexation options. Should the City receive formal requests for annexation, there are specific and separate approval processes that must be followed including City approvals and subsequent approvals by LAFCO.

Participants in both sessions were primarily owners of single family homes in existing subdivisions, most having homes on 2 acres or less. A smaller number of participants were property owners with 2-20 acres, and a few participants were owners of significantly larger properties in the area. In addition, staff from several public agencies, school districts and an agricultural organization were also present.

The following summary of comments is consolidated from input provided at both meetings. A number of comments and questions, primarily from property owners in the Hillcrest, Bellevue and Lake areas, reflected concerns about the annexation process and expressed general opposition to their properties being annexed. Responses to topics/ comments are briefly summarized as shown in italics below.

- There were several questions/comments asking about the City and LAFCO roles and processes, and who has ability to initiate annexation. (*Any landowner in the area could request annexation. Annexation requires approvals from both the City and LAFCO in separate and independent processes*).

- There were several questions/comments about activities and uses such as keeping animals, farming, and as allowed in the County compared to activities allowed in the City. (*The City indicated that generally, existing uses can continue*).
- Concerns were expressed regarding larger landowners possibly trying to force annexation on other property owners in the area. (*Comments were noted and will be considered in preparing the Feasibility Study*).
- There were questions about whether people could comment on any annexation in the area even if their property is not specifically included in a proposed annexation. (*Yes*).
- Concerns were expressed about potential annexation and impacts on quality of life, including for adjacent properties even if those properties were not included in an annexation action, and about desire to maintain rural lifestyle and not have City density/intensity in the area. (*Comments are noted and will be considered in preparing recommendations in the Feasibility Study*).
- There were questions to clarify who defines proposed annexation boundaries and if and how owners/voters in a proposed annexation area are notified. (*A property owner may initiate an annexation. If an annexation proposal is received, it legally must be considered by the City. The City may or may not approve the proposal. If the City does approve the proposal, it must also then be approved by LAFCO in a separate process, including notification to property owners within the proposed annexation boundary. Currently no annexation proposals have been submitted for consideration within the Study Area*).
- There were questions about types of changes that could be required of existing property owners in the area related to water and septic requirements,

whether existing residences would be required to connect to City services with annexation, and whether existing properties could remain on wells and septic systems. *(In general, should there be annexation of all or parts of the northern area, existing properties can retain wells and septic as is. An exception may be if there is a system failure on the property. Need for a replacement permit could potentially require a property owner to hook into a City system if a City system is available at that time. For additional information, please read the document entitled “Annexation Questions and Answers” shown on the City’s Feasibility Study web page).*

- There were questions/comments regarding sufficiency of water supply from the City to meet irrigation demand on rural properties that might be annexed. *(Comments are noted).*
- There were questions about costs for annexation, potential increases in property taxes, and costs for connecting to City systems and services. *(Comments are noted and being considered in preparing the Feasibility Study. Please also see the “Annexation Questions and Answers” document on the City’s Feasibility Study web page.)*
- There were questions about service capacity and costs for water and sewer systems if upgrades

are needed. *(Comments were noted and will be considered in preparing the Feasibility Study).*

- There were comments and concerns regarding whether the City can accommodate additional population and the potential impact on existing City service needs, and comments about considering infill within areas of the current City boundaries prior to considering annexation of additional area. *(Comments were noted and will be considered in preparing the Feasibility Study).*
- There were comments that needs of and impacts on school districts need to be considered and that school districts want to be involved in annexation discussions and processes. *(Comments were noted).*

Two additional Community Meetings are scheduled for **Wednesday, August 7, 2019 at 3:00pm and 6:00pm**. The public is welcome to attend and participate in either or both meetings; however, it is not necessary to attend both meetings since the same information will be provided at each meeting session. The meetings will be held in the **Sand Pipes Room** located on the **first floor of the Merced Civic Center at 678 West 18th Street**. The meetings will include updates about the progress of the Study and information about content and recommendations being considered. Questions and comments from the public will again be welcomed.

## Information Summary



Questions and comments can be submitted by email to [planningweb@cityofmerced.org](mailto:planningweb@cityofmerced.org) or by contacting Kim Espinosa, Planning Manager for the City of Merced, at (209) 385-6858. All comments will be considered by the City and the

EMC Team as the Study is prepared.



# The North Merced Annexation Feasibility Study

## Summary of Second Community Meetings

*( Held August 7, 2019 at 3PM & 6PM )*

Two public meetings were held on August 7, 2019, to present information, answer questions, and receive comments from the public about a Feasibility Study currently underway within the City of Merced. The same information was presented at each meeting. Approximately 50 people attended the 3 p.m. meeting and approximately 28 persons attended the 6 p.m. meeting. About half of the people in each meeting had not attended the first set of community meetings in May 2019.

The presentations included information about the purpose of the North Merced Feasibility Study and provided information about what is planned to be addressed in the Study. Public input and comments about thoughts and items to consider in preparing content for the Study were requested. City staff and consultants preparing the Feasibility Study responded to questions and comments expressed by meeting participants, as did a representative from the Merced County Local Agency Formation Commission (LAFCO).

It is important to note that there are no formal development proposals or requests for annexation for the Study area pending before the City. The purpose of the Study is to provide information to assist the City of Merced in decision-making should it receive requests.

The area for which possible future incorporation into City boundaries (annexation) and future growth would be considered is located north of the City's existing boundaries and contains approximately 7,600 acres currently located within the County of Merced. The area is generally near UC Merced and is mostly rural, but has some existing housing development and some limited businesses in addition to the University campus.

The City designated the northern area for future urban growth in its adopted General Plan. The City anticipates future needs for new housing, retail and commercial businesses, and infrastructure improvements (such as roadways and water and sewer systems).



Annexation or other forms of growth could potentially involve all or only portions of the northern area. Existing residences and businesses may or may not be included in an annexation boundary depending upon where, when and how an annexation is initiated by landowners within the area. The City has stated that if existing residents and businesses were included in a proposed annexation area, they could retain flexibility in existing property uses, but potentially could be required in certain circumstances to connect to and participate in funding City-provided water and sewer service depending upon if, when and which parts of the area might be annexed.

The Study will identify possible future options for how and where future annexations might occur and identify types of City services that might be needed for such annexation options. Should the City receive formal requests for annexation or other forms of growth, there are specific and separate approval processes that must be followed including City approvals and subsequent approvals by LAFCO.

A significant number of participants in both sessions were owners of single family homes in existing subdivisions. Other landowners, other interested individuals, City staff, City consultants, and the LAFCO Executive Director were also present.

The following summary of comments is consolidated from input provided at both meetings. A number of comments and questions reflected concerns about the annexation process and expressed general opposition to their properties being annexed. Responses to topics/comments are briefly summarized as shown in italics below.

- There were several questions/comments asking about the City and LAFCO roles in the annexation process, the annexation process itself, who has ability to initiate annexation, how potentially affected residents/landowners/registered voters are notified and how individuals

can participate in the process. *(Any landowner in the area could request annexation. If an annexation proposal is received, it legally must be considered by the City. The City may or may not approve the proposal. If the City does approve the proposal, it must also then be approved by LAFCO in a separate process, including notification to property owners within the proposed annexation boundary. Currently no annexation proposals have been submitted. The process for protesting annexations was reviewed and included in the meeting presentation. The "Annexation Questions and Answers" document on the City's Feasibility Study web page is being updated to include this information).*

- Comments were made that the City shouldn't grow because groundwater supplies are limited and may not be able to support new growth without adversely affecting existing groundwater users. *(Comments are noted. Analysis of groundwater impacts from new development are evaluated before development occurs. The Sustainable Groundwater Management Act was discussed as an additional tool/regulation for maintaining groundwater sustainability).*
- There were questions about costs for annexation, potential increases in property taxes, and costs for connecting to City systems and services. *(Comments are noted and being considered in preparing the Feasibility Study. Please also see the "Annexation Questions and Answers" document on the City's Feasibility Study web page).*
- Concerns were expressed about the possible need to expand the City's wastewater treatment plant capacity and related costs, and availability of sewer collection capacity (Comments are noted. Both issues are being examined in more detail and will be reported as part of the Feasibility Study – the comments were based on the preliminary analysis of wastewater treatment plant capacity issues that was presented at the meetings).

- Questions were asked about the projections and assumptions used to forecast future needs for new residential and non-residential development in the City (including the Study Area). *(Comments were noted and the sources of the projections were discussed with the primary source being the Merced County Association of Governments).*
- Concerns were raised about if and how concerns of meeting participants would be reflected in the Feasibility Study. *(The comments were noted. As part of the discussion, it was communicated that the community meeting materials, sign-in sheets, comment sheets, and meeting summaries, along with a summary of the overarching themes of public input from the meetings will be included in the Feasibility Study and considered in evaluating future growth and annexation options and pathways in the Study area).*
- Concerns were expressed about potential annexation and future growth and impacts on quality of life, and about desire to maintain rural lifestyle and not have City density/intensity in the area. *(Comments are noted and will be considered in preparing recommendations in the Feasibility Study).*
- There were questions about types of changes that could be required of existing property

owners in the area related to water and septic requirements, whether existing residences would be required to connect to City services with annexation, and whether existing properties could remain on wells and septic systems. *(In general, should there be annexation of all or parts of the northern area, existing properties can retain wells and septic as is. An exception may be if there is a system failure on the property. Need for a replacement permit could potentially require a property owner to hook into a City system if a City system is available at that time. For additional information, please read the document entitled “Annexation Questions and Answers” shown on the City’s Feasibility Study web page).*

The next opportunity for public input to the Feasibility Study process is planned in **November/December 2019** at a joint **Planning Commission/City Council workshop**. The intent of the workshop is to present and discuss preliminary findings for growth options and issues for the Study area should the analysis proceed to the point that such information can be presented at that time. Landowners and registered voters will be sent a notice of the meeting date, location and planned topics and the notice will be published and posted on the Feasibility Study website. Questions and comments from the public will be welcomed.



Questions and comments can be submitted by email to [planningweb@cityofmerced.org](mailto:planningweb@cityofmerced.org) or by contacting Kim Espinosa, Planning Manager for the City of Merced, at (209) 385-6858. All comments will be considered by the City and the


EMC Team as the Study is prepared.



# North Merced Annexation Feasibility Study

## Planning Commission Overview

December 4, 2019



### Overview of Tonight's Meeting

- Overview by City Staff of North Merced Annexation Feasibility Study Process
  - Questions and Answers
- Joint Planning Commission/City Council Study Session tentatively scheduled for January 2020
- **Purpose of Feasibility Study:** provide recommendations to City Council for considering future annexation/development requests through a structured, predictable process


**The Feasibility Study is not an annexation proposal** – solely guidance for considering future annexations/growth in North Merced.





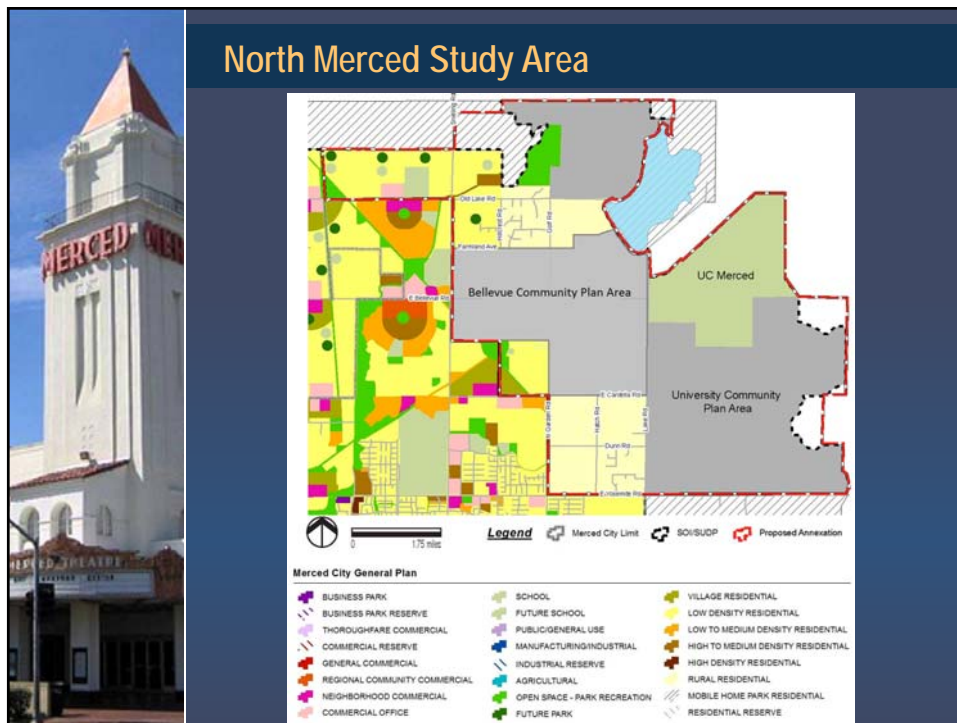
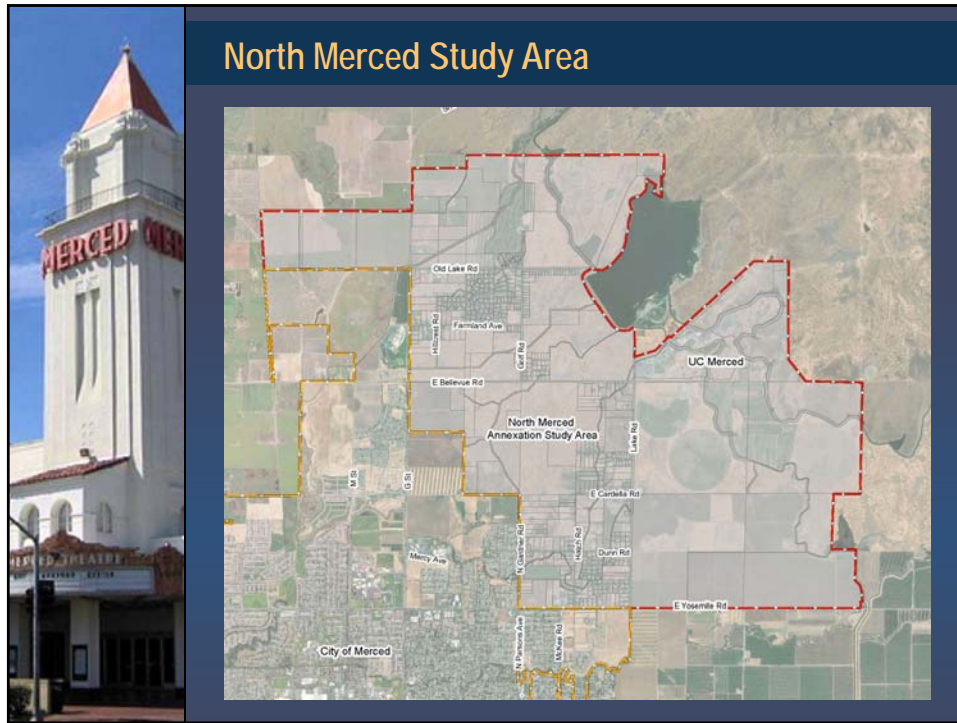
### North Merced Development Planning Context

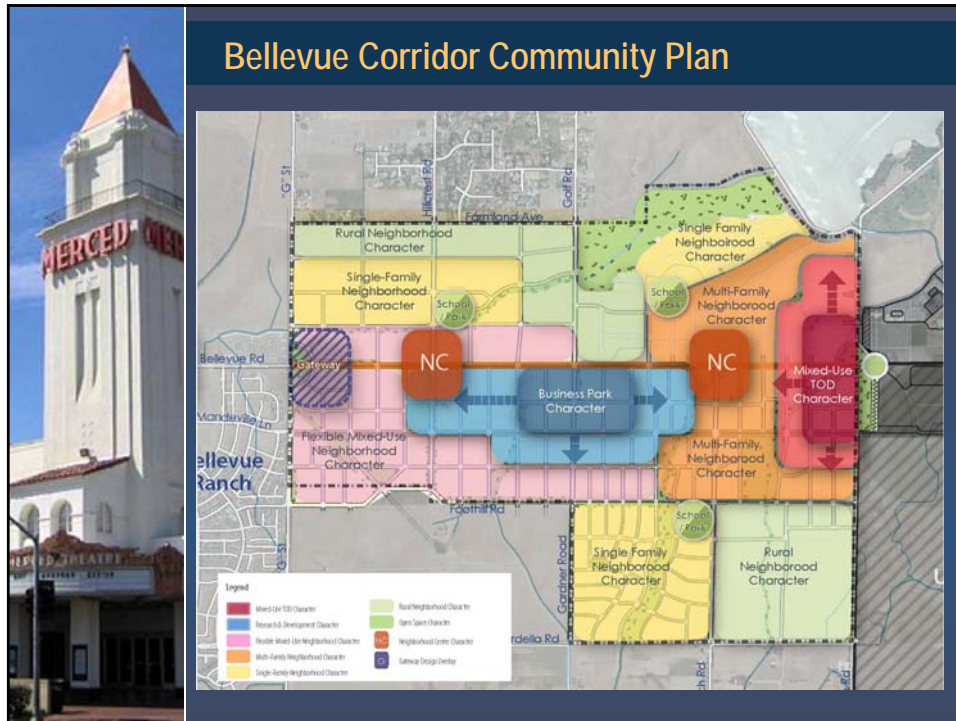
- City identifies North Merced as a destination for future growth in the Merced Vision 2030 General Plan, adopted in 2012
- General Plan process - extensive public outreach, technical analyses and environmental review
- General Plan includes policies for future urban development in areas located outside the city limits
- General plans commonly provide development guidance for a 20- to 30-year period
- Full development of all areas addressed in a general plan rarely, if ever, occurs within this timeframe
- City completes Bellevue Corridor Community Plan in 2015 – more detailed planning for a portion of the North Merced Study Area – a factor going forward
- County approved the University Community Plan in 2004 – development plan south of UC (in North Merced Study Area)



### North Merced Study Area Characteristics

- Currently within Merced County
- Approximately 7,600 acres
- Approximately 700 parcels/600 property owners
- Approximately 400 registered voters
- Significant vacant land acreage
- A number of homes on lots of 1-3 acres
- UC Merced a major existing land use
- Identified for future incorporation (annexation) into the City in the General Plan
- City has assigned future uses in the General Plan





### Traditional First Step to Development - Annexation

- Annexation = process of bringing County land into city limits to be governed by the City and provided with city services
- Annexation required before land can be developed at urban intensities per the General Plan
- Urban development is enabled as a result of City providing water and sewer utilities and public services (fire, police, parks, etc.)






### Annexation Process

- An annexation is typically initiated by a landowner or landowner representative
- Landowner submits application to the City
  - City review and evaluation, including consistency with General Plan policies regarding annexations
  - Analysis of City ability to provide services and utilities
  - Environmental review process
  - Opportunities for public comment
  - City Council approves or denies
- If City approves, application sent to Merced County Local Agency Formation Commission (LAFCO)



### Annexation Process

- LAFCO consideration process
  - LAFCO review for consistency with LAFCO policies and General Plan policies
  - Opportunities for public comment
  - LAFCO approves or denies
  - If LAFCO approves, opportunity exists for landowners or registered voters to protest the LAFCO decision
    - ◆ Depending on protest, vote of landowners or registered voters within annexation area may occur
    - ◆ Vote outcome can result in LAFCO approval being reversed or upheld
- Entire annexation and development approval process – commonly 2 years minimum, often more. Physical development could then occur




### Annexation Approval/Protest/Election Criteria

State law, the Cortese-Knox-Hertzberg Act of 2000, sets forth procedures for annexations, including approval, protest and election criteria


If the City first approves an annexation application, the application then goes to LAFCO for consideration. If LAFCO then approves, three basic processes/outcomes are possible:

1. Annexation is recorded (legally filed) if:
  - A. 100% of landowners within the annexation boundary agree with and sign the annexation request application or sign a petition in support of annexation
  - B. Conditions of approval (requirements placed on the project by the City or LAFCO) are satisfied



### Annexation Protest Criteria

2. When the approved annexation area is "uninhabited" (less than 12 registered voters) and one or more landowners within the approved boundary have not signed the application or petition in support of annexation:
  - A. LAFCO's annexation approval is subject to a protest hearing
  - B. If landowners owning more than 50% of the assessed land value formally protest, the annexation is not recorded
  - C. If landowners owning less than 50% of the assessed land value formally protest, the annexation is recorded



### Annexation Protest/Election Criteria

3. When the approved annexation area is “inhabited” (more than 12 registered voters) and one or more landowners within the approved boundary have not signed the annexation application or petition in support of annexation :
  - A. LAFCO’s annexation approval is subject to a protest hearing
  - B. If more than 25% but less than 50% of registered voters OR if landowners representing more than 25% but less than 50% of the assessed land value protest, an election is required. Only registered voters can vote. If more than 50% vote against, the annexation is not recorded
  - C. If less than 25% of registered voters OR if landowners representing less than 25% of the assessed land value file a written protest, the annexation is recorded
  - D. If more than 50% of registered voters or land owners protest, the annexation stops.



### Implications for Residents/Landowners


- Potential Opportunities
  - Higher level/quality of services – e.g. police and fire
  - Access to City water and sewer services – reliability/quality
  - Amenities (commercial services, schools, parks)
  - Potential increase in property value – diversity of uses/increase in development intensity
- Resident/owner commitments and changes
  - May be required to participate in funding City services (e.g. sewer collection or treatment)
  - Changes in land use intensity from rural to urban
- Most uses/activities allowed in County are allowed to continue until property is proposed for urban development
- See Annexation “Questions and Answers” handout






### North Merced Feasibility Study – Why?

- Multiple landowners in Study Area interested in development
- City/LAFCO seeking a logical, structured approach to considering annexations/growth proposals – not ad hoc
- Consistency with General Plan and LAFCO growth policies is important
- “Logical” - must consider City ability to provide services
- Some development opportunities related to UC Merced may exist near the UC - not directly adjacent to the city limits
- **Purpose of study:** provide recommendations to City Council for considering future annexation/development requests through a structured, predictable process



### Feasibility Study – Primary Content/Scope

- Environmental constraints to development (e.g. biological resources, agricultural land quality, hazards)
- Input from landowners/stakeholders interested in annexation/development
- Input from residents/voters
- Technical studies
  - Sewer analysis
    - ◆ Collection system capacity/costs/phasing/funding
    - ◆ Treatment plant capacity/costs/phasing/funding
  - Economic analysis
    - ◆ How much land demand for new development?
    - ◆ Costs to develop as a constraint?
    - ◆ Alternatives for funding costs of services/utilities



### Feasibility Study – Primary Content/Scope

- Consider Out-of-Boundary Service Agreements as an alternative to annexation as a tool for enabling growth
  - Area proposed for development not adjacent to city limits
  - City provides specified utilities/services such as water, sewer, police and fire with developer paying costs
  - Area remains in County, but must annex in the future
- Input from City Council, Board of Supervisors, agencies, etc.
- Evaluation of General Plan policies and LAFCO policies – recommendations for changes, if any
- Recommendations about annexation “pathway” options and annexation/growth phasing over time



### Initial Annexation/Growth Options Concepts

- Preliminary ideas for annexation/growth concepts to be considered in the Feasibility Study:
  - Infill on vacant parcels already within the City
  - Combination of infill and traditional annexation
  - Traditional annexation
  - Out-of-boundary service agreement(s)
  - Combination of traditional annexation and out-of-boundary service agreement(s)

The Feasibility Study is **not an annexation proposal** – solely recommendations for considering future annexations



### Overview of Community Meeting #1 Comments


- Approximately 160 participants. Most comments from Hillcrest, Lake and Bellevue area homeowners
- Major comment themes:
  - Annexation process and opportunities for input
  - Impacts on quality of life from new urban development
  - Defining annexation boundaries and rights of individual homeowners to affect annexation proposals
  - Requirements for connecting to city water and sewer and related costs/ ability to retain existing septic and wells
  - Property tax changes
  - Need for and capacity of City (e.g. water supply, police, fire) to accommodate new growth in North Merced



### Overview of Community Meeting #2 Comments


- Approximately 80 participants.
- Major comment themes:
  - City & LAFCO's Roles in Annexation Process and Opportunities to Protest Annexations
  - Effect of Future Annexations on Groundwater Supplies
  - Costs of City Sewer Services and WWTP/Collection System Upgrades
  - Types of Changes that Could be Required of Existing Property Owners with Annexations
  - Desire to Maintain Rural Lifestyle
  - How Would Comments Be Presented in Final Feasibility Study





### Preliminary WWTP Capacity Study Summary

- Existing wastewater treatment plant (WWTP) capacity = 10.8 million gallons per day (mgd)
- Existing connections in city + existing UC = 75% of capacity
- 25% of existing capacity remains available (unused)
- To meet existing City commitments to approved projects + vacant parcels in the N. Merced Assessment District + UC buildout, a 7.0 mgd WWTP expansion is needed
- The City has begun planning to expand the WWTP
- Possibly many years before existing commitments must be met – development is economy driven
- Further WWTP expansion will be required to accommodate new growth in North Merced




### Market Study/Land Demand Study Summary

- Potential future demand for development in North Merced?
- Residential
  - Merced County Association of Governments (MCAG) projects demand for 500-600 dwelling units/year to 2050 or **nearly 15,000 units** for City of Merced
  - About 5,500 approved/unbuilt dwelling units within city = up to 10 years of existing inventory? Do these match with future demand - location, types, densities, etc.?
  - Unmet need for **+/- 9,500 units** within city limits/SOI boundary
  - North Merced capacity in current plans - BCCP (6,675 units) + University Community (10,488 units) = **17,163 dwelling units**
  - Plus significantly more capacity within city limits/SOI
  - Conclusion: significantly more capacity than demand to 2050



### Market Study/Land Demand Study Summary

- Non-Residential (Commercial, Office, Institutional uses)
  - MCAG projects **6.6 million sq. ft.** of building demand in Highway 99 corridor to 2045 (including UC)
  - Planned capacity within North Merced Study Area:
    - ◆ BCCP = 2.8 million sq. ft.
    - ◆ University Community North = 2.3 million sq. ft.
    - ◆ UC Merced buildout = 1.1 million sq. ft.
    - ◆ Total = **6.2 million sq. ft.** (nearly 100% of total demand)
  - Additional capacity:
    - ◆ General Plan = 6 million sq. ft. (some active/approved)
    - ◆ Castle Commerce Center = 8 million sq. ft.
    - ◆ Atwater = several million sq. ft.



### Market Study/Land Demand Study Summary

- Non-Residential (cont.)
  - Conclusion: significantly more capacity than demand to 2045
  - North Merced will have to compete with other areas of substantial non-residential development capacity including rest of Merced, Castle, Atwater to capture future demand
  - Does North Merced have advantages due to UC as a market driver? Disadvantages for other non-residential?
  - Market (including UC) will influence if, where, and how much non-residential is possible in North Merced over time
- This information will be used to help determine market absorption scenarios for different annexation options in the final Feasibility Study



### Next Steps/Schedule

- Interviews/information gathering
- Technical studies
- Continued input from community
  - Joint Planning Commission/City Council workshop planned in January 2020 – public input welcome
  - Email/written comments
  - Contact information/documents/handouts on City project website
- Framework annexation/growth options evaluation
- Draft Feasibility Study
- Goal: Draft Feasibility Study to the City Council in April 2020



### Questions and Answers

