

# MEMORANDUM

TO: Local Agency Formation Commission

FROM: Shannon Costa, Local Government Planning Analyst

SUBJECT: **Agenda Item 4.3 – Discussion of Draft Island Annexation Agreement with the City of Chico**

DATE: October 28, 2021 for the meeting of November 4, 2021

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Over the past decade, the City of Chico (City) and the Butte Local Agency Formation Commission (LAFCo) have made substantial progress towards the common goal of annexing the remaining unincorporated, substantially surrounded, island areas within the City's Sphere of Influence (see **Exhibit A**). This cooperative approach resulted in the execution of the 2015 *Sewer Service Extension and Annexation Agreement* that required the City and LAFCo to develop an annexation plan and program to proceed with the orderly annexation of all other island areas into which the City has or plans to extend sewer services or annex for new development. Two of the largest annexations spawned by this Agreement included the 2020 Chapman/Mulberry annexation areas (205 acres) and the 2018 North Chico Annexation Area (411 acres), which was also completed via a letter agreement.

City and LAFCo staffs have had purposeful discussions over the last year addressing the timing and considerations of annexation of the remaining four island areas within the City. Most recently, LAFCo staff has prepared a Draft Island Annexation Agreement and presented the Agreement to City staff for their consideration. Notable points of the Agreement are outlined below for Commission consideration:

### **Timing of Initiation:**

- Beginning in June 2022 and occurring every year thereafter, the City would adopt an initiating resolution requesting that LAFCo conduct proceedings pursuant to Government Code Section 56375.3 (Island Annexations Without Protest Proceedings). In order to give the City time to prepare for the provision of services to the Islands, LAFCo would include, as a condition of approval of the annexation, that the Certificate of Completion (effective date) for each island and filing of the annexation with the State Board of Equalization be deferred and not recorded until one year from the date of the Commission approval of the annexations. This timeline would result in the ultimate annexation of all four island areas by 2026.
- Alternatively, the City may choose to adopt a single initiating resolution identifying all four remaining island areas simultaneously. LAFCo would include a condition of approval that the Certificate of Completion for each island and filing of the annexation with the State Board of Equalization shall be deferred to a yearly basis, beginning in June 2023.

**Sewer Connections:** Upon execution of the agreement, the City of Chico is authorized to extend sewer services to all currently existing, substantially developed, residentially zoned parcels within any identified island area without any further LAFCo approval limitation prior to the annexation of said parcels.

**No Further Annexations:** No further annexations of Special Planning Areas would be allowed until such time that each island area has been annexed. Nothing in the agreement would preclude the City from expediting any or all island annexations.

**ACTION RECOMMENDED AND REQUESTED:** Consider and provide direction to staff.

# City of Chico Island Annexation Schedule

**North Chico Annexation District No. 1**  
Annexation Date: 2019 (complete)  
Acres 411  
Parcels 675  
Population 2,100

**Chico Canyon Road**  
Acres 177  
Parcels 113  
Population 230

**W. East Avenue**  
Acres 102  
Parcels 227  
Population 775

**El Monte Avenue**  
Acres 85  
Parcels 70  
Population 140

**Glenwood Avenue**  
Proposed Annexation Date: 2022  
(Application submit 10/2021)  
Acres 43  
Parcels 75  
Population 250

**W. Sacramento Avenue**  
Acres 69  
Parcels 265

**Chapman & Mulberry Annexations**  
Annexation Date: 2020 (complete)  
Acres 204  
Parcels 470  
Population 1,300

NTS

- City of Chico Incorporated Land
- Completed Annexation



Created: 4/2020  
Updated: 3/2021

Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics,

Exhibit A