

SAN BENITO LOCAL AGENCY FORMATION COMMISSION

REGULAR MEETING AGENDA

March 14, 2019

Board of Supervisors Chambers
481 Fourth Street, Hollister CA

5:00 P.M.

NOTE: New Meeting Start Time

1. Call to Order and Roll Call
2. Recitation of the Pledge of Allegiance
3. Public Comment Period - This is an opportunity for members of the public to speak on items that are not on the agenda

SELECTION OF OFFICERS

4. Open nominations and conduct elections for Chair for 2019 Calendar Year
5. Open nominations and conduct elections for Vice-Chair for 2019 Calendar Year

CONSENT AGENDA

6. Approval of minutes: January 10, 2019

BOUNDARY CHANGE PROPOSALS – PUBLIC HEARING ITEMS

7. LAFCO 527 – Villalpando Annexation to the City of Hollister: Involving the annexation of approximately 14 acres of property into the City for future commercial development. The property is located on the south side of State Highway 25, north of Pacific Way and approximately 100 feet east of San Felipe Road (Assessor's Parcel Number 019-330-005). The boundary of the annexation may be adjusted to include the nine-acre property located to the east in order to make a more contiguous boundary (Assessor's Parcel Number 019-330-011). The actions requested are to make an environmental determination regarding the adequacy of the City's Environmental Impact Report, and to consider approval the annexation.
8. LAFCO 528 – Dissolution of Eleven Inactive County Service Areas (CSAs): The State Controller's Office, in compliance with Senate Bill SB 448, has identified the following 11 CSAs which meet the requirements for dissolution: CSA Numbers 1, 2, 3, 10, 12, 13, 15, 17, 26, 27, and 40. The actions requested are to make an environmental determination that the dissolutions are exempt from environmental review and adopt a resolution to dissolve the eleven CSAs.

GENERAL BUSINESS ITEMS - NON PUBLIC HEARINGS

9. Consider letter of support for AB 1253 (Rivas) allowing LAFCOs to be eligible for grant funding for special studies to improve governmental efficiency and seeking reimbursement for costs under AB448 involving dissolution of special districts.
10. Consider letter of support for AB213 (Reyes) to restore funding for inhabited annexations to cities where they would be eligible to receive vehicle license registration (VLF) funds previously shifted away from cities under ERAF transfers.
11. Discussion of upcoming annual budget process and identification of special projects or priorities.

INFORMATIONAL

12. Commissioner Announcements and Requests for Future Agenda Items
13. Executive Officer oral status report on pending proposals
14. Adjourn to regular meeting on April 11, 2019, unless meeting time is changed based on Commission action or cancelled by Chair.

Disclosure of Campaign Contributions – LAFCO Commissioners are disqualified and are not able to participate in proceedings involving an “entitlement for use” if, within the 12 months preceding the LAFCO decision, the Commissioner received more than \$250 in campaign contributions from the applicant, an agent of the applicant or an financially interested person who actively supports or opposes the LAFCO decision on this matter.

Those who have made such contributions are required to disclose that fact for the official record of the proceedings. Disclosures must include the amount of the contribution and the recipient Commissioner and may be made either in writing to the Executive Officer of the Commission prior to the hearing or by an oral declaration at the time of the hearing.

The foregoing requirements are set forth in the Political Reform Act of 1974, specifically in Government Code section 84308.

Disability Accommodations - Persons with a disability who require any disability-related modification or accommodation, including auxiliary aids or services, in order to participate in the meeting are asked to contact the LAFCO office at least three (3) days prior to the meeting by telephone at 831/637-5313 or by email at jslibsager@cosb.us.

*LOCAL AGENCY FORMATION COMMISSION
2301 Technology Parkway
Hollister, CA 95023*



CERTIFICATE OF POSTING

Pursuant to Government Code § 59454.2(a) I, Janet Slibsager, Clerk of the Board of Supervisors, certify that the REGULAR MEETING AGENDA for the

SAN BENITO COUNTY LOCAL AGENCY FORMATION COMMISSION

Scheduled for March 14, 2019 was posted at the San Benito County Planning Department, 2301 Technology Parkway, Hollister, CA and at the San Benito County Administration Office, 481 Fourth Street, Hollister, CA on this 8th Day of March, 2019.

All locations freely accessible to the general public.

Janet Slibsager

Clerk of the Board of Supervisors

CONSENT AGENDA

6. Approval of minutes: January 10, 2019.



**SAN BENITO LOCAL AGENCY FORMATION
COMMISSION
MINUTES OF MEETING**

January 10, 2019

Board of Supervisors Chambers - Hollister, CA

CALL TO ORDER

1. Commissioner Ignacio Velazquez called the meeting to order at 3:00 p.m. Present were Executive Officer Bill Nicholson and Commissioners: Chair, Ignacio Velazquez; Vice Chair, Anthony Botelho; Commissioner Jaime De La Cruz; Commissioner Richard Bettencourt; and Alternate Commissioner Dan De Vries. Also present were G. Michael Ziman, LAFCO Counsel and Janet Slibsager, Recording Secretary.
2. Commissioner Botelho led the Pledge of Allegiance.

PUBLIC COMMENT

3. Public Comment Period: There was no one from the public who wished to speak.

CONSENT AGENDA

4. **Approval of minutes from the December 13, 2018 meeting.**

Commissioner De La Cruz made a motion to approve the minutes. Commissioner Bettencourt seconded the motion.

Ayes: Bettencourt, Botelho, De La Cruz, De Vries, Velazquez
Noes: None
Abstain: None

BOUNDARY CHANGE PROPOSALS – PUBLIC HEARING ITEM:

5. **LAFCO 526 – Chappell Road Annexation and Concurrent Sphere of Influence Amendment to the City of Hollister: Involving an expansion to the City’s Sphere of Influence by 102.1 acres and the annexation of 34.2 acres of property and an adjacent roadway into the City. The sphere of influence expansion includes all land south and west of the State Highway 25 bypass located north of Santa Ana Road and east of Chappell Road (with one parcel located west of Chappell Road and north of Pacific Way). The City’s proposed annexation area involves portions of Assessor’s Parcel Numbers 019-170-083 and 019-170-084 lying south and west of State Highway 25 and 019-350-012. An alternate annexation boundary includes Assessor’s Parcel Numbers 019-350-008 and 019-30-011 to make the annexation a contiguous boundary of land (also identified as 325 and 377 N. Chappell Road). The**

actions requested are to make an environmental determination regarding the adequacy of the City's Environmental Impact Report, and to consider amendment of the Sphere of Influence and approval of the annexation.

Executive Officer Bill Nicholson provided a PowerPoint presentation and overview of the item. The Sphere of Influence amendment involves 102.1 acres and the annexation involves 34.2 acres. He showed several maps and photos of the proposal. The area is within the City's General Plan boundary identified for single-family residential development, but it is not within their Sphere of Influence. Mr. Nicholson gave an overview of the five requirements for Sphere of Influence amendments, including 1) present and planned land uses, 2) present and probable need for public facilities and services, 3) present capacity of public facilities and services, 4) existence of social or economic communities of interest, and 5) presence of disadvantaged unincorporated communities. He then covered the requirements for the annexation, including 1) land use, planning, and zoning; 2) topography, natural features, and drainage patterns; 3) population; 4) governmental services and controls; 5) impact on prime agricultural land, open space, and agriculture; 6) assessed value, tax rates, and indebtedness; 7) environmental justice and affordable housing; 8) landowner and subject agency consent; and 9) logical and orderly boundaries, lines of assessment, and registered voters. He also discussed the mitigation measure that the City adopted, which requires applicants of development projects to place conservation easements on farmland on a 1:1 ratio, due to the loss of prime farmland. Mr. Nicholson recommended that LAFCO also adopt Mitigation Measure 3.2.1. He also recommended that the Commission adopt additional overriding considerations if they adopt the sphere amendment and annexation. Additionally, he discussed correspondence he had received regarding the project.

Staff recommended Option #1 from the Executive Officer's Report, which was to approve the sphere of influence of 102 acres and add parcels C and D to the 34.2 acres proposed annexation, which would increase the annexation by 15.3 acres, subject to corrections to the annexation map and subject to LAFCO receiving a tax-sharing agreement from landowners. Other options include approving only the 34.2 acres proposed by the City (Option #2 in the Executive Officer's Report), to deny the proposal (Option #3 in the Executive Officer's Report), or to continue the proposal to a future meeting (Option #4 in the Executive Officer's Report).

Chair Velazquez asked for confirmation in regard to his understanding that the proposal included prime farmland, that traffic impact fees won't cover the true cost/full mitigation of increased traffic, the City's argument was flawed in its statement of overriding considerations, and the project will negatively impact surrounding farmer's ability to farm. Mr. Nicholson confirmed these understandings.

Commissioner Botelho asked whether LAFCO was getting ahead of itself by adding additional areas to the annexation, before the City developed their new General Plan. He said it concerns him that adding the area will result in their impact fees being “out of whack” but that he does agree that the area should be within the City’s planning area.

Mr. Nicholson responded that the City’s impact fees should be based on their General Plan, but that school impact fees are independent. He reiterated that this area is already within their General Plan boundary.

Commissioner Botelho also expressed concerns about wastewater capacity and Mr. Nicholson provided clarification on the scope of the Environmental Impact Report the City prepared. Discussion ensued.

Commissioner De Vries asked about the City’s General Plan, and what boundary Mr. Nicholson was referring to in his presentation. Mr. Nicholson provided clarification that it was a planning area boundary.

Chair Velazquez reiterated that there needs to be community “buy-in” and an updated General Plan, based on what the community wants.

Discussion ensued between the Executive Officer, Commissioner De Vries, and Commissioner Bettencourt regarding mitigation measures.

Chair Velazquez invited the Hollister City Manager, Bill Avera, to answer questions from the Commission.

Commissioner De La Cruz communicated the concerns he has heard from the community regarding traffic on Chappell Road if new homes are built.

Mr. Avera provided clarification on the history of the proposal and the work they have done regarding planning for traffic circulation.

Discussion ensued between Mr. Avera and the Commission regarding the proposal, the City’s General Plan, the fact that there is sufficient water capacity for the proposal, the property tax sharing agreement, and the physical barriers that make the proposal a natural fit for the City’s boundaries.

The Commission took a 5 minute break and resumed the meeting at 4:26 p.m.

Chair Velazquez opened the public comment period.

Dawn Koistinen, whose residence is near the project, read part of a letter from a CHP Commander for the Hollister/Gilroy area which stated he was against the building of any more homes along the Highway 25 corridor unless significant road improvements were made. She spoke about the impact the proposal will have on traffic, roads, and quality of life in her neighborhood. She spoke about how we need to improve infrastructure before new homes are built and urged the commission to deny the proposal.

Richard Ferreira spoke about the location of the project and its proximity to City Hall, saying all 200 acres should be annexed to the City. He also spoke about how more houses will drive commercial and retail growth, which will bring sales tax revenue. He expressed his support for the proposal.

Tom Stirewalt, whose residence is near the project, spoke of the traffic and the road issues it will cause. He stated he is “adamantly opposed” to the proposal even though it is within the City’s General Plan.

Diana Munoz spoke about how much the town has changed since she moved back to it. She spoke about focusing on what we already have and fixing it before we add more houses. The population is already too large for the infrastructure.

Victor Gomez, a representative for the applicant, spoke about the timeline for the project. He encouraged the commission to approve Option #2 from the Executive Officer’s report.

Rolan Resendiz, a City Council member, shared the concerns he has heard from the community, including that there is distrust of local officials, that there is too much rapid growth, and that roads and schools are getting increasingly overcrowded. He urged the Commission to vote no on the project.

There was no one else wishing to speak during public comment.

Commissioner De Vries observed that this particular proposal triggered a much larger conversation about growth in general. He shared some of his concerns regarding traffic in relation to growth but stated that he will be supporting this particular project.

Commissioner Botelho spoke about how he is also concerned about traffic and the rapid changes. However, it is LAFCO’s decision to determine boundaries. The area should be part of the City and therefore he will be supporting the proposal.

Commissioner De La Cruz spoke about the homeowners he spoke to around the project area and how concerned they are. Because of the detrimental quality of life impacts the project will likely have, he is not going to support it.

Commissioner Bettencourt spoke about the problems with growth and the concerns he had. He spoke about how he studied the proposal extensively and will be supporting it.

Commissioner Velazquez stated he is not against growth, he is just against stupid growth. This proposal is a mistake. A better plan needs to be put together before this proposal is moved forward. He spoke about the mistakes in the past that are affecting people today.

Commissioner Velazquez made a motion for Option #3 in the Executive Officer’s Report – to deny the proposal.

Commissioner De La Cruz seconded the motion.

Ayes: De La Cruz, Velazquez
Noes: Bettencourt, Botelho, De Vries
Abstain: None

The motion failed.

Discussion ensued between Commissioner De Vries and Mr. Nicholson regarding the wording of a second motion.

Commissioner De Vries made a motion stating that the Commission has reviewed and considered the draft and final Environmental Impact Report prepared by the City of Hollister as lead agency for California Environmental Quality Act (CEQA) review, that there is one mitigation measure for the Commission to adopt, and the Commission adopts the statement of overriding consideration presented in City Resolution #2018-167 and supplements the consideration with additional justification as has been identified during the public hearing.

Commissioner Botelho seconded the motion.

Ayes: Bettencourt, Botelho, De Vries
Noes: De La Cruz, Velazquez
Abstain: None

Commissioner De Vries made a motion to approve Option #1 for LAFCO File #526, amending the City of Hollister's Sphere of Influence and approving the annexation of 34.2 acres requested by the City and the additional 15.3 acres identified as parcels C & D in the staff report, based on the six determinations on pages 11 and 12 of the report, and subject to a protest hearing to accommodate owners of parcels C & D, and item E regarding annexation map corrections, and item F regarding entering an agreement to honor the tax sharing agreement between the City of Hollister and the County of San Benito and the owners of the 34.2 acre original annexation properties.

Commissioner Botelho seconded the motion.

Ayes: Bettencourt, Botelho, De Vries
Noes: De La Cruz, Velazquez
Abstain: None

INFORMATIONAL

- 6. Initiate Dissolution of Inactive Special Districts in Compliance with SB 448. The Commission is requested to initiate the dissolution of eleven County**

Service Areas (CSAs) which have been identified by the State Controller's Office as inactive under the provisions of SB 448 as they have no financial transactions, assets, debts, or other financial activities in the past year (as defined in Government Code Section 56042). The State has involved the following CSAs as inactive: 1, 2, 3, 10, 12, 13, 15, 17, 26, 27, and 40. If the process is initiated, the Commission must hold a noticed public hearing within 90 days.

Mr. Nicholson gave background information about the law and provided a PowerPoint presentation. He covered the process provided for by SB 448 and the process for the dissolution. This item is just the initiation. If it is approved, they will begin the public hearing process.

Staff recommends that the Commission adopt the resolution as attached in the agenda packet and begin the dissolution process.

Commissioner Bettencourt asked if the CSAs had been notified yet.

Mr. Nicholson responded that they have not yet been notified. The administrator for the CSAs has been notified (the County Resource Management Agency).

Commissioner Bettencourt asked if the landowners could protest.

Mr. Nicholson said there is no protest mechanism under this process. They would have to negotiate that with the County. Discussion ensued.

Commissioner Botelho made a motion to approve Option #1 to adopt a resolution initiating dissolution of CSA Numbers 1, 2, 3, 10, 12, 13, 15, 17, 26, 27, and 40.

Commissioner De La Cruz seconded the motion.

Ayes: Bettencourt, Botelho, De La Cruz, De Vries, Velazquez
Noes: None
Abstain: None

- 7. Consideration of changing the Commission meeting starting time from 3:00 p.m. to 5:00 p.m. The location at the San Benito County Board of Supervisors Chambers, and the meeting day of the second Thursday of each month is not proposed to change.**

Commissioner De Vries asked how long Commission meetings usually last. Discussion ensued about changing the time to 5:00 p.m. or 6:00 p.m.

Commissioner Bettencourt stated that it's important for the public to be able to come to the meetings.

Commissioner Botelho made a motion to move the meetings to 5:00 p.m.

Commissioner Bettencourt seconded the motion.

Ayes: Bettencourt, Botelho, De La Cruz, De Vries, Velazquez
Noes: None
Abstain: None

INFORMATIONAL

8. Commissioner announcements and requests for future agenda items.

There were no announcements.

9. Executive Officer oral status report on pending proposals.

Mr. Nicholson informed the Commission of a proposal regarding commercial property along Highway 25 and Chappell Road that will be coming before them soon. He also spoke about the expansion of the City's sphere of influence along Southside Road area to deal with some of the sewer problems in the area.

Commissioner Bettencourt asked about the new members on the Commission.

Mr. Nicholson said the positions that expire in 2019 will be filled by the City Selection Committee and the Board of Supervisors appointments. The City seats expire in 2020.

ADJOURNMENT

- 10.** Upon a motion by Commissioner Bettencourt, and seconded by Commissioner Bettencourt, adjourned meeting at 5:35 p.m.

Final Minutes Approved by the Commission
on _____

By _____
Ignacio Velazquez, Chairman

BOUNDARY CHANGE PROPOSALS – PUBLIC HEARING ITEMS

7. LAFCO 527 – Villalpando Annexation to the City of Hollister: Involving the annexation of approximately 14 acres of property into the City for future commercial development. The property is located on the south side of State Highway 25, north of Pacific Way and approximately 100 feet east of San Felipe Road (Assessor's Parcel Number 019-330-005). The boundary of the annexation may be adjusted to include the nine-acre property located to the east in order to make a more contiguous boundary (Assessor's Parcel Number 019-330-011). The actions requested are to make an environmental determination regarding the adequacy of the City's Environmental Impact Report, and to consider approval of the annexation.



SAN BENITO LOCAL AGENCY FORMATION COMMISSION
EXECUTIVE OFFICER'S REPORT

March 14, 2019 (Agenda)
(AGENDA 7)

LAFCO No. 527: Villalpando Annexation to the City of Hollister

PROPONENT: City Council of the City of Hollister by Resolution

ACREAGE & LOCATION The City of Hollister proposes to Annex 14 acres of property located on the south side of the State Highway 25 Bypass and approximately 100 feet east of San Felipe Road into the City of Hollister. The property is within the recent “Chappel Road Project” area (comprising 117.2 acres) which the Commission reviewed at the January 10, 2019, Public Hearing for a sphere of influence amendment and partial annexation. The City's proposed annexation involves one 14 acre parcel (Assessor's Parcel Numbers 019-330-005) which is separated, however, from the previous annexation area by one adjacent agricultural parcel of 12.5 acres located to the east. This 12.5 acre parcel (identified as Assessor's Parcel Number 019-330-011), is bisected by State Highway 25 with the southern portion consisting of approximately 9 acres. To avoid surrounding this adjacent parcel with City territory on three sides, LAFCO staff is recommending the annexation the 14 acre proposed by the City be area be expanded to include the southern 9 acre portion of this parcel.

PURPOSE: As requested by th City, to annex 14 acres designated North Gateway in the City’s General Plan for a future commercial development, with all public services provided by the City, and as recommended by LAFCO staff, to annex an additional 9 acres of land designated as Low-Density Residential for future single family housing development.

PROJECT EVALUATION AND DETERMINATIONS

1. Land Use, Planning and Zoning - Present and Future:

The annexation area proposed by the City consists of a 14 acre parcel proposed for future commercial development. The General Plan designation is Gateway Commercial, and the rezoning Ordinance No. 1157 designates the land as “North Gateway Commercial.” The property and surrounding properties to the north and south serve as a commercial entrance to Hollister from State Highway 25, and the intent is to capture retail and service commercial uses in this Gateway area. Refer to Attachment 1 for a map of the prior Sphere of Influence boundary expansion from the Chappell Road Project with the 14 acre parcel (13.99 actual area) identified as Parcel A. Attachment 2 presents the Annexation

Map provided by the City, while Attachment 3 presents the Assessor's Parcel Page identifying the annexation parcel and the proposed 9 acre additional annexation area recommended by staff.

The additional annexation boundary proposed by staff includes the 9.06 acres identified as Parcel B2 on Attachment 1. This Parcel B2 involves the southern portion of the adjacent parcel which is designated Low Density Residential (1 – 8 dwellings per acre) in the City's General Plan, with Ordinance No. 1158 rezoning the property as Performance Overlay (R1 L/PZ), requiring a minimum of 6 units per acre according to the City's EIR. The maximum potential development for Parcel A based on the zoning and General Plan would be 243,762 square feet of commercial development (at a 2.0 floor area ratio), and for Parcel B2 the maximum possible development would be 72 dwellings at an eight unit per acre density. Both parcels are currently in agricultural use.

Surrounding land uses include cultivated farmland and a single family subdivision to the south, and commercial development to the southwest. Agricultural uses are located to the northeast and east.

2. Topography, Natural Features and Drainage Patterns:

The annexation area is flat and there are no significant natural features that affect future development. All drainage has been modified through historic agricultural activities, and City drainage facilities along Pacific Way.

3. Population:

There are no existing homes within the annexation area and the area can be considered "uninhabited" under LAFCO's definition (less than 12 registered voters). Following annexation, the maximum amount of residential development allowed by the City's rezoning is 72 units. Exact occupancy levels are not known, but applying an average of 3.4 occupants per unit would result in a population of 245 within the proposed Parcel B2 annexation area with no population generated on the Gateway Commercial portion of the territory.

4. Governmental Services and Controls - Need, Cost, Adequacy and Availability:

The City "Plan for Services" (see Attachment 4) as required by Government Code Section 56653 is attached in the "Proposal Justification Questionnaire" in the responses to Question 14 starting on Page 4. The City indicates the annexation will not cause a need to increase in personnel and that the City has adopted development impact fees for civic and public facilities for all new building permits. In addition, the City requires all projects involving an annexation enter into an agreement to be fiscally neutral on general City

services and recreation programs. For commercial development, the City determined the increase in employment and tax base will finance the incremental increase in City Police and Fire Department services. For residential development the City relies on development impact fees for capital equipment.

Other City service and facilities identified in the Plan for Services include storm drainage, road construction and maintenance, parks and recreation. Impact fees and/or improvements are required by the City for all these services and facilities, as detailed in the Plan for Services, and the project will be annexed into a lighting and landscaping district to provide funding for maintenance of streets, street lighting, the park, landscaping and utility services.

In terms of sewage treatment, the City Domestic Wastewater Treatment Plant has a capacity of 4 million gallons per day (mgd) and a current treatment level of only 3 mgd. The level of sewer capacity required will depend on the number of lots proposed in future tentative subdivision maps for Parcel A and B2 for commercial and residential development. However, there is more than enough existing treatment capacity to serve the development and connection fees will be charged for historic wastewater plant expansion costs and trunk line expansion costs.

In terms of water supply, potable water will be supplied by the City from a joint treatment system with the City of Hollister, San Benito County Water District and Sunnyslope County Water District using surface supplies from the State Water Project and groundwater supplies, and the water is treated to potable standards at treatment plants.

One additional public facility cost involves payment of the San Benito County Council of Governments Traffic Impact Mitigation Fee (TIMF) for regional road improvements serving growth throughout the County. Funds under this program include improvements to 20 intersections and road widening projects including widening Highway 25 to four lanes to the Santa Clara County line and intersection improvements at Highway 25 and Highway 156, and at Highway 25 and Highway 101. Local improvements in the neighborhood, which are also included in the TIMF fee program, include installing a traffic signal at the intersection of San Felipe Road and Maple Street, and installing left turn lanes at the intersection of Maple Street and Rustic Street. Even with payment of regional TIMF fees, and improvements to local streets, not all transportation impacts will be fully mitigated, and the impact on the environment remains significant and unavoidable according to Chapter 3.14 of the Draft Environmental Impact Report.

5. Impact on Prime Agricultural Land, Open Space and Agriculture:

The City's Environmental Impact Report (EIR) contains an evaluation of the agricultural resources within the Chappell Road Project boundary which includes the proposed annexation area. The current land uses in the 14 acre and the additional 9 acre annexation areas include agricultural land and no residences. The soils are rated Prime Farmland in the State's Farmland Mapping and Monitoring Program, which is one of the categories of soils identified as "Important Farmland" in the State CEQA Guidelines.

As a result of the good soil quality and the fact this area is not within the City's identified "priority annexation area" the City's adopted mitigation measure (MM 3.2.1) requires applicants of development projects within the Chappell Road Project boundary to place conservation easements on other farmland (or pay an equivalent in-lieu fee) at a 1:1 ratio of acres converted to acres placed under easement. The City also adopted Mitigation Measure 3.2.2 to require adequate land use separation between development and existing farming operations - typically a minimum of 200 feet - which can include roads, landscaping and other features.

6. Assessed Value, Tax Rates and Indebtedness:

The annexation territory consists of an Assessors Parcel located within Tax Rate Area (TRA) 67-003, and the southern portion of Parcel B2 (9 acres), as proposed by staff in the same TRA. The 14 acre parcel (APN 019-330-005) has an assessed value of \$702,415 (Verify). The assessed value of the 9 acre portion of the additional annexation parcel (APN 019-330-011) would need to be calculated by the Assessor's Office should the annexation be approved.

The base property tax rate will not be affected by the annexation. The annexation is processed based upon the "Master Agreement For Tax Transfer Upon Annexation" that was approved by the Board of Supervisors and Hollister City Council in 2011. The agreement is currently in full force and effect following reconsideration by the Superior Court of San Benito County.

However, additional litigation is pending on this agreement. While the Commission requires applicants for residential annexations to enter into an agreement with LAFCO regarding a tax sharing agreement, the proposed 14 acre annexation is for commercial development. In addition, because the landowner of the staff-proposed 9 acre additional annexation area, Fred Cerrato, has not consented to being annexed, a condition requiring an annexation agreement should not be required if his property is included into the annexation. Instead, the City should make any future subdivision map approval conditioned on the applicant signing a document similar to LAFCO's agreement or to the City's Annexation Agreement.

7. Environmental Justice and Affordable Housing:

The site is not adjacent to a disadvantaged unincorporated community as the adjacent land located in the County contains agricultural land. The City's proposed Gateway Commercial annexation does not involve any housing. However, the additional 9 acre annexation area proposed by staff would accommodate up to 72 dwellings and help the City of Hollister meet its Regional Housing Needs Assessment (RHNA) housing target. Since there is no project involved, there is no way to know if any future housing would include affordable units. The City has applied a "performance overlay" zoning to the 9 acre property, and based on Table 17.04-2 of the City Zoning Code, the City encourages a minimum of 6 dwelling units per acre rather than the standard desired minimum of 4 units the Low Density Residential Zoned properties.

8. Landowner and Subject Agency Consent:

Written consent to the annexation through signed petitions of the property owners has not been provided with the application. However, the landowners have entered into Annexation Agreements with the City and have paid the costs for processing. They have also entered into Indemnity Agreements with LAFCO for processing the annexation.

However, if the Commission agrees to include the additional parcel containing 9 acres into the annexation boundary, the approval should be made subject to conducting a protest process. Staff sent a letter to the landowners of this parcel, Frank Cerrato, on February 22, 2019, indicating that the property may be included into the annexation boundary and requesting he contact staff should they have any questions or concerns. No response has been received as of the time of completion of this report. Should the Commission agree with including this parcel, the approval should be subject to a protest hearing where the landowner would have the right to file a protest against the annexation based on the assessed value of his land. Although the owner of the original City proposed 14 acre annexation parcel has entered Annexation Agreement with the City, all landowners would still be eligible to file protests if the Commission approves the expanded 23 acre boundary.

9. Logical and Orderly Boundaries, Lines of Assessment and Registered Voters:

The annexation boundary proposed by the City is similar to the previous Chappell Road Annexation in that it proposes to skip over a parcel (Parcel B2) which would then become surrounded by the City on three sides. As referenced earlier, LAFCO staff is recommending including the 9 acre portion of APN 019-330-011 south of the State Highway 25 Bypass into the annexation boundary. In terms of boundaries, the City's Resolution 2018-317 initiating this annexation, added a condition that State Highway 25 and Pacific Way adjacent to the 14 acre parcel are to be included in the annexation.

However, these two roads are already within the City limits adjacent to the 14 acre annexation parcel. The proposed additional annexation area involving the 9 acre portion of APN 019-330-011 south of State Highway 25 would extend up to the south side of the right-of-way (i.e. the Highway 25 Bypass would not be included from the northwest corner of the additional annexation area). [** Note to Bill: upon further review, should Highway 25 be included from the NWC ? **] Chappell Road on the east side of the property was already included in the Chappell Road Annexation boundary, and Pacific Way south of the parcel is already within the City limits. The entire area is within the City's sphere of influence boundary.

The boundaries of the proposed expanded 9 acre parcel (Parcel B2 identified on the map in Attachment 1) would become separated from its northern 3.5 acre portion (labeled Parcel B1) with State Highway 25 already bisecting the property. This would require a new Assessor's Parcel to be created.

The map and legal description are being reviewed by the County Surveyor for sufficiency for filing with the State Board of Equalization. However, if the boundary is changed to include the additional eastern parcel (Parcel B2) then the map and legal description will need to be modified accordingly.

The territory is uninhabited - there are no registered voters within the annexation boundary.

ENVIRONMENTAL REVIEW

The City of Hollister, acting as lead agency for approval of the "Chappell Road Project" and related rezoning by the City, prepared a Draft and Final Environmental Impact Report (EIR) to evaluate the impacts of the project and its eventual annexation into the City. The environmental document included a total of 12 parcels, two of which were already within the City's sphere of influence (the two involved in this annexation request), and the remaining 10 parcels were designated Low Density Residential in the City's General Plan. The total development evaluated was for a maximum of 802 residential units and 0.303 million square feet of "gateway commercial" development allowing for retail and service uses at the Highway 25 entrance to the City. (See Attachment 9 for a CD containing the Draft and Final EIR and the Appendix.)

The City determined that most items of potential impact in the Environmental Checklist would have a less than significant impact with adoption of 33 mitigation measures, however, there remained several significant unavoidable impacts to agricultural resources, land use, and regional transportation and traffic for which the City adopted a Statement of Overriding Considerations. These impacts which are still significant and unavoidable included:

- The loss of Prime Farmland upon development, even with implementation of Mitigation Measure 3.2.1 requiring the developer to place conservation easements (or pay an in-lieu fee) at a 1:1 ratio of acres converted to acres under easement.
- Impacts to Air Quality as a result of various components of project development and activities after development (natural gas hearths, use of energy and vehicle use) even with the prohibition of wood burning fireplaces as the only required mitigation.
- Potential impacts to Cultural Resources, even with implementation of mitigation measures to have a historic resources study and survey conducted and a report prepared on a project by project basis when historic resources may be located on the project site.
- A Land Use impact due to the conflict with the City General Plan Open Space and Agricultural Element due to the conversion of prime farmland.
- A significant project-level and cumulative-level impact on Transportation and Traffic even with payment to the Council of Governments Regional Impact Fee (TIMF) fees which will fund improvements at 20 intersections and road widening projects, including some local road projects in the vicinity of the development area.

In the City's CEQA Resolution No. 2018-167, (Attachment 7 to this report) the City concludes: *"After balancing the project's environmental risks, the city specifically finds that, to the extent that adverse or potentially adverse impacts set forth above have not been mitigated to a level of insignificance, that specific economic and social benefits, namely, the facilitation of maximum redevelopment opportunities area [sic] outweigh the significant effects on the environment."* (See Page 5 of the CEQA findings which are an attachment to Resolution No. 2018-167.) While the Resolution goes on to imply there were other specific economic and social benefits from the project, none are cited or listed in the document. As the annexation area contains Prime Farmland, much of it under active cultivation, staff would not agree that annexation facilitates *"maximum redevelopment opportunities"* as farmland does not constitute development in the first place, and does not require "redevelopment" unless it is to enhance the soil, drainage or irrigation systems to improve crop production. Staff has provided the Commission a set of overriding considerations in Section A under OPTION 1 in the recommendation section of this Report (see Page 8) should a motion to approve the annexation be supported.

In terms of the mitigation measures, Mitigation Measure MM 3.2.1 requiring obtaining conservation easements, or the payment of in-lieu fees, at a 1:1 ratio of easement area to area farmland converted, should be adopted under LAFCO's authority to adopt although the City maintains responsibility to monitor the impacts at the time of development following completion of the annexation.

CORRESPONDENCE

As of completion of the Executive Officer's Report, no comments have been received on the annexation application from affected agencies or from landowners within the proposed annexation boundary. Landowners within within 300 feet of the proposed annexation boundary were provided mailed notice of the Commission's hearing, and notice was published in the Hollister Freelance on February 22, 2019.

ALTERNATIVES FOR COMMISSION CONSIDERATION

After reviewing this report and any testimony or materials that are presented at the hearing, the Commission can take one of the following actions:

OPTION 1 – APPROVE the proposed 14 acre annexation as modified to include the additional 9 acre parcel parcel (the portion of APN 019-330-011 south of the State Highway 25 Bypass) based upon the following findings, determinations and orders:

- A. Find that the Commission has reviewed and considered the Draft and Final EIR prepared by the City of Hollister as lead agency for CEQA approval of the development project, annexation and rezoning. The Commission finds that the City's EIR is adequate. Mitigation measure MM 3.2.1 is hereby adopted by the Commission requiring obtaining an agricultural conservation easement or payment of in-lieu fees to a qualified trust on a 1:1 ratio for the Prime Farmland converted by the project which is under the responsibility of LAFCO to adopt as a Responsible Agency for approval of the annexation. The Commission hereby adopts the statement of overriding considerations consistent with those identified for the prior Chappell Road Annexation (LAFCO File No. 526), as follows:
 1. The sphere of influence expansion and annexation areas facilitate the construction of additional housing units needed by the City of Hollister to meet the Regional Housing Needs Assessment target of 1,316 new units between 2014 and 2023.
 2. The City's rezoning to Low Density Residential Performance Overlay encourages a minimum density of 6 dwelling units per acre which is a more efficient development density reducing the need to convert important farmland elsewhere around the City and helps make the housing units more affordable to residents in the community.
 3. The annexation of 14 acres for Gateway Commercial development involving up to 243,762 square feet of commercial development, along with construction of new residential subdivisions and associated

infrastructure and public facilities, will help create jobs and economic activity for the benefit of the City and its residents, and an increase of sales taxes to benefit the City's budget.

- B. Based on the analysis and determinations in this Executive Officer's Report approve the 14 acre annexation known as the "Villalpando Annexation to the City of Hollister" with the inclusion of the additional 9 acre portion of APN 019-330-011 south of the State Highway 25 Bypass (Parcel B2), based on the determinations presented on Pages 1 through 7 of this Executive Officer's Report, and the adequacy of the plan for services submitted with the application. The City has elected to not make the annexation subject to a condition that the territory be liable for any existing or authorized taxes, charges, fees or assessments applicable to comparable properties presently within the City.
- C. Find: 1) the subject territory is uninhabited, 2) the affected landowners have not signed a petition giving consent to the annexation.
- D. Direct the staff to notice and conduct protest proceedings in compliance with Government Code section 57050 and report the results to the Commission.
- E. Direct the staff not to record the annexation until the map and legal description are found by the County Surveyor to be acceptable.

OPTION 2 – APPROVE the proposed annexation of 14 acres as originally requested by the City of Hollister, subject to the same findings, determinations and orders as under OPTION 1, but without expanding the annexation boundary for the adjacent 9 acres, and without the need to hold a protest hearing.

OPTION 3 – DENY this proposal if the Commission cannot make the determinations and findings presented in the Executive Officer's Report.

OPTION 4 - CONTINUE this proposal to a future meeting for additional information or to consider other pending annexations within the same Sphere of Influence expansion boundary.

RECOMMENDED ACTION:

Approve OPTION 1.

Respectfully submitted,

BILL NICHOLSON
Executive Officer

LAFCO of San Benito County

cc: Abraham Prado, City of Hollister Development Services Department
Jose Villalpondo, Landowner
G. Michael Ziman, LAFCO Counsel

Attachments:

1. Map of Prior Sphere of Influence Expansion and parcels proposed for annexation: Chappell Road Project EIR
2. Surveyor's Annexation Map
3. Assessors Parcel Map
4. Proposal Justification Questionnaire for Annexations
5. Ordinance No. 1157 rezoning the property for APN 019-330-005
6. Resolution No. 2018-317 of the City of Hollister, "Resolution of Application" for Annexation of APN 019-330-005
7. Resolution No. 2018-167 of the City of Hollister, "Resolution Certifying EIR and Adopting the Mitigation Monitoring and Reporting Program"
8. Draft LAFCO Resolution No. 527 Approving the Villalpando Annexation to the City of Hollister
9. CDs Containing the Draft and Final Environmental Impact Report (EIR) for the Chappell Road Project were provided to the Commission with the previous sphere of influence amendment and Chappell Road Annexation (LAFCO File 526) in the January 10, 2019 meeting packet. If a Commissioner wants another copy, please request one from the Executive Officer.

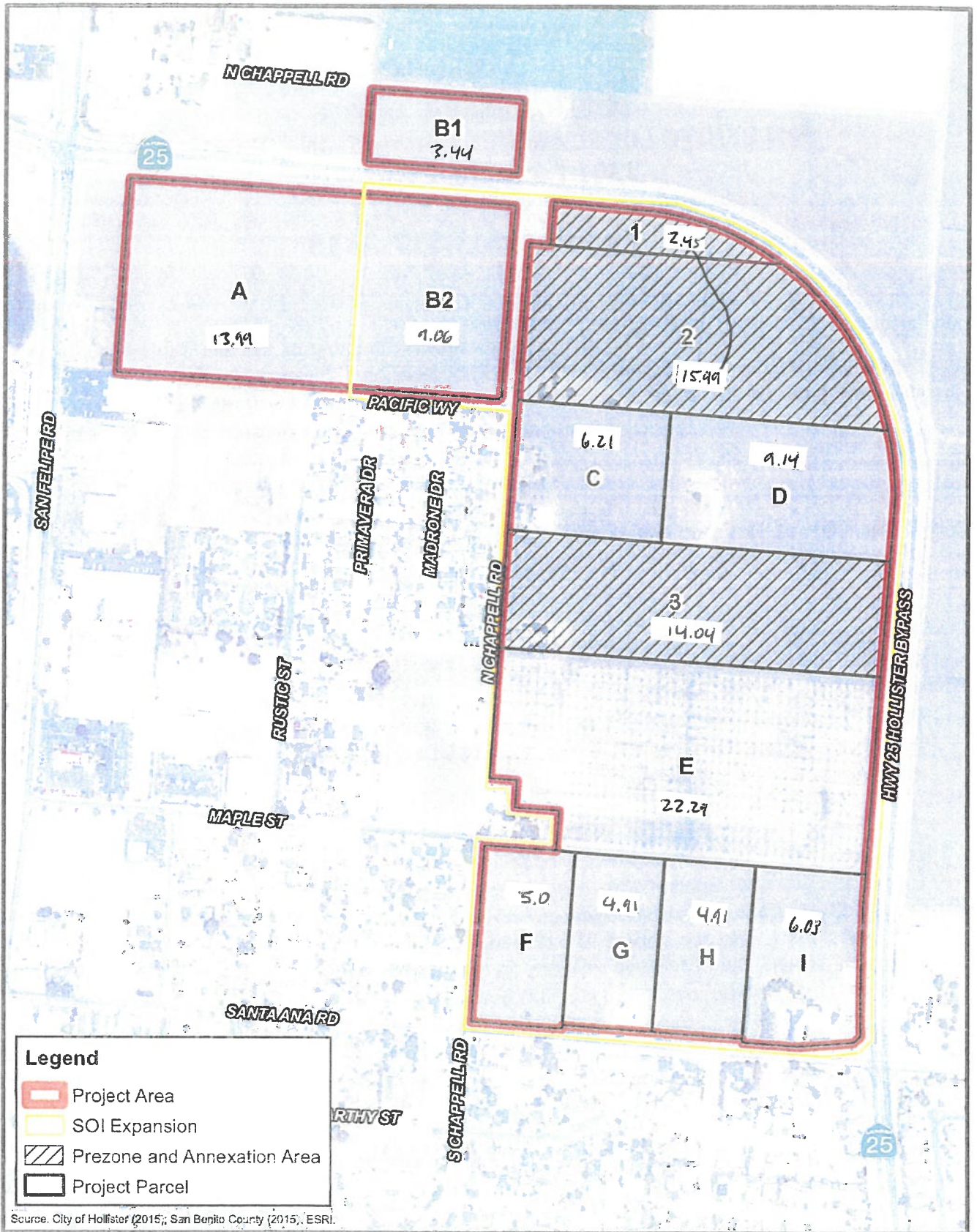
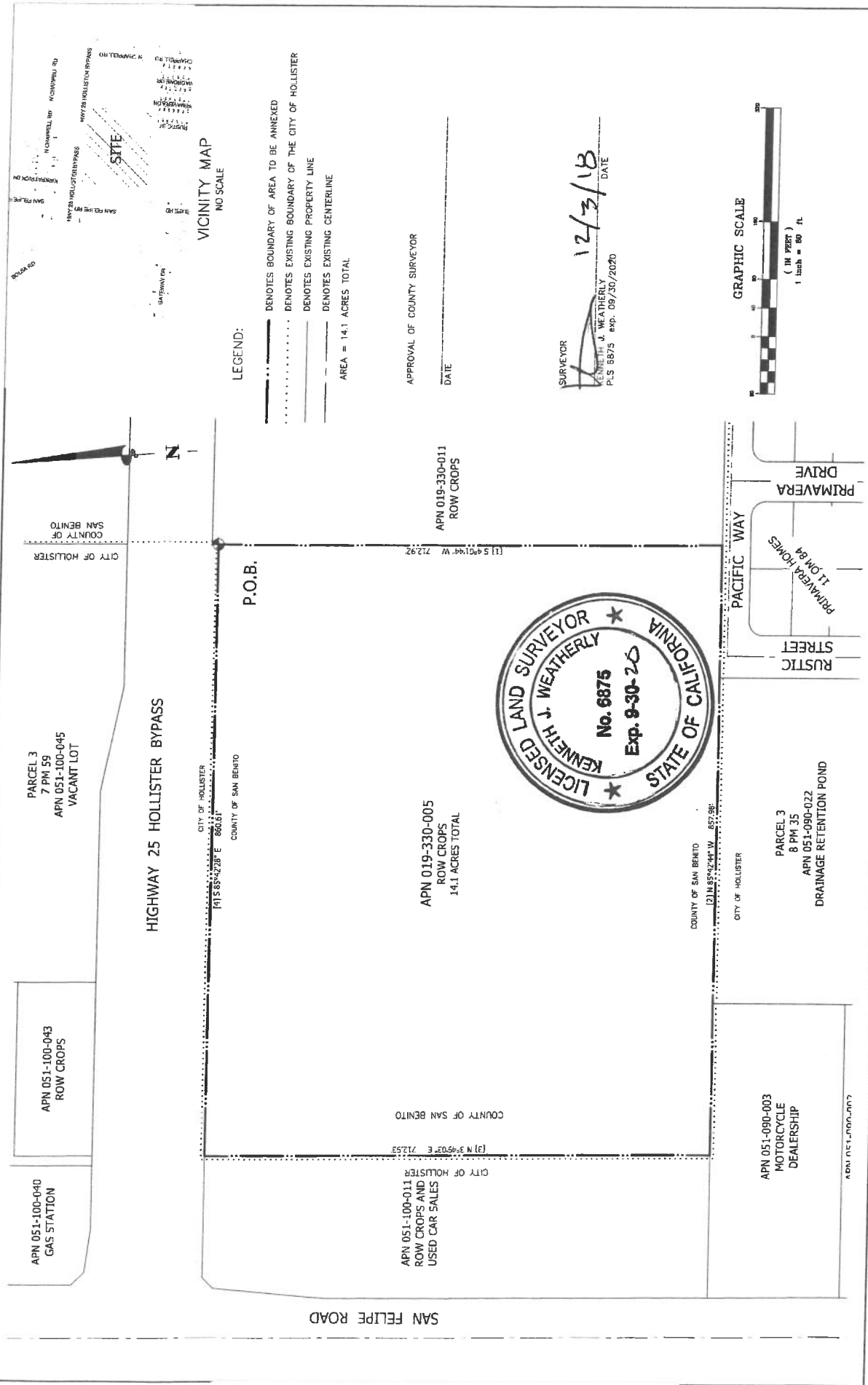


FIGURE 2.0-3
Detailed Project View



VICINITY MAP
NO SCALE

LEGEND:

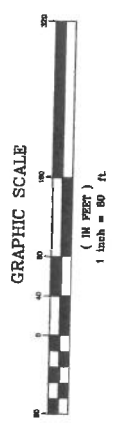
- DENOTES BOUNDARY OF AREA TO BE ANNEXED
- DENOTES EXISTING BOUNDARY OF THE CITY OF HOLLISTER
- DENOTES EXISTING PROPERTY LINE
- DENOTES EXISTING CENTERLINE
- AREA = 14.1 ACRES TOTAL

APPROVAL OF COUNTY SURVEYOR
DATE



SURVEYOR
KENNETH J. WEATHERLY
P.L.S. 6875 exp. 09/30/2020

DATE
12/3/18



SAN BENITO ENGINEERING & SURVEYING, INC.
Hollister, California 95023
(931) 897-2763
E-MAIL: esb@esandco.com

PORTION OF HOMESTEAD LOT 14 OF THE SAN JUSTO RANCHO
SAN BENITO COUNTY, CALIFORNIA

VILLALPANDO ANNEXATION TO THE CITY OF HOLLISTER
APPROXIMATE SCALE: 1" = 80'

THIS MAP IS NOT AN OFFICIAL DOCUMENT AND IS USED FOR TASSMENT PURPOSES ONLY.

17

6
18.34 x 208.71
.08 AC.

CHAPPELL

BK 51
Pg 10

BK 51
Pg 10

BK 51
Pg 10

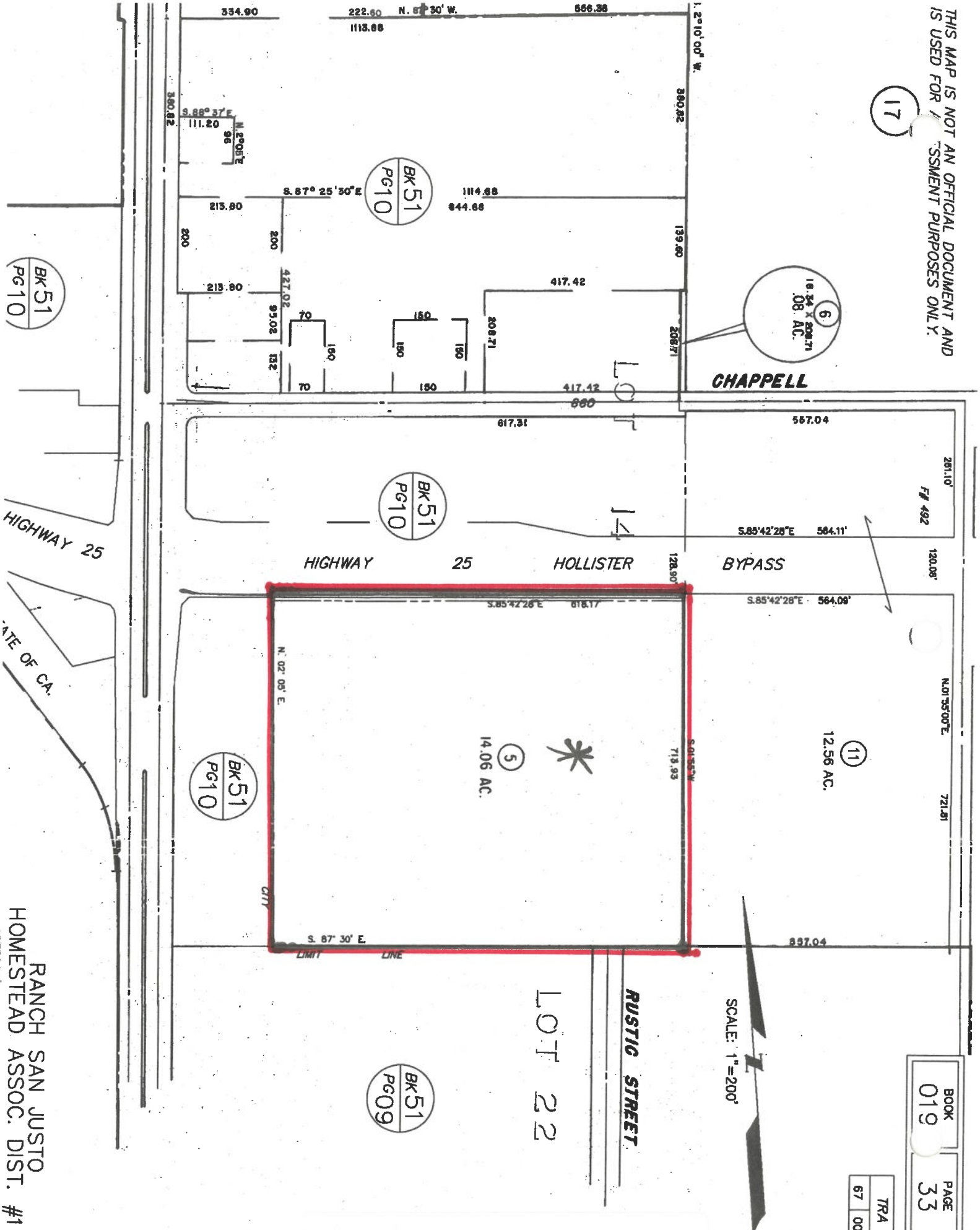
BK 51
Pg 09

BK 51
Pg 10

HIGHWAY 25

STATE OF CA.

RANCH SAN JUSTO
HOMESTEAD ASSOC. DIST. #1



SCALE: 1"=200'

BOOK 019
PAGE 33

TRA
67 003

SAN BENITO LOCAL AGENCY FORMATION COMMISSION

Proposal Justification Questionnaire for Annexations.

Detachments and Reorganizations (Attach additional sheets as necessary)

1. **Name of Application:** (The name should match the title on the map and legal description; list all boundary changes that are part of the application)

Villalpando Annexation to the City of Hollister. This request is part of the Chappell Road Prezone for Annexation to the City of Hollister.

2. **Describe the acreage and general location: include street addresses if known:**

14 acres near the southeast corner of San Felipe Road and Highway 25 Bypass. The site is bordered to the north and northeast by the Highway 25 Bypass with existing agricultural uses to the south and existing residential and commercial uses to the south.

3. **List the Assessor's Parcels within the proposal area:**

APN 019-330-005

451 San Felipe Road, Hollister, CA

4. **Purpose of proposal:** (List all actions for LAFCO approval. Identify other actions that are part of the overall project, i.e., a tract map, development permit, etc. Why is this proposal being filed?)

Annexation change to the City of Hollister consistent with the policies of the General Plan.

5. **Land Use and Zoning - Present and Future**

- A. **Describe the existing land uses** within the proposal area. Be specific.

The parcel currently is used for agricultural land.

- B. **Describe changes in land uses that would result from or be facilitated by this proposed boundary change.**

The property is currently zoned Rural Residential in the County. The property has been pre-zoned by the City of Hollister. The annexation will change the use from rural residential to commercial, the applicant would submit for tentative maps to subdivide the properties consistent with the densities allowed under the City's commercial zoning designation.

- C. **Describe the existing zoning designations within the proposal area.** The parcels are currently zoned Residential by the County of San Benito. The parcels have been pre-zoned North Gate Way Commercial by the City of Hollister.

D. Describe any proposed change in zoning for the proposal area. Do the existing and proposed uses conform with this zoning?

The subject parcels have been rezoned by the City of Hollister. The subject parcels would be developed and will need to conform to the City of Hollister's rezoning for commercial land uses. The parcels are currently zoned rural residential within the jurisdiction of San Benito County. Pending annexation the applicant would submit tentative maps to subdivide the property into commercial lots consistent with the densities allowed under the City's zoning designation. Land use category of the City's General Plan. Zoning district is consistent with the General Plan.

E. (For City Annexations) Describe the rezoning that will apply to the proposal area upon annexation. Do the proposed uses conform with this rezoning?

The rezoning for the property is in the Northgate Way consist of commercial property. The parcel currently is use in agriculture. Pending annexation of the parcels, the applicant would submit to subdivide the property into commercial lots consistent with the North Gateway Development Standards and uses allowed by the City's commercial zoning designation.

F. List all known entitlement applications pending for the property (i.e., zone change, land division or other entitlements).

Prezone Approval.

6. Describe the area surrounding the proposal

Please see Table A at the end of the application.

7. Conformity with Spheres of influence

A. Is the proposal area within the sphere of influence of the annexing agency?

Yes

B. If not, are you including a proposal to revise the sphere of influence?

N/A

8. Conformity with County and City General Plans

A. Describe the existing County General Plan designation for the proposal area.

The existing County General Plan designation is RM Residential Mixed.

B. (For City Annexations) Describe the City general plan designation for the area.

The property is in the North Gateway general plan designation of the City of Hollister.

C. Do the proposed uses conform with these plans? If not, please explain.

Yes, the proposed uses conform with these plans. There is existing agricultural land on the property. Pending annexation, the applicant would submit for tentative maps for the Northgate Way commercial subdivision consistent with the City of Hollister General Plan Designation.

9. **Topography and Natural Features**

A. **Describe the general topography of the proposal area and any significant natural features that may affect the proposal.**

The General Topography of the proposal areas is generally flat with no significant natural features.

B. **Describe the general topography of the area surrounding the proposal. Topography of surrounding parcels:**

The general topography of the area surrounding the subject proposal is generally flat.

10. **Impact on Agriculture**

A. **Does the property currently produce a commercial agricultural commodity?**

No.

8. **Is the property fallow land under a crop rotational program or is it enrolled in an agricultural subsidy or set-aside program?**

No.

D. **Is the property Prime Agricultural Land as defined in G.C. Section §56064?**

Yes.

E. **Is the proposal area within a Land Conservation (Williamson) Act contract?**

No.

1) If "yes," provide the contract number and date contract was executed.

2) If "yes", has a notice of non-renewal be filed? If so, when?

3) **If this proposal is an annexation to a city, provide a copy of any protest filed by the annexing city against the contract when it was approved.**

11. **Impact on Open Space**

Is the affected property Open Space land as defined in G.C. Section 65560?

No.

12. Relationship to Regional Housing Goals and Policies (City annexations only)

If this proposal will result in or facilitate an increase in the number of housing units, describe the extent to which the proposal w/11 assist the annexing city in achieving its fair share of regional housing needs.

Development of the parcels will be consistent with the City's General Plan and will increase and assist in bringing more Commercial Store Fronts.

13. Population

A. Describe the number and type of existing dwelling units within the proposal area.

None.

B. How many new dwelling units could result from or be facilitated by the proposal?

Single-family _____ 0 _____ Multi-family _____ 0 _____

14. Government Services and Controls - Plan for Providing Services (per §56653)

A. Describe the services to be extended to the affected territory by this proposal.

B. Describe the level and range of the proposed services.

C. Indicate when the services can feasibly be provided to the proposal area.

Please see below answers for A, B, and C.

Police Service

Police service to the affected area upon annexation will be provided by the Hollister Police Department. The Police Department provides this service throughout the City based upon staffing levels set by the City Council of the City of Hollister. The affected area is contiguous to the current City limits (current service area) along San Felipe Road/Pacific Way. The annexation will extend the boundary of police service currently in effect. Upon annexation and upon development, the project will include roadways that would affect traffic enforcement/collision investigation responsibilities and an incremental increase in staffing levels and capital equipment, due to the increase in population. The site is zoned NG North Gateway Commercial, which would require that future improvements on the site be consistent with land uses that are commercial, which would increase employment opportunities and contribute to the city's tax base which will finance the incremental increase in police service.

Fire Service

The Hollister Fire Department will provide fire service *to* the affected area upon annexation. The Fire Department provides this service throughout the City and adjoining County areas via a mutual aid agreement, based upon staffing levels set by the City Council. The Fire Department currently houses its fire personnel and equipment at its stations located at the northwest corner of Fifth and Sally Streets and the north side of Union Road between Valleyview Road and Airline Highway. The affected area is contiguous to the current City limits (current service area), but will not extend the range of fire service currently in effect. The affected area is within the five minute first engine response time, as set forth in City Fire Protection Master Plan. The affected area in its current condition may require a minor increase in fire service, even assuming it is currently in the response area. Development of the site will require an incremental increase in staffing levels and capital equipment, due to the increase in population and structures. The site is zoned NG North Gateway Commercial, which would require that future improvements on the site be consistent with land uses that are commercial, which would increase employment opportunities and contribute to the city's tax base which will finance the incremental increase in fire service.

General Government

General Government services include the City Council, City Administration (City Manager, City Attorney), City Finance (Payment of Utility Bills,), Building, Planning, Engineering, and Animal Control. These services are currently being provided to the City at large. Annexation of the affected area in its current condition will not cause any increase in City General Government services. Development of the site if annexed will cause a minor incremental increase in General Government services for the City Council, City Administration, City Finance, and Animal Control. These will be financed through an incremental increase in General Fund revenues, such as property and sales taxes. The City is also requiring that all project requesting annexation enter into an agreement to be fiscally neutral (project will provide all revenues necessary to provide public services). The affected area has entered into an annexation agreement for fiscal

Neutrality. The incremental increase in services for Building, Planning and Engineering will be financed through permit fees.

Sewer Services

At the time of development, the parcels will connect to an existing 8" sanitary sewer transmission line along San Felipe Road and Pacific Way. The project proponent will be required to fund the installment of sewer lines from the main transmission line to all the proposed facilities within the development to City standards. Development of the affected area will not directly require the building of any structures or improvements related to the need for sanitary sewer treatment or transmission with the exception of the on-site transmission lines and laterals noted above. The City currently treats domestic wastewater at its new regional immersed membrane bioreactor (MBR) wastewater treatment plant located on the north side of San Juan Hollister Road. In accordance with the implementation of the Long term Wastewater Management Plan (LTWMP) filed with the Water Quality Control Board, the City is currently implementing a long-term program of phased improvements for the disposal and reuse of reclaimed wastewater including spray fields, non-potable irrigation for landscaping, and certain agricultural uses. The new facility expands the City's ability to provide wastewater treatment service for the next 10 years, with an additional five years of expansion possible with the expansion of the membrane biological reactor. The City will continue to implement efforts to improve water quality and also to implement water conservation measures. The development will incrementally utilize capacity at both the treatment plant and within the City sewer transmission line. To offset the use of the capacity for the transmission facilities, the development will be assessed an impact fee at the time of building permit issuance. A sewer treatment impact fee will also be assessed to provide for additional capacity at the treatment plant.

Domestic Water Service

The subject **site is** within the City of Hollister's adopted service area. All plans for water service will need to be approved by the City. The area requested for annexation will comprise a total of 14 acres of land zoned for Commercial. Existing water mains are located in the City and County streets adjacent to the project site. Water will be supplied to the subject area from the 8" water line located within San Felipe Road. The project proponent will be required to fund the installment of water lines to all the Store Fronts within the development to City of Hollister standards.

Storm Drainage

The City of Hollister maintains a series of transmission lines that convey storm flows within the City and some adjoining areas of unincorporated San Benito County to either the San Benito River or Santa Ana Creek. The affected area is within the Santa Ana Creek drainage area. The development will incrementally utilize capacity of the City storm transmission lines and area wide storm water treatment and recharge facilities. To offset the use of this capacity, the

development will be assessed a storm drainage impact fee at the time of building permit issuance.

Parks and Recreation

Annexation of the site in its current state will not require any additional park facilities or recreational programs.

Road Construction

The City of Hollister requires that there be adequate roadways to serve the transportation needs of City residents. The City or private developers, or a combination of both, fund roadways. The development will require, on an incremental basis, the need for expanded roadway facilities in the City and County, including the widening of other arterial streets. To offset these incremental costs, the development project will be assessed a traffic impact fee at the time of final occupancy for a building permit.

Street and Utility Maintenance

Annexation of the site in its current state will require an increase in the need for the funding for street or utility maintenance. Upon annexation, development of the project site will require the maintenance of area City streets, landscaping and utility facilities that will serve the affected area, as well as streets and utility systems within the development. The area street maintenance is funded by the City of Hollister state taxes. The City collects fees on a yearly basis for maintenance of landscaping and lighting. City utility systems are currently funded by City user fees.

- D. Indicate any improvements or upgrading of structures, roads, sewers or water facilities or other conditions that will be required as a result of the proposal.**

Existing water, sewer and storm drainage will be extended to serve the parcels upon future commercial improvement.

- F. Identify how these services will be financed. Include both capital improvements and ongoing maintenance and operation.**

The streets will be public and maintained by the City of Hollister. The streets, water, sewer and storm drainage improvements are privately financed by the developer.

- G. Identify any alternatives for providing the services listed in Section (A) and how these alternatives would affect the cost and adequacy of services.**

No alternatives are proposed.

15. Ability of the annexing agency to provide services

Attach a statement from the annexing agency describing its ability to provide the services that are the subject of the application, including the sufficiency of revenues (per Gov't Code §56668j).

Please see attached statement from the City of Hollister.

16. Dependability of Water Supply for Projected Needs (as per §56653)

If the proposal will result in or facilitate an increase in water usage, attach a statement from the retail water purveyor that describes the timely availability of water supplies that will be adequate for the projected needs.

The site is expected to obtain domestic water service from the City of Hollister. The services can be provided upon annexation of the site, pending LAFCO approval.

17. Bonded indebtedness and zones - These questions pertain to long term debt that applies or will be applied to the affected property.

A. Do agencies whose boundaries are being changed have existing bonded debt?
 Yes No If yes, please describe

B. Will the proposal area be liable for payment of its share of this existing debt?
 Yes No If yes, how will this indebtedness be repaid (property taxes, assessments, water sales, etc.?)

C. Should the proposal area be included within any 'Division or Zone for debt repayment? Yes No If yes, please describe.

D. (For detachments) Does the detaching agency propose that the subject territory continue to be liable for existing bonded debt? Yes No Please describe.

18. Environmental Impact of the Proposal

A. Who is the "lead agency" for this proposal?
The lead agency for this proposal is the City of Hollister.

B. What type of environmental document has been prepared?

None, Categorically Exempt - Class _____

EIR **Negative Declaration** _____ Mitigated ND _____

Subsequent Use of Previous EIR_____ Identify the prior report._____

- C. If an **EIR** has been prepared, attach the lead agency's resolution listing significant Impacts anticipated from the project, mitigation measures adopted to reduce or avoid significant impacts and, if adopted, a "Statement of Overriding Considerations."

19. **Boundaries**

- A. **Why are these particular boundaries being used? Ideally, what other properties should be included in the proposal?**

The parcels in this proposal have been rezoned by the City of Hollister to commercial and for requesting annexation for the future development purposes. The subject parcels are located to the east of San Felipe Road and south of the Highway 25 Bypass which separates the property from the County to the north and east of the Bypass. In addition to the project site, the following will be included in the annexation:

- a. The full width and full length of State Route 25 Bypass Road on the north side of the property line of the annexation described in Exhibit "A" incorporated herein by this reference.
- b. The full width and full length of Pacific Way on the south side of the property line of the annexation described in Exhibit "A" incorporated herein by this reference.

- B. **If any landowners have included only part of the contiguous land under their ownership, explain why the additional property is not included.**

None.

20. **Final Comments**

- A. **Describe any conditions that should be included in LAFCO's approval.**

Owner agrees to comply with the City of Hollister's ordinances, policies, and conditions of approval with regard to development of this property.

- B. **Provide any other comments or justifications regarding the proposal.**

On April 26, 2018 the City of Hollister Planning Commission approved Resolution No. 2018-23 recommending the certification of the EIR, and approved Resolution No. 2018-24 recommending approval of the rezoning application for the subject property to the City of Hollister City Council. The City of Hollister City Council adopted Ordinance Nos. 1159, 1160 and 1163 on August 6, 2018 rezoning the parcels to Low Density Residential Performance Overlay Zoning District (R1 UPZ). This request is for annexation and sphere of influence change only.

- C. **Enclose all pertinent staff reports and supporting documentation related to this proposal. Note any changes in the approved project that are not reflected in these materials.**

Please see attached

TABLE A

Information regarding the areas surrounding the proposal area

	Existing Land Use	General Plan Designation	Zoning Designation
East	Highway 25 Bypass & Agricultural Uses	County of San Benito: Rural Residential	County of San Benito: Rural Residential
West	Agriculture and Low Density Residential	County of San Benito: Rural Residential Hollister: Low Density Residential	County of San Benito: Rural Residential Hollister: Low Density Residential
North	Agriculture and Vacant	City of Hollister. Commercial Northgate Way	City of Hollister:
South	Northgate Way City Water Pond Overflow	City of Hollister: Residential & Commercial	City of Hollister. The Northgate Way

Other comments or notations:

21. Notices and Staff Reports

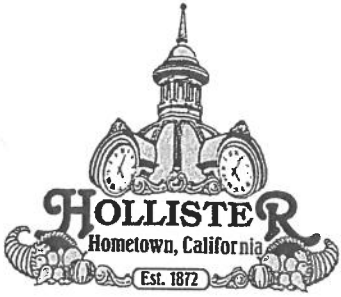
list up to three persons to receive copies of a notice of hearing and staff report.

	<u>Name and agency</u>	<u>Address</u>	<u>Email address</u>
A.	Abraham Prado or Eva Kelly	City of Hollister Planning Div. 375 Fifth St. Hollister, CA 95023	abraham.prado@hollister.ca.gov <u>eva.kelly@hollister.ca.gov</u>
B.	Taven Kinison Brown San Benito Co. Resource Mgmt Agency	Planning Div. 2301 Technology Pkway Hollister, CA 95023	<u>tkinisonbrown@cosb.us</u>
C.	Jose Villalpando		Jose@villasons.com

Who should be contacted if there are questions about this application?

<u>Name</u>	<u>Address</u>	<u>Email address</u>	<u>Phone</u>
Abraham Prado or Eva Kelly	City of Hollister Planning Div. 375 Fifth St Hollister, CA 95023	abraham.prado@hollister.ca.gov <u>eva.kelly@hollister.ca.gov</u>	

Signature



City of Hollister Development Services

375 Fifth Street, Hollister, CA. 95023 Telephone (831) 636-4360 • Fax (831) 634-4913

December 12, 2018

To: LAFCO Commission
2301 Technology Parkway
Hollister, CA 95023

From: City of Hollister Engineering Department
375 Fifth Street
Hollister, California 95023

RE: Villalpando Annexation Application Question Number 15 and 16

Dear LAFCO Commissioner,

Mr. Jose Villalpando is requesting annexation approval of his property located near the southeast corner of San Felipe Road and the Highway 25 Bypass, further identified as San Benito County Assessor Parcel Number 019-330-005. Question number 15 of the LAFCO application states, *attach a statement from the annexing agency describing its ability to provide the services that are the subject of the application, including the sufficiency of revenues.* The City of Hollister City Council at its August 6, 2018, regular meeting adopted Ordinance No. 1157 pre-zoning the parcel in the North Gateway (NG) commercial zoning district as a prerequisite of annexation. The city of Hollister will provide services to the site upon development pending LAFCO approval of the annexation of territory. The project site is within the City of Hollister General Plan area and is accounted for in the City's Long-Term Wastewater Management Program. It is proposed that services including sewer and wastewater generated onsite be collected and conveyed to the City of Hollister Domestic Wastewater Treatment Plant (DWTP) for treatment and disposal. The site is expected to obtain domestic water service from the City of Hollister. Impact fees will be assessed at the time of building permit issuance for use in future capital improvement projects.

Question number 16 of the LAFCO application states, *if the proposal will result in or facilitate an increase in water usage, attach a statement from the retail water purveyor that describes the timely availability of water supplies that will be adequate for the projected needs.* In response, the site is expected to obtain domestic water service from the City of Hollister. The services can be provided upon development of the site pending LAFCO approval of the annexation of territory.

Should you have any questions, or require additional information, please do not hesitate to contact our department at your convenience at (831) 636-4340.

Sincerely,

Danny Hillstock, PE, QSD, QSP
City Engineer

ORDINANCE NO. 1157

AN ORDINANCE OF THE CITY OF HOLLISTER AMENDING MUNICIPAL CODE CHAPTER 17.24.250 PREZONING OF SPECIFICALLY DESCRIBED REAL PROPERTY CONSISTING OF 13.99 ACRES TO NORTH GATEWAY ZONING DISTRICT THE PARCEL IDENTIFIED AS SAN BENITO COUNTY ASSESSOR PARCEL NUMBER 019-330-005 LOCATED ALONG STATE ROUTE (SR) 25, EAST OF SAN FELIPE ROAD, AND WEST OF NORTH CHAPPELL ROAD

WHEREAS, on June 18, 2018, the City Council of the City of Hollister held a duly noticed public hearing to consider adoption of the Chappell Road Environmental Impact Report, Mitigation Monitoring and Reporting Program, and Pre-zone Application No. 2015-1.

NOW, THEREFORE, the City Council of the City of Hollister ordains as follows:

Section 1: Zoning Map Amended. The Official Zoning Map of the City of Hollister is hereby amended by rezoning to NG (North Gateway) Commercial all that real property comprising of approximately 13.99 acres situated in the County of San Benito, State of California, particularly described in "Exhibit A" and identified as San Benito County Assessor Parcel Number 019-330-005 attached hereto and made a part thereof by reference.

Section 2: Severability. The City Council declares that, should any provision, section, paragraph, sentence or word of this ordinance be rendered or declared invalid by any final court action in a court of competent jurisdiction or by reason of any of any preemptive legislation, the remaining provisions, sections, paragraphs, sentences or words of this ordinance as hereby adopted shall remain in full force and effect.

Section 3: Effective Date. This ordinance shall take effect and be in force thirty days from and after its final passage.

Section 4: Publication. Within fifteen days after passage, the City Clerk shall cause this ordinance to be published one time in the Free Lance, a newspaper of general circulation.

INTRODUCED following a public hearing held at a regular meeting on the 18th day of June, 2018.


PASSED AND ADOPTED, by the City Council of the City of Hollister at a regular meeting held this 6th day of August, 2018, by the following vote:

AYES: Council members Gillio, Luna, Friend, Klauer, and Mayor Velazquez
NOES: None
ABSTAINED: None
ABSENT: None



Ignacio Velazquez, Mayor

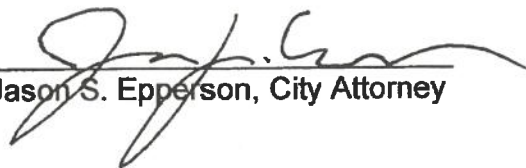
ATTEST:



Christine Black, MMC, City Clerk

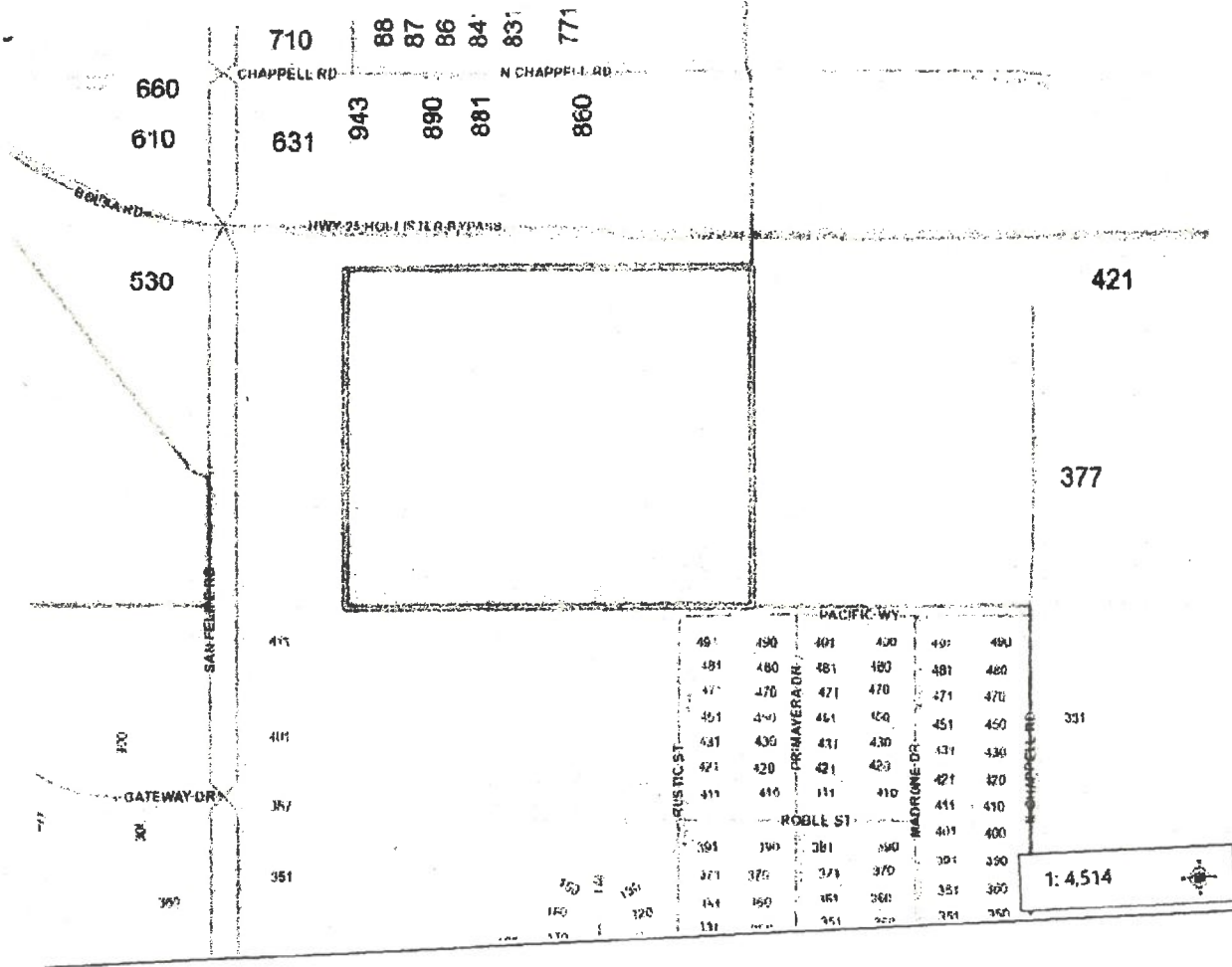
APPROVED AS TO FORM:

Prentice, Long & Epperson, Attorneys at Law



Jason S. Epperson, City Attorney

EXHIBIT A



1:4,514

RESOLUTION NO. 2018-317

A RESOLUTION OF APPLICATION BY THE CITY COUNCIL OF THE CITY OF HOLLISTER REQUESTING THE LOCAL AGENCY FORMATION COMMISSION OF SAN BENITO COUNTY (LAFCO) TO INITIATE PROCEEDINGS FOR THE ANNEXATION OF TERRITORY OF THE PARCEL IDENTIFIED AS APN 019-330-005

WHEREAS, the City Council of the City of Hollister desires to initiate proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the California Government Code,(the "Act") for a change of organization consisting of a parcel of land identified as APN 019-330-005 consisting of approximately 13.99 acres of land to the City of Hollister; and

WHEREAS, the reasons for the proposed reorganization is to annex the territory of approximately 13.99 acres owned by Villa San Felipe Realty LLC (the "Territory") and to allow for the provision of municipal services to the Territory that will allow development consistent with the City of Hollister General Plan; and

WHEREAS, the following agency would be affected by the proposed jurisdictional change:

<u>Agency</u>	<u>Nature of Change</u>
County of San Benito	Annexation to City of Hollister


WHEREAS, a description and map of the boundaries of the Territory are attached hereto as Exhibit A and by this reference incorporated herein; and

WHEREAS, in consideration of the San Benito County LAFCO Policies 2.2.18 and 2.2.19 for annexations, the property owner shall submit the annexation application for the property shown in Exhibit A to include the following area in the annexation map and in the legal description of the annexation area:

- a. The full width and full length of State Route 25 Bypass Road on the north side of the property line of the annexation described in Exhibit "A" incorporated herein by this reference.
- b. The full width and full length of Pacific Way on the south side of the property line of the annexation described in Exhibit "A" incorporated herein by this reference.

WHEREAS, the Territory has been rezoned by City of Hollister Ordinance 1157 in conformance with state and local law; and

WHEREAS, the City Council certifies that as lead agency pursuant to the California Environmental Quality Act an Environmental Impact Report and Mitigation Monitoring and Reporting Program was adopted per Resolution No. 2018-167 at its regular meeting of June 18, 2018.


 CITY OF HOLLISTER
 DUPLICATE OF ORIGINAL
 ON FILE IN THE
 OFFICE OF THE CITY CLERK

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Hollister as follows:

1. This Resolution of Application is hereby adopted and approved by the City Council of the City of Hollister, and the San Benito County Local Agency Formation Commission is hereby requested to take proceedings for the change of organization as authorized and in the manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.
2. The City Clerk shall cause a certified copy of this Resolution to be filed with the Executive Officer of the San Benito County Local Agency Formation Commission.


PASSED AND ADOPTED, by the City Council of the City of Hollister at a regular meeting held this 17th day of December, 2018, by the following vote:

AYES: Council Members Richman, Resendiz, Spencer, Lenoir, and Mayor Velazquez.

NOES: None.

ABSTAINED: None.

ABSENT: None.



Ignacio Velazquez, Mayor

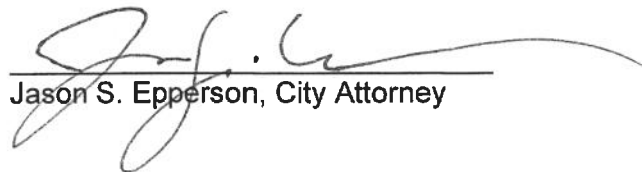
ATTEST:



Christine Black, MMC, City Clerk

APPROVED AS TO FORM:

Prentice, Long & Epperson, Attorneys at Law



Jason S. Epperson, City Attorney

VILLALPANDO ANNEXATION TO THE CITY OF HOLLISTER

BEING A PORTION of Homestead Lot 14 of the Rancho San Justo, bounded by a line more particularly described as follows:

BEGINNING at an angle point in the existing jurisdictional boundary line of the City of Hollister on the southerly line of the Highway 25 Hollister Bypass at the northeasterly corner of that certain parcel of land conveyed by Quitclaim Deed from James F. McNamee, an unmarried man, to James F. McNamee, as Trustee of the James F. McNamee Trust Dated July 17, 1997, said Quitclaim Deed recorded October 31, 2017 as Instrument Number 2017-0010300, San Benito County Records; thence along the easterly line thereof


[1] South 4°01'44" West, 712.92 feet to the southeasterly corner thereof, and being on the northerly line of Pacific Way and on the said jurisdictional boundary; thence along the said jurisdictional boundary line of the City of Hollister

[2] North 85°42'44" West, 857.98 feet to an angle point in the said jurisdictional boundary; thence along said jurisdictional boundary line

[3] North 3°49'03" East, 712.93 feet to an angle point in the said boundary line of the City of Hollister, and also being on the southerly line of the said Highway 25 Hollister Bypass; thence along said southerly line and running along said jurisdictional boundary line

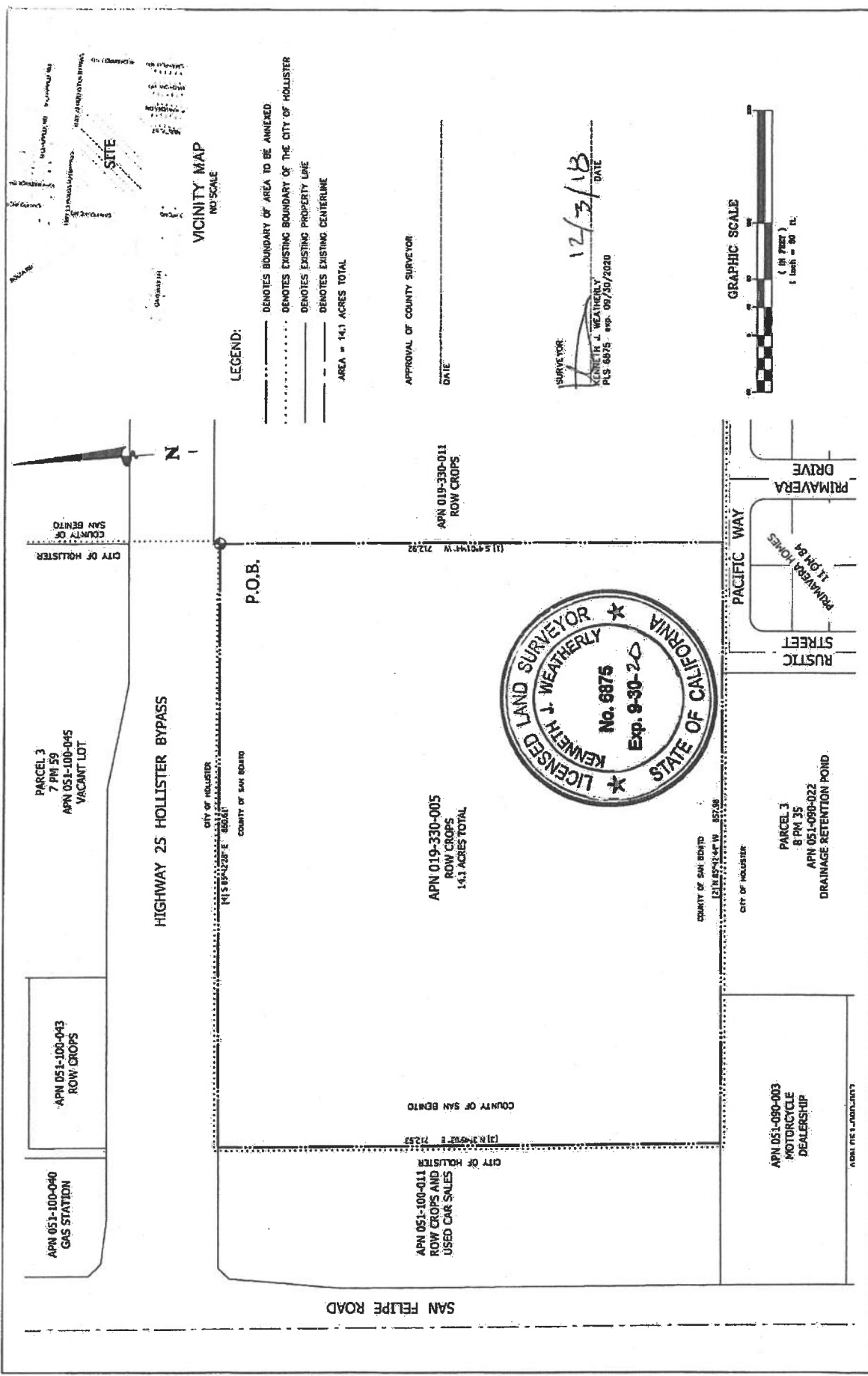
[4] South 85°42'28" East, 860.61 feet to the point of beginning

Containing 14.1 acres, more or less



Kenneth J. Weatherly
PLS 6875 exp. 09/30/2020
12/3/18
Date





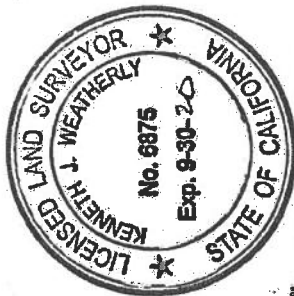
LEGEND:

- DENOTES BOUNDARY OF AREA TO BE ANNEXED
- DENOTES EXISTING BOUNDARY OF THE CITY OF HOLLISTER
- DENOTES EXISTING PROPERTY LINE
- - - DENOTES EXISTING CENTERLINE
- AREA = 14.1 ACRES TOTAL

APPROVAL OF COUNTY SURVEYOR

DATE

SURVEYOR:
 KENNETH J. WEATHERLY
 PLS 6875 Exp. 09/30/2020
 DATE: 12/3/18



GRAPHIC SCALE



VICINITY MAP
 NO SCALE

APN 051-100-040
 GAS STATION

APN 051-100-043
 ROW CROPS

APN 051-100-045
 VACANT LOT

PARCEL 3
 7 PM 35

APN 019-330-005
 ROW CROPS
 14.1 ACRES TOTAL

APN 019-330-011
 ROW CROPS

APN 051-090-003
 MOTORCYCLE
 DEALERSHIP

PARCEL 3
 8 PM 35

APN 051-090-022
 DRAINAGE RETENTION POND

APN 051-100-011
 ROW CROPS AND
 USED CAR SALES

APN 051-090-003
 MOTORCYCLE
 DEALERSHIP

**SAN BENITO ENGINEERING
 & SURVEYING, INC.**
 Hollister, California 95023
 902 Monterey Street
 (831) 937-2763
 E-MAIL: sbes@sbeng.com

CITY OF HOLLISTER
 PORTION OF HOMESTEAD LOT 14
 OF THE SAN JUSTO RANCHO

**VILLALPANDO ANNEXATION TO
 THE CITY OF HOLLISTER**

LAFCO No. 527

RESOLUTION OF THE SAN BENITO LOCAL AGENCY FORMATION COMMISSION
MAKING DETERMINATIONS AND APPROVING THE VILLALPANDO ANNEXATION
TO THE CITY OF HOLLISTER

WHEREAS, the Villalpndo Annexation to the City of Hollister (LAFCO File No. 527) has been filed with the Executive Officer of the San Benito Local Agency Formation Commission pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Sections 56000 et seq. of the Government Code); and

WHEREAS, the City also seeks Commission approval to annex 34.2 acres into the City which represents three parcels identified by the San Benito County Assessor as APN Numbers 019-170-034 & 035 and 019-350-012, through adoption of Resolution Nos. 2018-222 and 2018-225; and

WHEREAS, the Executive Officer has reviewed the proposal and prepared a report with recommendations; and

WHEREAS, the Commission heard and fully considered all the evidence presented at public hearings held on the proposal on March 14, 2019; and

WHEREAS, at the times and in the manner required by law the Executive Officer has given notice of the Commission's consideration of the proposal through publication in the Hollister Freelance Newspaper, and notice to neighboring landowners within 300 feet; and

WHEREAS, the Commission heard, discussed and considered all oral and written testimony related to the proposal including, but not limited to, the Executive Officer's Report and recommendation, the Environmental Impact Report and the City's determinations upon certification, the Sphere of Influence and applicable General Plan; and

WHEREAS, in accordance with applicable provisions of the California Environmental Quality Act (hereinafter "CEQA"), the Commission serves as responsible agency for the annexation and has determined that the application is a "project" subject to CEQA; and

WHEREAS, the Local Agency Formation Commission finds the application to be in the best interests of the affected area and the organization of local governmental agencies within San Benito County, with modification to include a portion of one additional parcel which is located between the City's proposed annexation parcel and the recent Chappell Road annexation

boundary, more particularly identified as the 9 acre portion of APN 019-330-011 located south of the State Highway 25 Bypass.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Local Agency Formation Commission of San Benito County as follows:

(1) The Commission finds it has reviewed and considered the Environmental Impact Report prepared by the City of Hollister as lead agency under CEQA, and the Commission finds the EIR adequately addresses all environmental impacts of the annexation and no new significant impacts have been identified, and that there is one mitigation measure that is the responsibility of LAFCO to adopt or monitor as a result of action on this proposal (Mitigation Measure MM 3.2.1 “Agricultural Conversion”). These environmental findings are based on the Commission’s independent judgment and analysis, and the Commission agrees with the CEQA Findings of Fact contained in City of Hollister Resolution No. 2018-167, presented on Page 1 through 6, and the Commission agrees with the City’s statement of overriding considerations, on Page 5 and supplements this statement of overriding considerations with the following additional considerations: (a) The sphere of influence expansion and annexation areas facilitate the construction of additional housing units needed by the City of Hollister to meet the Regional Housing Needs Assessment target of 1,316 new units between 2014 and 2023, (b) The City’s rezoning to Low Density Residential Performance Overlay encourages a minimum density of 6 dwelling units per acre which is a more efficient development density reducing the need to convert important farmland elsewhere around the City and helps make the housing units more affordable to residents in the community, and (c) the construction of new residential subdivisions and associated infrastructure and public facilities will help create jobs and economic activity for the benefit of the City and its residents.

(2) The Commission adopts the one mitigation measure, Mitigation Measure MM 3.2.1, requiring the applicant to obtain an agricultural easement or payment of in-lieu fees at the time of future development to a qualified agricultural trust on a 1:1 ratio for the Prime Farmland converted within the sphere of influence expansion area, which is under the responsibility of LAFCO to adopt or monitor as a responsible agency for approval of this annexation.

(3) The annexation proposal is assigned the distinctive short-form designation:

VILLALPANDO ANNEXATION TO THE CITY OF HOLLISTER

(4) Said territory is found to be uninhabited as there are no registered voters within the annexation boundary.

(5) The boundaries of the affected territory are found to be definite and certain as approved and set forth in the legal descriptions, with verification from the County Surveyor.

(6) All proceedings in connection with this proposal shall be conducted in compliance with the approved boundaries set forth in the attachments, including the additional parcel identified as the 9 acre portion of APN 019-330-011 located south of the State Highway 25 Bypass.

(7) The annexation boundary is consistent with the sphere of influence of the City of Hollister and the application has been processed in compliance with the provisions contained in Section 56000 et.seq. of the Government Code, and the Commission adopts all nine determinations as presented on Pages 1 through 6 of the Executive Officer's Report dated March 14, 2019, pertaining to the annexation, as modified by the Commission.

(8) Since the boundary of the annexation was expanded by 9 acres to include landowners who were not part of the City's application and all affected landowners have not given written consent to the annexation, the staff is directed to notice and conduct a protest hearing prior to completing the conducting authority proceedings in conformance with Government Code section 57050, and return to the Commission with the results.

(9) The territory being annexed shall not be liable for any existing or authorized taxes, charges, fees or assessments comparable to properties presently within the City.

(10) The Villalpando Annexation to the City of Hollister is APPROVED as modified under Option 1 to include an additional 9 acre portion of APN 019-330-011 located south of the State Highway 25 Bypass, and Staff is directed to conduct the protest proceedings and not to record the annexation until the maps and legal descriptions presented as Exhibit A and B are found by the County Surveyor to be acceptable.

I, Ignacio Valezquez, Chairman of the Local Agency Formation Commission of San Benito County, California, do hereby certify that the foregoing resolution was duly and regularly adopted by said Commission at a regular meeting thereof held upon the 14th day of March, 2019, by the following vote:

AYES:

NOES:

ABSTAINS:

Dated: _____

Ignacio Velazquez., Chair
San Benito Local Agency Formation Commission

ATTEST

Bill Nicholson, Executive Officer
San Benito Local Agency Formation Commission

BOUNDARY CHANGE PROPOSALS – PUBLIC HEARING ITEMS

8. LAFCO 528 – Dissolution of Eleven Inactive County Service Areas (CSAs): The State Controller's Office, in compliance with Senate Bill 448, has identified the following 11 CSAs which meet the requirements for dissolution: CSA Numbers 1, 2, 3, 10, 12, 13, 15, 17, 26, 27, and 40. The actions requested are to make an environmental determination that the dissolutions are exempt from environmental review and adopt a resolution to dissolve the eleven CSAs.



March 14, 2019 (Agenda)

San Benito County
Local Agency Formation Commission
2301 Technology Parkway
Hollister CA 95023

**Dissolution of Inactive County Service Areas (CSA):
CSA Numbers 1, 2, 3, 10, 12, 13, 15, 17, 26, 27 and 40
(Agenda Item 8)**

Dear Members of the Commission:

RECOMMENDATION

Staff is recommending the Commission approve the dissolution of eleven County Service Areas (CSAs) identified by the California State Controller's Office as "inactive" pursuant to Government Code section 56879.

DISCUSSION

In 2017, the State Legislature passed SB 448 adding various provisions to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, regarding a new process to identify and dissolve special districts, including County administered CSAs, that are defined as "inactive" by the State Controller's Office (SCO). To qualify as "inactive" the districts, must have no financial transactions in the previous fiscal year, and have no assets, liabilities, outstanding debts, judgments, litigation, contracts, liens, or claims.

SB 448 also establishes an expedited process for LAFCOs to dissolve inactive districts (and CSAs): only one public hearing is required, and the dissolution is exempt from a protest process or election of landowners within the CSA boundary. Also, since there are no assets or activities performed by the identified CSAs, LAFCO is not required to identify a successor agency to assume the services that would have been provided by the CSA.

The letter from the SCO identified eleven CSAs as fitting this definition. In conformance with Government Code section 56879, at the January 10, 2019 regular meeting, the Commission initiated dissolution of the identified CSAs through adoption of Resolution No. 2019-1.

LAFCO staff consulted with the San Benito County Resource Management Agency who is responsible for managing CSAs for the County and confirmed that all eleven CSAs identified by the SCO are not operational. Based on Government Code section 56042 and 56879, the CSAs are inactive and should be dissolved. LAFCO Staff is presently working with the San Benito County Resource Management Agency to identify other inactive CSAs that have not previously appeared on any list, but which do not qualify for the expedited dissolution process under SB448, as well as CSAs which should be consolidated with other functioning CSAs.

CSA SUMMARY

The following lists the names and general locations of the CSAs, where they could be identified. It should be noted that most of the CSAs on the Controller's list were not even identified by San Benito LAFCO in the 2008 Municipal Service Review (MSR) document, although the MSR listed four additional CSAs as inactive that are not on the Controller's list. Five of the CSAs were established to provide road and drainage maintenance and street light services that have been taken over by homeowners associations where the services were needed (for a general map of locations, see Attachment A). Three CSAs were established as a potential unincorporated area funding tool (fire, police and library services) but they were not implemented. Three were established prior to the establishment of LAFCO in 1965, and no information was available but RMA confirmed no services are being provided. Here is the list of the eleven CSAs identified by the Controller's Office:

<u>CSA #</u>	<u>Name and Location (if known)</u>	<u>LAFCO File No.</u>
CSA 1	No Information, established pre-LAFCO	N/A
CSA 2	No Information, established pre-LAFCO	N/A
CSA 3	No Information, established pre-LAFCO	N/A
CSA 10	La Colina de Pinos (Aromas)	77
CSA 12	Rosa Morada Estates (at Fallon and Dooling Roads)	132
CSA 13	Santa Ana Road (Gardinia Lane)	154
CSA 15	Hidden Valley Ranch (Hidden Valley Road)	204
CSA 17	Snyder Road (Aromas)	210
CSA 26	Countywide Fire Protection	276
CSA 27	Countywide Police Protection	277
CSA 40	Countywide Library Service	329


ALTERNATIVES FOR COMMISSION ACTION

After consideration of this report and attachments, and any information presented at the Commission meeting, the Commission should consider taking one of the following actions:

- Option 1 Adopt Resolution No. 2019-2 dissolving all eleven of the CSA (Numbers 1, 2, 3, 10, 12, 13, 15, 17, 26, 27 and 40).
- Option 2 If the Commission needs more information, continue this matter to a future meeting.

If you have questions or would like to discuss this matter in advance of the meeting, please contact the LAFCO staff.

Sincerely,



Bill Nicholson
Executive Officer

Attachments:

1. Aerial Map identifying location of 5 subdivision-level CSAs
2. Resolution of Dissolution

RESOLUTION NO. 2018-167

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HOLLISTER
APPROVING CERTIFICATION OF AN ENVIRONMENTAL IMPACT REPORT AND
ADOPTING A MITIGATION, MONITORING AND REPORTING PROGRAM FOR THE
CHAPPELL ROAD AREA PRE-ZONE PROJECT**

WHEREAS, PAD Investment Trust ("the applicant") submitted an application to the City of Hollister Development Services Department requesting approval of a Pre-zone for future annexation of Low Density Residential Performance Overlay Zone (R1-L/PZ) for Assessor Parcel Number 019-017-083, 019-017-084, and 019-035-012 located at along State Route (SR) 25 adjacent to the eastern city limit, outside of the City's existing Sphere of Influence (SOI) boundary; and

WHEREAS, an environmental impact report was prepared for Pre-Zone Application No. 2015-1, ("Project") consisting of Assessor Parcel Number 019-017-083, 019-017-084, and 019-035-012 along with additional adjacent properties identified as San Benito County Assessor Parcel Numbers 019-330-005, 019-330-011, 019-350-006, 019-350-008, 019-350-009, 019-350-010, 019-350-011, 019-350-013, and 019-350-014 consisting of a total area of 117.72 acres in order to analyze the entire area along State Route (SR) 25 (Hollister Bypass) Santa Ana Road to the south, North Chappell Road to the west, and SR 25 to the east and north; and

WHEREAS, potentially significant impacts from the Project could be reduced to an insignificant level with the incorporation of mitigation measures agreed to by the applicant into the project and other potentially significant impacts from the Project could not be reduced to an insignificant level with the incorporation of mitigation measures and would require a statement of overriding consideration from the City of Hollister City Council; and,

WHEREAS, the Draft Environmental Impact Report was circulated for public comment from October 27, 2017 to December 13, 2017, and a Notice of Availability was distributed to the Association of Monterey Bay Area Governments, local agencies, and to members of the public; and

WHEREAS, the City of Hollister received three (3) comment letters from responsible agencies in response to the Draft Environmental Impact Report; and,

WHEREAS, the City of Hollister prepared a Final Environmental Impact Report responding to the comments and provided the Final Environmental Impact Report to the commenter's; and

WHEREAS, all federal, state, and local requirements must be met with any proposed project; and

**DUPLICATE OF ORIGINAL
ON FILE IN THE
OFFICE OF THE CITY CLERK
CITY OF HOLLISTER**

WHEREAS, the Planning Commission held a duly noticed public hearing on April 26, 2018, to consider the staff report, to hear and consider written and oral comments, and to consider recommending adoption of the Environmental Impact Report and Mitigation Monitoring and Reporting Program to the city council; and

WHEREAS, after considering written and oral comment, the City of Hollister Planning Commission deliberated and determined to recommend the adoption of the Environmental Impact Report and the Mitigation Monitoring and Reporting program to the City Council; and

WHEREAS, the Environmental Impact Report and the Mitigation Monitoring Program have been prepared in compliance with the provisions of the California Environmental Quality Act; and

WHEREAS, pursuant to Section 711.4 of the Fish and Game Code, a de minimis finding cannot be made for the proposed project and the applicant shall be required to pay Fish and Game fees when the Notice of Determination is filed.

NOW, THEREFORE BE IT RESOLVED, that the City Council of the City of Hollister adopts the 2018 Findings of the Chappell Road Area Environmental Impact Report, the Environmental Impact Report, and the Mitigation Monitoring and Reporting Program, and the 2018 Mitigation Monitoring and Reporting Program.

PASSED AND ADOPTED, by the City Council of the City of Hollister at a regular meeting held this 18th day of June, 2018, by the following vote:

AYES: Council Members Luna, Friend, and Klauer.

NOES: Mayor Velazquez.

ABSTAINED: Council Member Gillio (recused).

ABSENT: None.



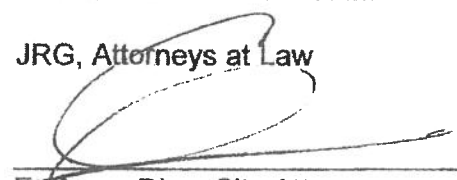
Ignacio Velazquez, Mayor

ATTEST:

APPROVED AS TO FORM:


Christine Black, MMC, City Clerk

JRG, Attorneys at Law


E. Soren Diaz, City Attorney



Attachment 1

RESOLUTION OF THE SAN BENITO LOCAL AGENCY FORMATION COMMISSION
MAKING DETERMINATIONS AND ORDERING THE DISSOLUTION OF ELEVEN COUNTY
SERVICE AREAS IDENTIFIED BY THE STATE CONTROLLER'S OFFICE
RESOLUTION NO. 2019-2

WHEREAS, the Commission received a proposal pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act), commencing with section 56000 of the California Government Code, for the dissolution of County Service Areas (CSAs) Nos. 1, 2, 3, 10, 12, 13, 15, 17, 26, 27 and 40; and

WHEREAS, in accordance with Government Code section 56375(a)(2)(G), LAFCO may dissolve inactive district pursuant to section 56879; and

WHEREAS, in November 2018, San Benito LAFCO received a letter from the State Controller's Office (SCO) informing the LAFCO that eleven CSAs appear to be inactive districts and should be dissolved; and

WHEREAS, Government Code section 56042 defines "inactive" district and these eleven CSAs meet the criteria in section 56042; and

WHEREAS, these eleven CSAs have no assets, liabilities, outstanding debts, judgments, contracts, or claims and can be dissolved through an expedited process pursuant to Government Code section 56879; and

WHEREAS, the LAFCO Executive Officer shall be designated as the contact person for this proposal; and

WHEREAS, the Commission determined, as lead agency for the purposes of the California Environmental Quality Act (CEQA), that the proposed dissolutions are exempt under section 15320 of the CEQA Guidelines, and directs staff to file a Notice of Exemption; and

WHEREAS, the Commission initiated the dissolution of these eleven CSAs through adoption of Resolution No. 2019-1, on January 10, 2019, and instructed the Executive Officer to place the proposal on an upcoming public hearing agenda after proper notice, and said notice was published by the Hollister Freelance on February 22, 2019.

NOW THEREFORE, this resolution is hereby adopted by the San Benito LAFCO to dissolution of CSA Numbers 1, 2, 3, 10, 12, 13, 15, 17, 26, 27 and 40 in the manner provided by the CKH Act.

NOW, THEREFORE, BE IT RESOLVED DETERMINED AND ORDERED by the Local Agency Formation Commission of San Benito County as follows:

(1) The Commission finds, as lead agency for the purposes of the California Environmental Quality Act (CEQA), that the proposed dissolutions are exempt under section 15320 of the CEQA Guidelines, and directs staff to file a Notice of Exemption;

(2) The dissolution proposal is assigned the distinctive short-form designation:
COUNTY SERVICE AREA NUMBERS 1, 2, 3, 10, 12, 13, 15, 17, 26, 27 and 40 DISSOLUTION

(3) The dissolution has been processed in compliance with the provisions contained in Section 56375 of the Government Code, and the information, material and facts set forth in the Executive Officer's Report dated January 10, 2019, have been received and considered with Government Code section 56668, and said documents contained in the record affecting this matter are incorporated by reference herein.

(4) All notices required by law have been given and all proceedings heretofore and now taken in this matter have been and now are in all respects as required by law.

(5) The Commission hereby orders the dissolution of CSA Numbers 1, 2, 3, 10, 12, 13, 15, 17, 26, 27 and 40.

I, Ignacio Valezquez, Chairman of the Local Agency Formation Commission of San Benito County, California, do hereby certify that the foregoing resolution was duly and regularly adopted by said Commission at a regular meeting thereof held upon the 14th day of January, 2019, by the following vote:

AYES:

NOES:

ABSTAINS:

Dated: _____

Chair

San Benito Local Agency Formation Commission

ATTEST:

William Nicholson, Executive Officer
San Benito Local Agency Formation Commission

BUSINESS ITEMS

9. Consider letter of support for AB 1253 (Rivas) allowing LAFCOs to be eligible for grant funding for special studies to improve governmental efficiency and seeking reimbursement for costs under AB 448 involving dissolution of special districts.

10. Consider letter of support for AB 213 (reyes) to restore funding for inhabited annexations to cities where they would be eligible to receive vehicle license registration (VLF) funds previously shifted away from cities during ERAF transfers.

11. Discussion of upcoming annual budget process and identification of special projects or priorities.



LOCAL AGENCY FORMATION COMMISSION

SAN BENITO COUNTY

2301 Technology Parkway
Hollister, CA 95023

Phone: (831) 637-5313 Fax: (805) 647-7647

DATE: March 14, 2019 (Agenda)
TO: Local Agency Formation Commission
FROM: Bill Nicholson, Executive Officer
RE: Letter of Support for AB 1253 (Rivas) for LAFCO Grant Program
(Agenda Item 9)

The California Association of Local Agency Formation Commissions (CALAFCO) has sent out a request to all LAFCOs requesting letters of support for an important bill that San Benito LAFCO supported last year as AB 2258. Last year the bill was approved by the State Legislature, but vetoed by the Governor because no funding had been appropriated into the State Budget. This year, the bill is sponsored by Assembly member Rivas, and co-authored by last years author, Senator Anna Caballero, along with Senator Robert Hertzberg. Efforts are underway to get funding into the budget this year. A draft letter of support is attached for the Commission's consideration, and a brief summary of the benefits of this Bill is presented below.

AB 1253 proposes a five-year pilot grant program with funding for local LAFCO studies on governmental efficiency – specifically leading to dissolution or consolidation of districts located in disadvantaged (low income) communities. This grant program is intended to address one of the recommendations of the Little Hoover Commission in their 2017 investigation of special districts – to provide State funding to local LAFCOs to complete studies or take actions to either dissolve inactive special districts or to consolidate poorly functioning districts with neighboring cities or successful special districts.

Based on a broad survey of local LAFCO's, one of the primary reasons Commission's hadn't completed dissolutions or consolidations that had been identified in earlier Municipal Service Reviews (MSRs) was the lack of financial resources. In San Benito LAFCO's region, agencies like the non-operating Pacheco Stormwater District, or the struggling Tres Pinos Water District could be evaluated with development of a path to replace their functions with another agency or identification of measures to enhance the current district through shared services or other measures. If grant funds were available, these efforts would be funded by the State rather than by the County and Cities of Hollister and San Juan Bautista.

The total amount of funding to be made available has not been set in the Bill, but it is likely going to be a three-year funding period with multiple opportunities to apply for funding.

Commissioners: Ignacio Valezquez, Chair ♦ Anthony Botelho, Vice Chair ♦ Richard Bettencourt ♦ Jaime De La Cruz ♦ Cesar Flores

Alternate Commissioners: Don DeVries ♦ Mark Medina ♦ Roberta Daniel **Executive Officer:** Bill Nicholson

Letter of Support for AB 1253 (Rivas)
Agenda Item 9
March 14, 2019
Page 2

Action Requested

Approve a letter of support for Assembly Bill AB 1253 (Rivas) regarding grant funding for local LAFCOs.

Enclosure:

1. Draft Letter of Support for AB 1253 (Rivas)

LOCAL AGENCY FORMATION COMMISSION
SAN BENITO COUNTY

2301 Technology Parkway
Hollister, CA 95023
Phone: (831) 637-5313 Fax: (805) 647-7647

March 14, 2019

The Honorable Robert Rivas
California State Assembly
State Capital Room 5158
Sacramento, CA 95814

Subject: *Support of AB 1253*

Dear Assemblymember Rivas:

The San Benito Local Agency Formation Commission (LAFCO) is pleased to join the California Association of Local Agency Formation Commissions (CALAFCO) in support for Assembly Bill 1253. Sponsored by CALAFCO, the bill establishes a five-year pilot grant program to provide grants to LAFCOs for conducting in-depth studies and analyses of local government agencies and services, targeted in disadvantaged communities, for the purposes of creating improved efficiencies in the delivery of local government services and completing the dissolution of inactive special districts. The grant program would be administered by the Strategic Growth Council and sunset on December 31, 2025.

The Legislature established LAFCOs in 1963 to encourage the orderly formation of local government agencies. Since that time, the regulatory role and responsibilities of LAFCOs has substantially increased without additional funding. Operating in all 58 California counties, LAFCOs are responsible for meeting important statutory directives to maintain orderly boundaries and seek greater efficiencies in delivering local services, and yet these directives often times cannot be met under current funding mechanisms. As a result, much needed LAFCO activities are sometimes delayed or rejected.

In August 2017, the Little Hoover Commission published a report on special districts and their oversight by LAFCOs, which contained several recommendations directly related to LAFCO. One recommendation was for the Legislature to provide one-time grant funding to pay for specified LAFCO activities, particularly to incentivize LAFCOs or smaller special districts to develop and implement dissolution or consolidation plans with timelines for expected outcomes.

By establishing this one-time grant funding, AB 1253 provides an additional tool for LAFCOs to conduct detailed studies and implement greater efficiencies in delivering local services based on local circumstances and conditions. For these reasons, San Benito LAFCO is pleased to support AB 1253.

If this funding is made available, San Benito LAFCO anticipates applying for funding to evaluate governmental reorganization of one or more special districts, such as the Tres Pinios Water District which has long-standing operational problems, and investigate other opportunities for districts who are better equipped to provide the intended services.

Thank you for authoring this important piece of legislation that can benefit your roots in San Benito County. Please feel free to contact me should you have any questions about San Benito LAFCO's position.

The Honorable Robert Rivas
California State Assembly
AB 1253 Support Letter
March 14, 2019
Page 2

Sincerely yours,

Ignacio Velazquez
Chair

cc: Senator Robert Hertzberg, Co-Author
Senator Anna Caaballero, Co-Author
Pamela Miller, Executive Director, CALAFCO

LOCAL AGENCY FORMATION COMMISSION
SAN BENITO COUNTY

2301 Technology Parkway
Hollister, CA 95023
Phone: (831) 637-5313 Fax: (805) 647-7647

DATE: March 14, 2019 (Agenda)
TO: Local Agency Formation Commission
FROM: Bill Nicholson, Executive Officer
RE: Letter of Support for AB 213 (Reyes)
(Agenda Item 10)

The California Association of Local Agency Formation Commissions (CALAFCO) has sent out a request to all LAFCOs requesting letters of support for an important bill that would restore funding to approximately 140 cities that had annexed inhabited territory in reliance on previous financial incentives, then suffered significant fiscal harm when those funds were swept away due to the passage SB 89 (2011). The bill also offers similar incentives to support future annexations of inhabited territory to improve services to affected residents consistent with state LAFCO policies.

The Vehicle License Fee (VLF) gap created by SB 89, one of the 2011 budget bills, created a financial disincentive for future city incorporations and annexations of inhabited territory. Further, it created severe fiscal penalties for those communities which chose to annex inhabited territories, particularly unincorporated islands. In several previous legislative acts the Legislature had directed LAFCOs to work with cities to annex unincorporated inhabited islands. The loss of financial incentive for these inhabited annexations has made it difficult for LAFCOs to follow this legislative directive.

As a local example, in cooperation with San Benito LAFCO, the City of Hollister has annexed several unincorporated islands over the past several years, including inhabited territory in the Hillcrest, El Cerro and Maple Park annexations. However, the City doesn't have much incentive to continue these types of annexations when the tax revenue is inadequate to provide the necessary public services once the property is within the City limits.

This bill would help retain revenue for local cities rather than having the VLF revenues transferred to the State.

Action Requested

Approve a letter of support for Assembly Bill AB 213 (Reyes) regarding retaining VLF funds for inhabited city annexations.

Enclosure:

1. Draft Letter of Support for AB 213 (Reyes)

LOCAL AGENCY FORMATION COMMISSION

SAN BENITO COUNTY

2301 Technology Parkway

Hollister, CA 95023

Phone: (831) 637-5313 Fax: (805) 647-7647

March 14, 2019

The Honorable Eloise Gómez Reyes
California State Assembly
State Capital Room 2175
Sacramento, CA 95814

Subject: Support of AB 213

Dear Assembly Member Reyes:

The San Benito Local Agency Formation Commission (LAFCo) is pleased to support *Assembly Bill 213*. This bill would restore funding to approximately 140 cities that had annexed inhabited territory in reliance on previous financial incentives, then suffered significant fiscal harm when those funds were swept away due to the passage SB 89 (2011). The bill also offers similar incentives to support future annexations of inhabited territory to improve services to affected residents consistent with state LAFCo policies.

The VLF gap created by SB 89, one of the 2011 budget bills, created a financial disincentive for future city incorporations and annexations of inhabited territory. Further, it created severe fiscal penalties for those communities which chose to annex inhabited territories, particularly unincorporated islands. In several previous legislative acts the Legislature had directed LAFCos to work with cities to annex unincorporated inhabited islands. The loss of financial incentive for these inhabited annexations has made it difficult for LAFCos to follow this legislative directive. As a local example, in cooperation with San Benito LAFCo, the City of Hollister has annexed several unincorporated islands over the past several years, including inhabited territory in the Hillcrest, El Cerro and Maple Park annexations. However, the City doesn't have much incentive to continue these types of annexations when the tax revenue is inadequate to provide the necessary public services once the property is within the City limits.

Reinstating revenues for annexations is consistent with statewide LAFCo legislative policies of providing communities with local governance and efficient service delivery options, including the ability to annex. The inability to do so creates a tremendous detriment to the creation of logical development boundaries and to the prevention of urban sprawl. Because *AB 213* reinstates a critical funding component to cities who previously annexed inhabited territory and did so relying on this financing, and to those cities who annex inhabited territory in the future, San Benito LAFCo supports this bill.

Thank you for carrying this important legislation. Please do not hesitate to contact me with any questions you may have on our position.

Sincerely,

Ignacio Velazquez
Chair

Cc: Pamela Miller, Executive Director, CALAFCO
Dan Carrigg, Deputy Executive Director and Legislative Director, League of CA Cities

Commissioners: Ignacio Velazquez, Chair ♦ Anthony Botelho, Vice-Chair ♦ Richard Bettencourt ♦ Jaime De La Cruz ♦ Cesar Flores

Alternate Commissioners: Mark Medina ♦ Robert Rivas ♦ Roberta Daniel **Executive Officer:** Bill Nicholson

LOCAL AGENCY FORMATION COMMISSION
SAN BENITO COUNTY

2301 Technology Parkway
Hollister, CA 95023
Phone: (831) 637-5313 Fax: (805) 647-7647

DATE: March 14, 2019 (Agenda)
TO: Local Agency Formation Commission
FROM: Bill Nicholson, Executive Officer
RE: Discussion of Upcoming Annual Budget Process and Identification of Special Projects or Priorities
(Agenda Item 10)

The annual budget process is upon us, with adoption of a Proposed Budget at the April 11 meeting and adoption of a Final Budget at the May 9 meeting. The budget for the current 2018-19 Fiscal Year is \$130,396. The primary activity of staff and the Commission has been the processing of boundary change applications - annexations and sphere of influence expansions - with outside agency boundary service extensions (typically sewer service extension from the City of Hollister outside the City Limits) requiring a lower amount of time than in past years.

In terms of special projects, staff has recently been actively engaged with the San Benito County Resource Management Agency in identifying inactive or struggling County Service Areas (CSAs) operated by the County. In fact, the County retained a consultant to study CSAs, and the consultants have prepared a Draft Municipal Service Review (MSR) document. MSRs are actually the responsibility of LAFCOs to prepare (or to hire consultants to prepare) and the Commission has the authority to adopt them under Government Code section 56430. This is an important task, as evidenced by Item 8 on today's agenda involving the dissolution of eleven CSAs identified by the State Controller's Office as inactive. Therefore, staff intends to stay engaged and provide direction to the County in the completion of this MSR.

This agenda item will provide an opportunity for the Commission to discuss their priorities for LAFCO, and receive a summary of recent activities from the Executive Officer. Any direction given by the Commission will be used in the preparation of the Proposed Budget for the April 11th public hearing.

Action Requested

After Commission discussion, provide any desired direction for activities or issues to include in the upcoming 2019-2020 Fiscal Year Budget.

INFORMATIONAL

12. Commissioner announcements and requests for future agenda items.

13. Executive Officer oral status report on pending proposals.

14. Adjourn to regular meeting at 5:00 pm on April 11, 2019, unless the meeting is changed based on Commission action or cancelled by the Chair.

