

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: November 24, 2021 for the meeting of December 2, 2021

BACKGROUND

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 resolved the issue of unauthorized sewer connections and required development of an annexation plan 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 facilitated by a letter agreement between the City and LAFCo

CURRENT ACTIONS

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. This resulted in LAFCo and City of Chico staffs outlining the principles of a Draft Island Annexation Agreement. With the participation of the Commission Chair, this outline was then discussed with the City Manager to ensure coordination moving forward. It is the goal of both parties that the Agreement once reviewed by legal counsel be considered by their respective Council/Commission and executed in early 2022. Notable elements of the Draft Agreement are outlined below for Commission consideration:

Timing of Initiation: The City would adopt a single initiating resolution identifying all four remaining island areas simultaneously. LAFCo would include a condition of approval that the recordation of 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 August 2023 until all four areas are annexed in 2026. The order by which each island would be annexed would be determined by the City and outlined in the Agreement. Nothing in the agreement would preclude the City from expediting any or all island annexations.

Sewer Connections: Upon execution of the Agreement, the City of Chico would be authorized to extend sewer services to all currently existing, substantially developed, residentially zoned parcels within any identified island area without any further LAFCo approval restrictions prior to the annexation of said parcels. The City would notify LAFCo of such connections for record keeping purposes.

Further Annexations: Upon execution of the Agreement, application for annexation of other areas for new development (i.e. Special Planning Areas) to the City of Chico can move forward on their own merits.

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