
**BUTTE LOCAL AGENCY FORMATION COMMISSION (LAFCO)
EXECUTIVE OFFICER’S REPORT**

TO: Local Agency Formation Commission
FROM: Shannon Costa, Deputy Executive Officer
SUBJECT: *LAFCo File 23-05 – City of Chico – West East Avenue Island Annexation No. 1*
DATE: September 29, 2022 for the October 6, 2022 LAFCo Meeting

Summary

The City of Chico has initiated an island annexation of 222 parcels totaling approximately 80 acres in size. The territory is substantially surrounded by the City of Chico jurisdiction on its northerly, southerly and easterly boundary. As a result of the annexation, the territory would be detached from County Service Area 164 (Butte County Animal Control District) and from the Butte County Resource Conservation District, and County Service Areas (CSAs) 103 (Morris Subdivision Street Lighting District), CSA 47 (East and Guynn Lighting and Drainage District) and 131 (Walnut Manor Lighting and Drainage) would be dissolved. The annexation proposal conforms to the island annexation provisions of California Government Code §56375.3 and with Butte LAFCo policy, and the Executive Officer recommends approval of this proposal.

Application Submitted: August 8, 2022

Application Deemed Complete: September 8, 2022

100% Landowner Consent: No. Pursuant to Government Code §56375.3, the City of Chico has initiated this annexation by Resolution No 45-22, finding that the island area conforms to the island annexation standards of Government Code §56375.3. The City is requesting that LAFCO approve the annexation specifically including the waiver of protest hearing pursuant to Government Code §56375.3(a).

Notice and Hearing Required: Yes

Proponent: City of Chico, Resolution No. 46-22 (**Exhibit C**), adopted August 2, 2022

Landowners: Numerous.

Location: The annexation territory is generally located on the westerly edge of the City of Chico along the West East Avenue corridor, west of Alamo Avenue (**Exhibit A**). The territory is located in Supervisorial District 2.

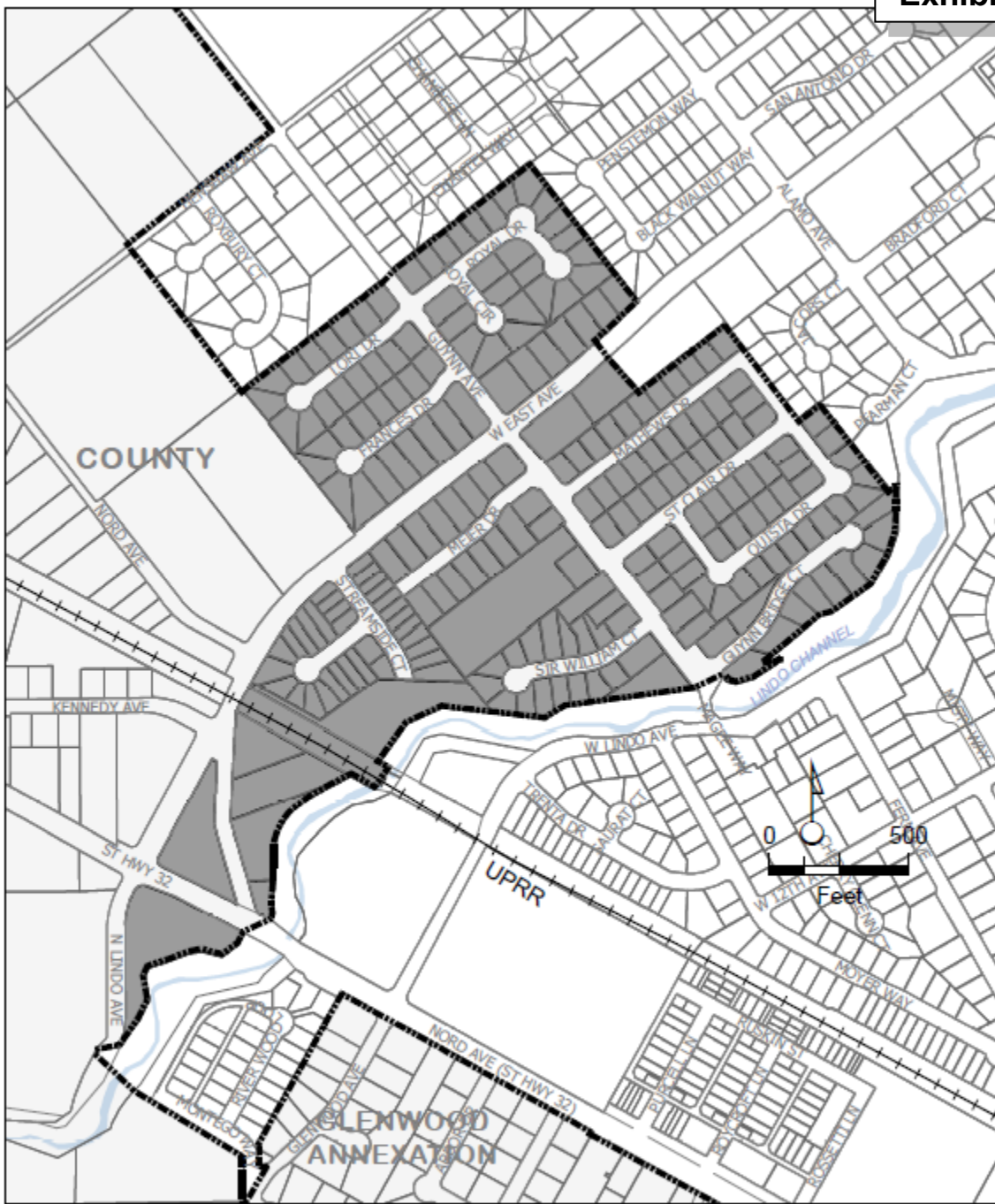
Proposal:

1. Annexation of 222 parcels and adjacent road right-of-way totaling approximately 80 acres to the City of Chico utilizing the island annexation provisions of Government Code §56375.3;
2. The detachment of the parcels from CSA 164 (Butte County Animal Control District) and from the Butte County Resource Conservation District.
3. Dissolution of CSA 131 (Walnut Manor Lighting and Drainage), CSA 47 (East and Guynn Lighting and Drainage District) and 103 (Morris Subdivision Street Lighting District)



Requested

Action: Adopt Resolution 08 2022/23 (**Exhibit B**) approving the annexation.

Exhibit A



**Butte Local Agency Formation
Commission City of Chico -
West East Avenue Annexation No. 1**

-  City / County Boundary
-  W East Annexation Parcels

Applicant: City of Chico Date: October 6, 2022

BACKGROUND

On March 15, 2022, in an effort to consolidate the City's jurisdictional boundaries and encourage the efficient delivery of urban services, the City of Chico and Butte LAFCo, entered into the Island Annexation Agreement. The agreement obligates the City of Chico to submit an application(s) for annexation to Butte LAFCo that includes all four remaining island areas within the City. As such, Butte LAFCo has agreed to stagger the recordation of the annexation over four years to allow the City reasonable time to prepare for the provision of services to the areas.

The second area proposed for annexation is the W. East Avenue Island Annexation Area. The annexation territory is generally located on the City of Chico's westerly jurisdictional boundary along the West East Avenue corridor. The territory extends from Lindo Channel to the south, and includes residential neighborhoods on Lori Drive and Royal Drive to the north. Extending to the west, the territory includes parcels on the west side of State Route 32 (Nord Avenue) where the road transitions to N. Lindo Avenue. The annexation territory is largely built-out with single-family and multi-family residential development but does include some commercial uses (fueling station), and vacant land.

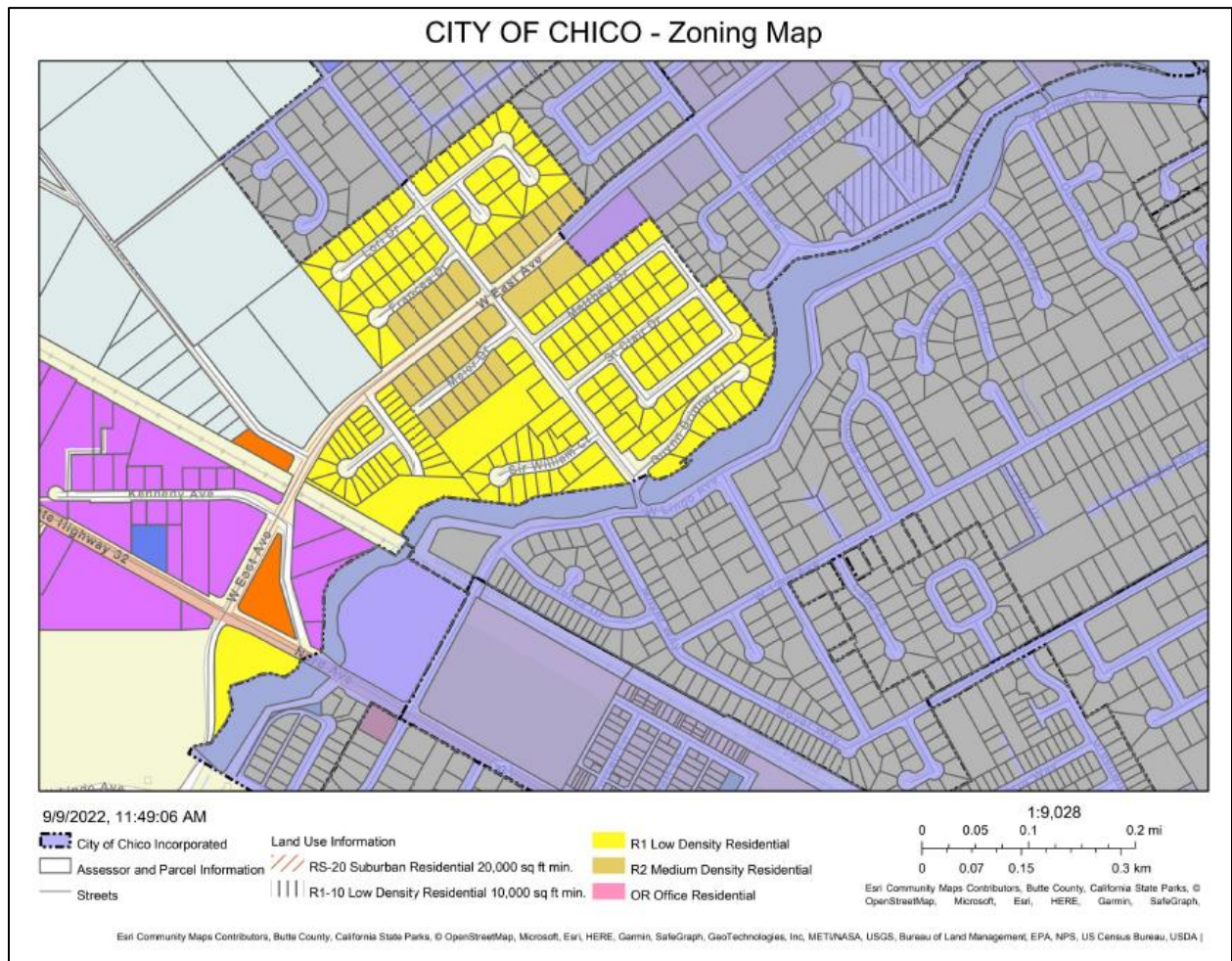


Corner of West East Avenue and Guynn Avenue facing north – Google Maps



Lori Lane facing west – Google Maps

Land use designations in the area are primarily identified in the Butte County General Plan Land Use Diagram as Medium Density Residential, and zoning is Medium Density Residential (3 – 6 units per acre). Areas west of the Union Pacific Railroad tracks and on the south side of West East Avenue are identified for industrial and commercial uses. The City of Chico has rezoned this island area Low Density Residential (2.1 – 7 units per acre), or Medium Density Residential (7.1 – 14 units per acre), consistent with the existing land use patterns that include single-family or multi-family homes. Existing commercial or industrial uses are zoned accordingly. Most of the annexation territory is built out with single-family or multi-family uses on lots larger than what is required by the City of Chico zoning regulations. California Water Company (Cal Water) owns a 2.8-acre parcel on Guynn Avenue containing a small pump house.



City of Chico Zoning Map

The annexation territory is accessed primarily from West East Avenue. A series of public streets serve the interior of the annexation territory, including Guynn Avenue, Lori Lane, St. Clair Drive and portions of Kennedy Drive. The annexation territory extends westerly, beyond State Route 32 (Nord Avenue) where it transitions into N. Lindo Avenue. Streets within the annexation territory are generally constructed to, or near to, City of Chico standards including rolled curbs, gutters, and sidewalks. W. East Avenue, a major arterial road, contains four travel lanes, a center turning lane, and bike lanes.

Wastewater disposal for most of the parcels in the territory is handled by a combination of individual on-site septic systems and the City's sewer system. The area is not identified by the County as within a high nitrate concern area, but sewer lines are available to a majority of the

annexation territory. Several parcels on Guynn Avenue are connected to the City's sewer system via Extension of Services contracts approved by LAFCo due to failing septic systems. Domestic water provided to the annexation territory by CAL Water.

Recreation and park services are provided by the City of Chico and Chico Area Recreation and Park District (District). The District owns or operates 27 public parks in and around the Chico area, totaling approximately 467 acres of land. Nearest to the annexation, territory would be Oak Way Park, located on the corner of Nord Avenue and Oak Way Avenue.

Street lighting and drainage services are provided to portions of the annexation territory via three County Service Areas (CSAs), including CSA 131 (Walnut Manor Lighting and Drainage District), CSA 47 (East and Guynn Lighting & Drainage District) and CSA 103 (Morris Subdivision Lighting District).

DISCUSSION AND ANALYSIS

Dissolution of CSAs

Pursuant to LAFCo policies, the Commission can approve the dissolution of a district only if it determines that: 1) the services offered or authorized are no longer necessary, 2) the services can be provided by another agency or provider and that agency agrees to provide the services, or, 3) the agency is insolvent and unable to provide the services.

CSA 131 (Walnut Manor Lighting and Drainage)

Portions of the annexation territory are overlaid by CSA 131 (Walnut Manor Lighting and Drainage), which provides for the financing for the provision of street lighting and stormwater drainage services, is located on Walnut Glen Court and Streamside Court, south of East Avenue and east of SR 32, in the West Chico area. CSA 131 is approximately 5.2 acres in size and includes 32 parcels, all which are developed with single-family dwellings. There are six streetlights within CSA 131, which consist of light fixtures affixed to metal light poles with underground electrical service. The streetlights are evenly spaced on Walnut Glen Court and Streamside Court and are found at street intersections. The streetlights are owned and maintained by the Pacific Gas and Electric Company (PG&E). CSA 131 funds are utilized to pay PG&E for the electricity used by the streetlights. CSA 131's stormwater drainage infrastructure consists of paved curbs and gutters, drop inlets, and underground drainage lines. The collected stormwater is conveyed to nearby, off-site drainage ways. The Butte County Public Works road crew performs any needed drainage infrastructure maintenance and each year, prior to the rain season, the storm drains are inspected and any drain inlets that appear clogged are scheduled to be cleaned with a vacuum truck.

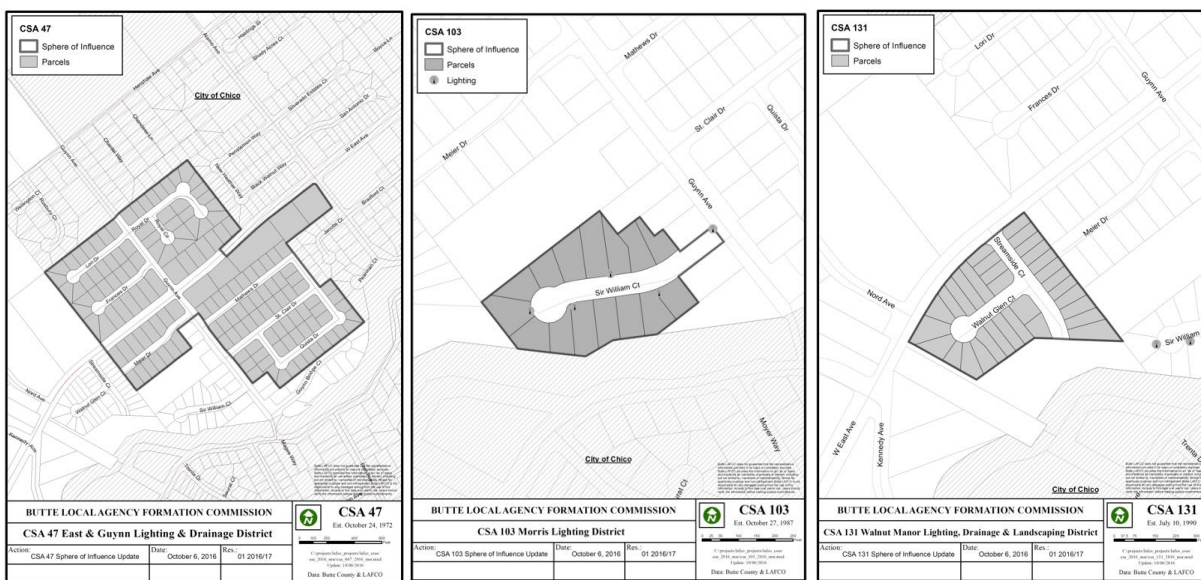
CSA 103 (Morris Subdivision Street Lighting District)

Portions of the annexation territory are overlaid by CSA 103 (Morris Subdivision Street Lighting District), which provides financing for the provision of street lighting services, is located along Sir William Court, west of Guynn Avenue, in the West Chico area. There are five streetlights within CSA 103, which consist of light fixtures affixed to metal light poles with underground electrical service. Three streetlights are evenly spaced along Sir William Court, one streetlight located at the intersection of Sir William Court and Guynn Avenue, and one streetlight located on the Sir William Court cul-de-sac. The streetlights within the CSA are owned and maintained by the Pacific Gas and Electric Company (PG&E).

CSA 47 (East and Guynn Lighting and Drainage District)

CSA No. 47 (East and Guynn Street Lighting and Drainage District) is located at the intersection of East Avenue and Guynn Avenue, Chico, and is empowered to provide the financing for the provision of street lighting and stormwater services. CSA 47 is approximately 45.6 acres in size and includes 146 parcels. Although empowered to do so, CSA 47 does not provide street lighting services as there are no streetlights located within the boundaries of the CSA. CSA 47’s stormwater drainage infrastructure consists of paved gutters and curbs, drop inlets, underground drainage lines, and a pumping station that pumps stormwater drainage to Lindo Channel. The Butte County Public Works road crew performs any needed drainage infrastructure maintenance and funds are transferred from the CSA to the Public Works Department for this service.

Government Code Section 22613 (Streets and Highways Code) requires that when any territory of an assessment district is included within a city by annexation, that territory shall be excluded from the assessment district. Because CSAs 131,47, and 103 are fully within the bounds of the annexation territory, all of which would be excluded from the district upon annexation to the City pursuant to this code section, the CSAs would no longer serve any parcels. As such, CSA 131 (Walnut Manor Lighting and Drainage District), CSA 47 (East and Guynn Lighting & Drainage District) and CSA 103 (Morris Subdivision Lighting District) would be dissolved, as the City will assume responsibility for these services.



Proposal Modification

Of LAFCo’s core objectives is the logical formation and determination of local agency boundaries in order to prevent sprawl and promote the efficient extension of government services. As such, staff recommends the proposal be modified to include the detachment of the territory from County Service Area 164 (Butte County Animal Control) as this service will be assumed by the City of Chico, and from the Butte County Resource Conservation District as this District serves only unincorporated territory. All public rights-of-way serving the annexation territory would be annexed, including West East Avenue extending west beyond State Route 32 (Nord Avenue) where it transitions to N. Lindo Avenue. Remaining portions of Nord Avenue from the Lindo Channel to the intersection of West East Avenue would be included and all neighborhood-serving streets within the territory (Lori Drive, Meier Drive, Matthew Drive, etc.) would be included. The

City of Chico currently has jurisdiction over the entire width of the Lindo Channel adjacent to the annexation territory, so that is not included in the proposed annexation.

Government Code Sections 56375(a) and 56375.3 (Island Annexations)

Government Code Sections 56375(a) and 56375.3 require the Commission to approve the annexation of island territory if several basic findings are made concerning 1) the size of the island; 2) the configuration of city boundaries; 3) the lack of prime agricultural land within the island area; 4) the presence of development in the area; and 5) the ability of the island area to benefit from or use municipal services from the City. The Commission is required to evaluate the island against the criteria outlined and make specific determinations regarding its compliance with these provisions. An evaluation of these criteria as they relate to the proposed island annexation follows.

- The change of organization or reorganization is initiated on or after January 1, 2000.

The change in organization was initiated by the City of Chico City Council on August 2, 2022.

- The annexation is proposed by resolution adopted by the affected City;

The Chico City Council adopted Resolution No. 45-22 on August 2, 2022, stating the City's intent to annex the territory utilizing the island annexation provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

- The area does not exceed 150 acres, and constitutes the entire island of unincorporated territory;

The affected territory is 80 acres in size and constitutes the entire West East Avenue unincorporated island area.

- The area is totally or substantially surrounded, as such has been defined by Commission policy;

The affected territory is substantially surrounded by the City of Chico on its northerly, easterly, and southerly border. Butte LAFCo Policy states that an area that is more than 50% surrounded by a city is considered to be substantially surrounded.

- The study area is substantially developed or developing, based on findings that there is the availability of public services, there is the presence of public improvements in the area, and there are physical improvements on most of the properties;

The territory is highly urbanized and most of the parcels within the territory are developed. Electrical, natural gas, sewer lines, domestic water, and telephone services extend to the territory. Access to the territory is via paved public roads. Police and fire protection services for the territory are primarily provided by Butte County, with City of Chico police and fire departments providing assistance under automatic and mutual aid agreements.

- The study area is not prime agricultural land as such is defined by LAFCO statutes;

The subject island area is almost completely built out with residential and commercial uses and is not utilized for any agricultural uses, has long been designated for residential uses by Butte County and the City of Chico, and is not considered to be prime agricultural land as defined by Government Code §56064.

- The study area will benefit from the annexation or is receiving benefits from the annexing city; and

The territory is an integral part of the social and economic interests of the City of Chico as a whole. The residents of the territory functionally are a part of the Chico community, even if they do not live within the city limits. Residents of the territory must pass through the City of Chico, utilizing streets maintained by the City, to reach their homes. The residents of the territory rely heavily on the numerous commercial, public, and recreational services and uses found within the City of Chico to meet their shopping, business, educational, and recreational needs. Much of the area is served with sewer infrastructure, which will relieve dependency on on-site septic systems. Annexation of the territory would allow the residents the opportunity to participate in the civic affairs of the City, which includes voting on City measures and offices, serve on city boards, commissions and committees, and hold City office.

- The island was not created after January 1, 2014;

The subject island existed on January 1, 2014.

Individual Factors for Consideration

California Government Code §56668 provides a list of factors to be considered in the review of a proposal. The Commission's review shall include, but is not limited to, consideration of these factors:

(a) Population; land use; topography; proximity to other populated areas; the likelihood of significant growth in the area.

The annexation territory is generally located on the City of Chico's westerly jurisdictional boundary along the West East Avenue corridor. The territory extends from Lindo Channel to the south, and includes residential neighborhoods on Lori Drive and Royal Drive to the north. Extending to the west, the territory includes parcels on the west side of State Route 32 on N Lindo Avenue. The annexation territory is largely built-out with single-family and multi-family residential development but does include some commercial uses (fueling station), and vacant land. The annexation territory is substantially surrounded by the City's jurisdiction.

Land uses in the area are primarily identified in the Butte County General Plan Land Use Diagram as Medium Density Residential, and zoning is Medium Density Residential (3 – 6 units per acre). Areas west of the Union Pacific Railroad tracks and the south side of West East Avenue are identified for industrial/commercial uses. The City of Chico has rezoned areas Low Density Residential (2.1 – 7 units per acre), or Medium Density Residential (7.1 – 14 units per acre), consistent with the existing land use patterns. Existing commercial or industrial uses are zoned accordingly. Most of the annexation territory is built out with single-family or multi-family uses on lots larger than what is required by the City of Chico zoning regulations. Significant growth in the area is not anticipated, as majorities of the lots are built-out. A single larger parcel within the territory is owned by Cal Water and utilized for their infrastructure. Underdeveloped parcels in the territory could add additional residential units consistent with the City's Accessory Dwelling Unit regulations.

(b) The need for organized community services; probable effect of the proposed annexation on the cost and adequacy of services and controls in the area and adjacent areas.

The need for organized community services in the territory is to support existing residential development. The present cost and adequacy of governmental services and controls in the area are the County's responsibility, however, the City of Chico is the only provider of sanitary sewer services in the area and City police units and fire vehicles respond to emergencies in the territory under automatic and mutual aid agreements with Butte County. If the annexation is approved, the territory would then be able to receive full City services that can be best provided by the City and at a level exceeding the current capacity of the County. The City would provide a higher level of service to the area in terms of wastewater services as well as fire and police services.

The annexation will facilitate the connection of the parcels in the territory to the City's sanitary sewer system, which will allow the abandonment of the existing septic systems in the territory.

(c) The effect of the proposed action and of alternative actions.

The area would be removed from the County's unincorporated area and be within the City of Chico's incorporated service area. The eventual impact would be minimal to the City. The City would be responsible for providing services to the area. Much of the area's infrastructure is built to, or near to, the City's standards, including rolled curb, gutters, and sidewalk. Existing sewer lines serve much of the area. The existing residents already contribute to local businesses and to the social and economic interests of the area. The City will assume street lighting maintenance and financing upon the dissolution of CSA 131 (Walnut Manor Lighting and Drainage District), CSA 47 (East and Guynn Lighting & Drainage District) and CSA 103 (Morris Subdivision Lighting District). There will be no significant changes to the territory brought by annexation.

(d) The conformity of the proposal with the adopted commission policies on providing planned, orderly, efficient patterns of urban development.

The annexation of the subject territory to the City of Chico is consistent with the planned, orderly, and efficient patterns of urban development within the adopted Sphere of Influence of the City of Chico. The annexation will result in the elimination of an 80-acre, unincorporated island area. The annexation will result in more effective, efficient, and logical jurisdictional boundaries and will provide more effective and efficient services to the residents of the area.

LAFCo Policy 5.6.1 provides that "LAFCO will approve a proposal for dissolution only if it determines that the services offered or authorized are no longer necessary, the services can be provided more efficiently by another agency or provider and that agency agrees to provide the services, or the agency is insolvent and unable to provide the services." CSA 16 (West Chico Lighting District) would be dissolved because of this annexation because street lighting services provided by the District would be assumed by the City of Chico and the District is no longer necessary.

(e) The effect of the proposal on agricultural lands.

Almost all of the parcels with the territory are developed and no agricultural uses are found in the territory or on the surrounding parcels. The territory is not identified as Prime Agricultural land. Annexation of the subject territory would not contribute to the loss of agricultural lands.

(f) Boundaries of the territory.

The subject territory is parcel specific, with definite and certain boundaries. There are no conflicts with lines of assessment or ownership.

(g) Consistency with city or county general and specific plans.

The annexation area is located in the City's Sphere of Influence and is supported by the Chico General Plan's policies that support maintaining the City's compact urban form, managing how and where growth and conservation occur, and maintain balanced growth of the City.

Land uses in the area are primarily identified in the Butte County General Plan Land Use Diagram as Medium Density Residential, and zoning is Medium Density Residential (3 – 6 units per acre). Areas west of the Union Pacific Railroad tracks and the south side of West East Avenue are identified for industrial/commercial uses. The City of Chico has rezoned areas Low Density Residential (2.1 – 7 units per acre), or Medium Density Residential (7.1 – 14 units per acre), consistent with the existing land use patterns. Existing commercial or industrial uses are zoned accordingly. Most of the annexation territory is built out with single-family or multi-family uses on lots larger than what is required by the City of Chico zoning regulations. Some larger vacant parcels are located along Guynn Avenue, which do have potential for infill development.

(h) The sphere of influence of any local agency, which may be applicable to the proposal being reviewed.

The proposed annexation is consistent with the Sphere of Influence for the City of Chico. The territory is within County Service Area No. 164 (Butte County Animal Control) and the territory will be detached from this district, as this service will be provided by the City of Chico. The territory is within the boundaries of the Butte County Resource Conservation District and the territory will be detached from this district as the services provided by this district are confined to the unincorporated areas of Butte County.

Portions of the annexation territory are overlaid by CSA 131 (Walnut Manor Lighting and Drainage District), CSA 47 (East and Guynn Lighting & Drainage District) and CSA 103 (Morris Subdivision Lighting District) which provides a funding mechanism for pole-mounted light fixtures and stormwater drainage maintenance services within the districts. Because CSAs 131, 47, and 103 are fully within the bounds of the annexation territory, all of which would be excluded from the district upon annexation to the City, the CSAs would no longer serve any parcels. As such, CSA 131 (Walnut Manor Lighting and Drainage District), CSA 47 (East and Guynn Lighting & Drainage District) and CSA 103 (Morris Subdivision Lighting District) would be dissolved, as the City will assume responsibility for these services. All remaining fund balance for the district would be used to wind up affairs (pay any outstanding bills) and the remaining funds would be transferred to the City of Chico.

(i) The comments of any affected local agency.

On September 26, 2022, LAFCo staff circulated the proposal for review and comment from local public agencies. The following table lists the agencies that responded to LAFCo's request for comments and their response.

<u>Agency</u>	<u>Comment</u>
Butte Co. Assessor's Office	No substantive comments provided.
Butte County Animal Control	No objections
Butte County Planning Division	Proposed annexation area contains parcels conforming and nonconforming to the MDR and MHDR zones' parcel area minimum standards of 6,000 and 3,500 sq. ft., respectively. All parcels within the G-C zone are conforming to the zone's parcel area minimum standard of 10,000 sq. ft. CSA 47 -East & Guynn Lighting to be dissolved. No sewer/water service connections required for annexation. Parcels may be built out to City density standards after annexation. *Prezone of ~80 acres proposed to City of Chico LDR (7.0 du/acre density standard), MDR, I OMU (14.0 du/acre density standard), and CMU (22.0 du/acre density standard). Minimal impacts posed by annexation.

Butte County Environmental Health

Provisions for sewer and water are provided by on-site septic, Cal Water, and private wells. Future sewer connections will require septic construction permits from this office.

Public Works, Land Development Division

Dissolution of CSA 47 East & Gynn Lighting (portion of area of annexation). Area of annexation is within CSA 24 and CSA 114.

County objects to annexation of properties without inclusion of roads and infrastructure serving those roads (i.e. W. East Ave, Guynn, N. Lindo Ave, etc. City should annex adjacent roads and include in city maintained mileage.

The following agencies were also sent a request for comments, but who did not respond or did not provide substantial comments:

City of Chico; Butte County Supervisor District 4; Butte County Fire/CAL Fire; Chico Area Recreation and Park District; Butte County Mosquito and Vector Control District; Chico Unified School District; Butte County Sheriff.

(j) The ability of the receiving entity to provide the services.

The City of Chico provides general administration, community development, public works, sewer, police, fire protection, and other services within its incorporated area. The City of Chico, through its resolution of application, attests to its ability to extend municipal services to the territory without impact to existing City residents. The City of Chico's financial difficulties have significantly improved over the last few years and the proposed annexation is not expected to have any positive or negative impact on the City's ability to provide adequate municipal services to the territory.

(k) Availability of adequate water supplies.

The California Water Service Company (Cal Water) already provides domestic water service to a majority of the annexation territory and has adequate water sources and infrastructure to provide service to continue to serve the area. Substantial growth and development in the area requiring new water service is limited due to the built-out nature of the annexation territory.

(l) The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs.

Most of the parcels in the annexation territory are built-out and further development is constrained by parcel size. Some development potential exists on larger lots, which may provide for additional units.

(m) Any information or comments from the landowner or owners, voters, or residents of the affected territory.

All landowners and registered voters within the territory were sent a notice for the Chico City Council's August 2, 2022 hearing on the proposal. On September 15, 2022, all landowners and registered voters within the district were also sent a notice of the October 6, 2022 LAFCo public hearing on the annexation proposal. Notices for the Commission's October 6, 2022 public hearing on the annexation proposal were also mailed to all landowners and registered

voters within 300 feet of the territory. Additionally, a legal notice regarding the Commission's October 6, 2022, public hearing on the annexation proposal was placed in the Chico Enterprise Record on Friday, September 16, 2022. As of the date of this report, no written comments have been received from any landowner, registered voter, or resident within the territory.

(n) Any information relating to existing land use designations.

The City of Chico has rezoned the area consistent with existing lands use patterns, including Low Density Residential (2.1 – 7 units per acre), Medium Density Residential (7.1 – 14 units per acre), Community Commercial, and Light Industrial. As mentioned, a majority of the territory is built-out with single-family and multi-family housing.

(o) The extent to which the proposal will promote environmental justice.

The proposed reorganization is not expected to promote or discourage the fair treatment of minority or economically disadvantaged groups. The territory is not within a disadvantaged unincorporated community (DUC).

Based upon the above responses, the proposal is reasonably consistent with the listed factors.

Applicable Butte LAFCo Policies

Section 2.0 (LAFCo General Policies and Standards), Section 4.0 (Annexation and Detachments), and Section 5.0 (Incorporations, Formations, Provision of New Services by Districts, Consolidations, Dissolutions, and Disincorporation) of Butte LAFCo Policies and Procedures provides the Commission with general standards for annexation proposals. The proposal is substantially consistent with the relevant policies for consideration and guidance as summarized below:

- Consistency of the proposal with the General Plan of the applicable planning jurisdiction (2.10.1);
- The creation of logical boundaries (2.11.2);
- Consistency of a proposal with the Sphere of Influence and Municipal Service Review of the affected jurisdiction(s) (4.1.1);
- Contiguity of a proposed annexation area to the jurisdictional boundaries of the annexing city (4.1.3);
- Determination of the most efficient service provider (4.2); and
- Disincorporation/dissolution only if it determines that the services offered or authorized are no longer necessary, the services can be provided more efficiently by another agency or provider and that agency agrees to provide the services, or the agency is insolvent and unable to provide the services (5.6.1).

Accordingly, the Proposal is consistent with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code 56000 et seq.), and Butte LAFCo Policies and Procedures.

Existing Service Agencies and Proposed Service Changes

The following table shows the services that are currently provided to the territory and the changes in service providers as a result of annexation to the City of Oroville.

<u>Service</u>	<u>Presently Provided By</u>	<u>Proposed Provider</u>
Fire Protection	County of Butte	City of Chico
Police Protection	County of Butte	City of Chico

Code Enforcement	County of Butte	City of Chico
Sewer Service	Septic System/City of Chico	City of Chico
Domestic Water Service	Cal Water/Onsite Wells	No change
Animal Control	County of Butte (CSA 164)	City of Chico
Solid Waste	Private Collector	Private Collector
Road/Street Maintenance	County of Butte	City of Chico
Power Infrastructure	PG&E	No change
Street Lighting	CSAs 103 and 131	City of Chico
Stormwater Maintenance	CSA 131	City of Chico
Planning & Zoning	County of Butte	City of Chico
Schools	Chico Unified School District	No change
Resource Conservation	Butte Co. Resource Conservation District	None
Mosquito Abatement	Butte County Mosquito and Vector Control District	No change
Parks and Recreation	Chico Area Recreation and Park District	No change

The territory will be detached from the following districts:

- County Service Area No. 164 (Butte County Animal Control), as this service will be provided by the City of Oroville.
- The Butte County Resource Conservation District, as this service is restricted to unincorporated parcels only.

ADDITIONAL BACKGROUND

Property Tax Agreement

In accordance with provisions of Revenue and Taxation Code §99, an Amended Master Property Tax Exchange Agreement was executed between the City of Chico and the Butte County Board of Supervisors on November 4, 1987. The agreement provides for the County to receive 55% of the property tax revenues, and the City to receive 45%.

Support/Protest

The City of Chico conducted a noticed public hearing on August 2, 2022, at which time the annexation proposal was initiated by Resolution No 45-22. Opposition was raised regarding other Island Areas included in the Island Annexation Agreement, but no specific opposition to the West East Avenue island annexation was raised.

On September 15, 2022, hearing notices for the Commission’s October 6, 2022, public hearing on the annexation were mailed to all landowners and registered voters within 300 feet of the territory. On September 15, 2022, a legal notice regarding the Commission’s October 6 hearing on the annexation proposal was published in the *Chico Enterprise-Record* and placed on Butte LAFCo’s webpage. No comments were received as of the date of this report.

Environmental Analysis

The City of Chico is the Lead Agency for the proposal under the California Environmental Quality Act (CEQA). Butte LAFCo is a Responsible Agency for environmental review. The City of Chico determined that the proposal is consistent with determinations made in the Final EIR prepared and certified for the Chico 2030 General Plan Update (SCH#2008122038), which programmatically and comprehensively analyzed impacts associated with implementation of the General Plan, including future annexations consistent with the Land Use Diagram. Pursuant to CEQA Guidelines Section 15132 (Subsequent EIRs and Negative Declarations), no subsequent

environmental review is required because no new environmental effects are anticipated by the proposed annexation, nor has any new information about the annexation been revealed since the City Council Certification in April 2011 of the Chico 2030 General Plan Program Environmental EIR. LAFCo staff concurs with the City's environmental determination.

CONCLUSION

The proposed annexation represents a positive step forward in implementing the CKH Act concerning annexations in that it will eliminate a 69-parcel unincorporated island area which will result in the orderly and logical jurisdictional boundaries and provide for the delivery of more effective and efficient public municipal services. The proposed annexation is not anticipated to have adverse impacts on the City of Chico's or any other agency's ability to provide services. The dissolution of CSAs 103, 47, and 131 is consistent with LAFCo policies that encourage the dissolution of districts when the service can be provided more efficiently by another provider.

The proposal Conforms to Butte LAFCo policy, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, and the island annexation provisions of Government Code 56375.3. Based upon the findings and determinations in this report, staff recommends approval of this proposal.

Based upon the findings and determinations in this report, the Executive Officer recommends approval of this proposal.

COMMISSION ACTION

After reviewing this report and any testimony or materials that are presented, staff recommends that the Commission approve the annexation by taking the following actions.

APPROVE the proposal as submitted by the City of Chico:

- A. Find that no subsequent environmental review is required pursuant to CEQA Guidelines Section 15132 (Subsequent EIRs and Negative Declarations).
- B. Adopt Resolution 08 2022/23 making determinations approving the proposed *City of Chico – West East Avenue Annexation No. 1*, which includes: 1) Annexation of 222 parcels and adjacent public rights-of-way to the City of Chico; and, 2) Dissolution of CSAs 131 (Walnut Manor Lighting and Drainage District), CSA 47 (East and Gynn Lighting and Drainage District) and CSA 103 (Morris Subdivision Lighting District).
- C. Find that the proposed annexation conforms to the criteria for an "island" annexation as described in California Government Code §56375.3, and waive the Protest Hearing Proceedings for this action as required in California Government Code §56375.3.

Respectfully submitted,

Shannon Costa

Shannon Costa
Deputy Executive Officer

Attachments:

Exhibit A: Annexation Area Map - Page 2

Exhibit B: Draft LAFCo Resolution No. 08 2022/23

Exhibit C: City of Chico Resolution No. 46-22

Distribution:

Brendan Vieg, City of Chico (brendan.vieg@chicoca.gov)

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF THE COUNTY OF BUTTE MAKING DETERMINATIONS AND
ORDERING THE REORGANIZATION OF TERRITORY DESIGNATED AS
23-05 - CITY OF CHICO – WEST EAST AVENUE ANNEXATION NO. 1**

RESOLVED, by the Local Agency Formation Commission of the County of Butte, State of California, that

WHEREAS, the Chico City Council conducted a noticed public hearing on August 2, 2022, and adopted Resolution No. 45-22 which initiated the proposed annexation utilizing the island annexation provisions of California Government Code §56375.3; and

WHEREAS, a proposal for the annexation of the subject territory to the City of Chico in the County of Butte was heretofore filed by the City of Chico and accepted for filing on September 8, 2022 by the Executive Officer of this Local Agency Formation Commission pursuant to Title 5, Division 3, commencing with Section 56000 of the Government Code; and

WHEREAS, the Executive Officer, pursuant to Government Code §56658, set October 6, 2022, as the hearing date on this proposal and gave the required notice of public hearing; and

WHEREAS, the Executive Officer, pursuant to Government Code §56665, has reviewed this proposal and prepared a report, including recommendations thereon, and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, this Commission called for and held a hearing on October 6, 2022, and at the hearing this Commission heard and received all oral and written protests, objections and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to this proposal and the report of the Executive Officer; and

NOW, THEREFORE, the Local Agency Formation Commission of the County of Butte **DOES HEREBY RESOLVE, DETERMINE AND ORDER** as follows:

Section 1. Environmental Action:

- A. The City of Chico is the Lead Agency for the proposal under the California Environmental Quality Act (CEQA). The City of Chico determined that the proposal is consistent with determinations made in the Final EIR prepared and certified for the Chico 2030 General Plan Update (SCH#2008122038), which programmatically and comprehensively analyzed impacts associated with implementation of the General Plan, including future annexations consistent with the Land Use Diagram. Pursuant to CEQA Guidelines Section 15132 (Subsequent EIRs and Negative Declarations), no subsequent environmental review is required because no new environmental effects are anticipated by the proposed annexation, nor has any new information about the annexation been revealed since the City Council Certification in April 2011 of the Chico 2030 General Plan Program Environmental EIR.
- B. As a “Responsible Agency” under CEQA Guidelines, prior to approving the proposed annexation, the Commission is required to consider the information in

the Chico 2030 General Plan Update EIR for the project on which the Lead Agency based its environmental findings.

- C. Acting as a “Responsible Agency” under CEQA Guidelines, the Commission considered the information in the Chico 2030 General Plan Update EIR prior to making its determination.
- D. The Commission finds that the Lead Agency’s environmental determination was prepared in accordance with the requirements of CEQA Guidelines and is consistent with State law and that the City’s environmental document prepared for this annexation is determined to be legally adequate pursuant to CEQA Guidelines Sections 15132 (Subsequent EIRs and Negative Declarations)

Section 2. General Findings and Determinations:

- A. The Commission has considered the factors determined by the Commission to be relevant to this island annexation proposal, including, but not limited to, Butte LAFCo Policies and Procedures, City of Chico Sphere of Influence and Municipal Service Review, the City of Chico 2030 General Plan and 2030 General Plan EIR, the City of Chico Zoning Ordinance, the Butte County General Plan 2030 and Zoning Ordinance, and other factors specified in Government Code §56375.3 and as described in the staff report dated September 29, 2022 for the meeting of October 6, 2022.
- B. Pursuant to Government Code §56375.3(a) and adopted Commission policies, the Commission makes the findings related to the proposed island annexation as described in the staff report dated September 29, 2022 for the meeting of October 6, 2022. Having made said determinations, the Commission finds that the proposed annexation of the single island as depicted on Exhibit “A” conforms to the criteria for an “island” annexation as described in California Government Code §56375.3, and the Commission hereby waives the Protest Hearing Proceedings for this action as required in California Government Code §56375.3.
- C. The annexation area shall consist of 222 parcels and the adjacent public rights-of-way, totaling approximately 80 acres in size, as submitted by the City of Chico, and depicted in LAFCo Exhibit “A.”
- E. The subject island annexation area is found to be inhabited and is assigned the following short form designation: 23-05 – City of Chico – West East Avenue Island Annexation No. 1.
- F. The County of Butte shall be named the successor agency in order to wind up the affairs of County Service Areas (CSAs) 103 (Morris Subdivision Street Lighting District), CSA 47 (East and Guynn Lighting and Drainage District) and 131 (Walnut Manor Lighting and Drainage). This will involve the transfer of all services, revenues, assets and liabilities to Butte County, to include fund balances, property tax share and parcel assessments.
- E. The purpose of the annexation of the parcels is to eliminate an island of unincorporated territory, to support orderly jurisdictional boundaries, and for the provision of efficient and effective municipal services, such as sewer service,

police, and fire protection services for existing and future development on the parcels within the territory. The annexation of the island area will also assist in reducing jurisdictional confusion between the City's limits and the County's unincorporated area and allow residents of the territory to participate in City of Chico civic affairs.

- H. The Commission determines that agricultural and/or open space lands will not be adversely affected by this proposal as the territory is mostly developed; there are no agricultural lands associated with the proposal; the territory is designated by the City of Chico for low and medium density residential, commercial, and light industrial uses; and the territory and surrounding parcels are not designated for agricultural or open space uses as primary uses under the current City of Chico or County zoning and General Plan designations. Therefore, no conversion of designated agricultural or open space lands will occur as a result of the requested annexation.
- I. The exchange of property tax revenues between the County of Butte and the City Of Chico will be performed in accordance with the Master Tax Exchange Agreement approved by the City of Chico and the Butte County Board of Supervisors on November 4, 1987.
- J. The proposal is consistent with the City of Chico Sphere of Influence.
- K. The parcels identified in this annexation will be detached from the following districts:
 - 1. County Service Area 164 (Butte County Animal Control District); and
 - 2. Butte County Resource Conservation District.

Section 3. Conditions requested by LAFCo:

- A. All LAFCo, County of Butte, and State of California fees must be paid in full prior to filing the Certificate of Completion.
- B. The legal description and map, if amended by action of the Commission, will be revised at the expense of the applicant, prior to filing the Certificate of Completion.
- C. The map and legal description shall comply with the State Board of Equalization requirements and if rejected by the State Board of Equalization, shall be revised at the expense of the applicant.

Section 4. The boundaries, as set forth in the proposal, are hereby approved as submitted and are as depicted in Exhibits "A" attached hereto and by this reference incorporated herein.

Section 5. The Executive Officer is hereby authorized and directed to mail certified copies of this Resolution as provided in Section 56882 of the Government Code.

PASSED AND ADOPTED by this Local Agency Formation Commission of the County of Butte, on the 6th day of October 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINS:

Clerk of the Commission

BILL CONNELLY, Chair
Butte Local Agency Formation Commission

DRAFT

RESOLUTION NO. 46-22

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHICO
INITIATING PROCEEDINGS TO ANNEX PROPERTY NOW LOCATED IN THE
UNINCORPORATED TERRITORY OF THE COUNTY OF BUTTE TO THE
INCORPORATED TERRITORY OF THE CITY OF CHICO;
W. EAST AVENUE ANNEXATION DISTRICT NO. 1
(CITY OF CHICO; ANX 22-02; VARIOUS APNs)**

WHEREAS, there exists within the unincorporated territory of the County of Butte (“County”) certain inhabited properties (more than 12 registered voters) depicted in Exhibit I, attached hereto and by this reference incorporated herein (“Property”), which Property is contiguous to, and generally surrounded by, the existing boundaries of the City of Chico (“City”), is within the logical boundaries of the territory of City as defined by the sphere of influence adopted by the Butte Local Agency Formation Commission (“LAFCo”) for the City, and in all other respects meets the requirements of law for annexation of property located in the unincorporated territory of a county to the incorporated territory of a city; and

WHEREAS, this Council, by this Resolution, now desires to initiate proceedings to annex Property to City, all as provided for by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“the Act”), as set forth in Division 3, Title 5 of the California Government Code section 56000 et seq.; and

WHEREAS, portions of the annexation territory are within County Service Area (CSA) 47 (East and Guynn Lighting and Drainage District) which provides financing for the provision of street lighting services and drainage maintenance; and

WHEREAS, portions of the annexation territory are within CSA 103 (Morris Subdivision Lighting District which provides financing for the provision of street lighting services; and

WHEREAS, the subject annexation constitutes an “island” of unincorporated territory substantially surrounded by the City and is less than 150 acres in size, and therefore the City desires to initiate said annexation pursuant to Government Code Section 56375.3, the island annexation law; and

WHEREAS, notice of intention to adopt the resolution initiating this annexation has been provided to LAFCo, interested agencies, and subject agencies; and

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3 WHEREAS, this Council certifies that an Amended Master Property Tax Transfer
4 Agreement, pursuant to Section 99(b) of the California Tax Revenue Code, was executed by City
5 and County of Butte on November 4, 1987, and remains in full force and effect; and

6 WHEREAS, the annexation of this Property has been addressed in the Final EIR prepared
7 and certified for the Chico 2030 General Plan update (SCH#2008122038), which
8 programmatically and comprehensively analyzed impacts associated with implementation of the
9 General Plan, including future annexations consistent with the Land Use Diagram; and

10 WHEREAS, adoption of the resolution to initiate annexation proceedings for W. East
11 Avenue District No. 1 to the incorporated territory of the City of Chico was considered by this
12 Council at a public hearing, notice of which was provided through publication pursuant to
13 Government Code Sections 56153 and 56154, as required by Section 56755.

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

- 15 1. This Council proposes to annex to the incorporated territory of City all of the Property
16 now located in the unincorporated territory of the County depicted in Exhibit I.
- 17 2. This annexation proposal is being made pursuant to the Act.
- 18 3. The reason for this annexation proposal is to provide logical City boundaries and
19 encourage the efficient delivery of urban services.
- 20 4. A plan for providing municipal services to the Property following its annexation to City
21 has been prepared in the manner required by California Government Code Section 56653
22 and set forth in Exhibit II attached hereto.
- 23 5. The annexation of the Property to City, as proposed, is consistent in all respects with the
24 sphere of influence developed, determined and adopted by LAFCo for City pursuant to
25 California Government Code section 56425.
- 26 6. The annexation of the Property to the incorporated territory of City meets all other
27 requirements of the Act and is in all respects consistent with the objectives and purposes
28 of the Act.
7. Pursuant to CEQA Section 15162 (Subsequent EIRs and Negative Declarations), no
subsequent environmental review is required because there are no new or increased

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2
3 environmental effects anticipated by the proposed annexation, or any new information
4 about the annexation revealed since City Council certification in April 2011 of the Chico
5 2030 General Plan Program Environmental Impact Report (EIR) (SCH#2008122038),
6 which programmatically and comprehensively analyzed impacts associated with future
7 annexations consistent with the Land Use Diagram.

8 8. The Council finds that the annexation and proposed use of the Property is consistent with
9 the City's General Plan.

10 9. By reason of the foregoing, this Council requests LAFCo to commence proceedings on
11 annexation of the Property to the incorporated territory of City within the time and in the
12 manner required by law.

13 10. Further, the Council finds the annexing territory to be an island of less than 150 acres in
14 size and the annexation be conducted pursuant to Government Code Section 56375.3, the
15 island annexation law.

16 11. The City Clerk is directed to submit a copy of this Resolution to the Executive Officer of
17 LAFCo.

18 The foregoing resolution was adopted by the Council of the City of Chico at its meeting
19 held on August 2, 2022, by the following vote:

20 AYES: Bennett, Brown, Morgan, O'Brien, Tandon, Coolidge


21 NOES: Reynolds

22 ABSENT: None

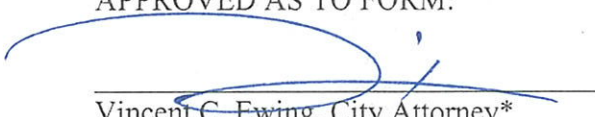
23 ABSTAINED: None

24 DISQUALIFIED: None

25
26 ATTEST:

27 
28 Deborah R. Presson
City Clerk

APPROVED AS TO FORM:


Vincent C. Ewing, City Attorney*

*Pursuant to The Charter of
the City of Chico, Section 906(E)