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

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**TO:** Local Agency Formation Commission  
**FROM:** Stephen Betts, Deputy Executive Officer  
**SUBJECT:** **LAFCo File 15-13 – City of Chico – Extension of Services – 982 East Lassen Avenue**  
**DATE:** April 30, 2015, for the meeting of May 7, 2015

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**Summary**

The City of Chico is requesting approval to extend sanitary sewer services to a single unincorporated parcel that is developed with a 55-unit mobile home park (**Exhibit A**). There are no documented immediate health and safety issues with the use of the existing septic systems on the subject parcel. The parcel is contiguous to the City of Chico jurisdictional boundaries on the parcel’s east and south sides making annexation both logical and feasible as no additional parcels would be needed to achieve contiguity. Prior to the application being submitted, the applicant/landowner consulted with LAFCo Staff concerning a service extensions and was strongly advised that Staff would not support the extension of services request due to the contiguity of the parcel to City jurisdictional boundaries. Staff recommended at that time the applicant request the City of Chico initiate annexation of the parcel. The area in which the subject parcel is located is not a part of the *Sewer Service Extension and Annexation Agreement* between LAFCo and the City of Chico. Based on the parcel's contiguity and due to inconsistencies with Butte LAFCo Policies, Staff recommends that the Commission deny the extension of services request and require annexation of the subject parcel to the City of Chico to allow for the provision of City sanitary sewer services to the parcel.

**General Information**

Application Submitted: March 4, 2015

Application Deemed Complete: March 19, 2015

100% Landowner Consent: Yes

Notice and Hearing Required: No

Proponent: City of Chico

Landowners: Michele Winn (Rojak LLC dba Coach House Mobile Estates)

Location: The subject parcel is located on the northwest corner of East Lassen Avenue and Burnap Avenue, in the unincorporated area of north Chico. The subject parcel is identified as Assessor’s Parcel Number 007-150-098 (982 East Lassen Avenue), Chico, CA. The territory is located in Supervisorial District 3.

Proposal: Extension of City of Chico sanitary sewer service to a single parcel that is developed with a 55-unit mobile home parcel.

**Requested Action:** Adopt Resolution 18 2014/15 (**Exhibit B**) denying the extension of City of Chico sanitary sewer services.

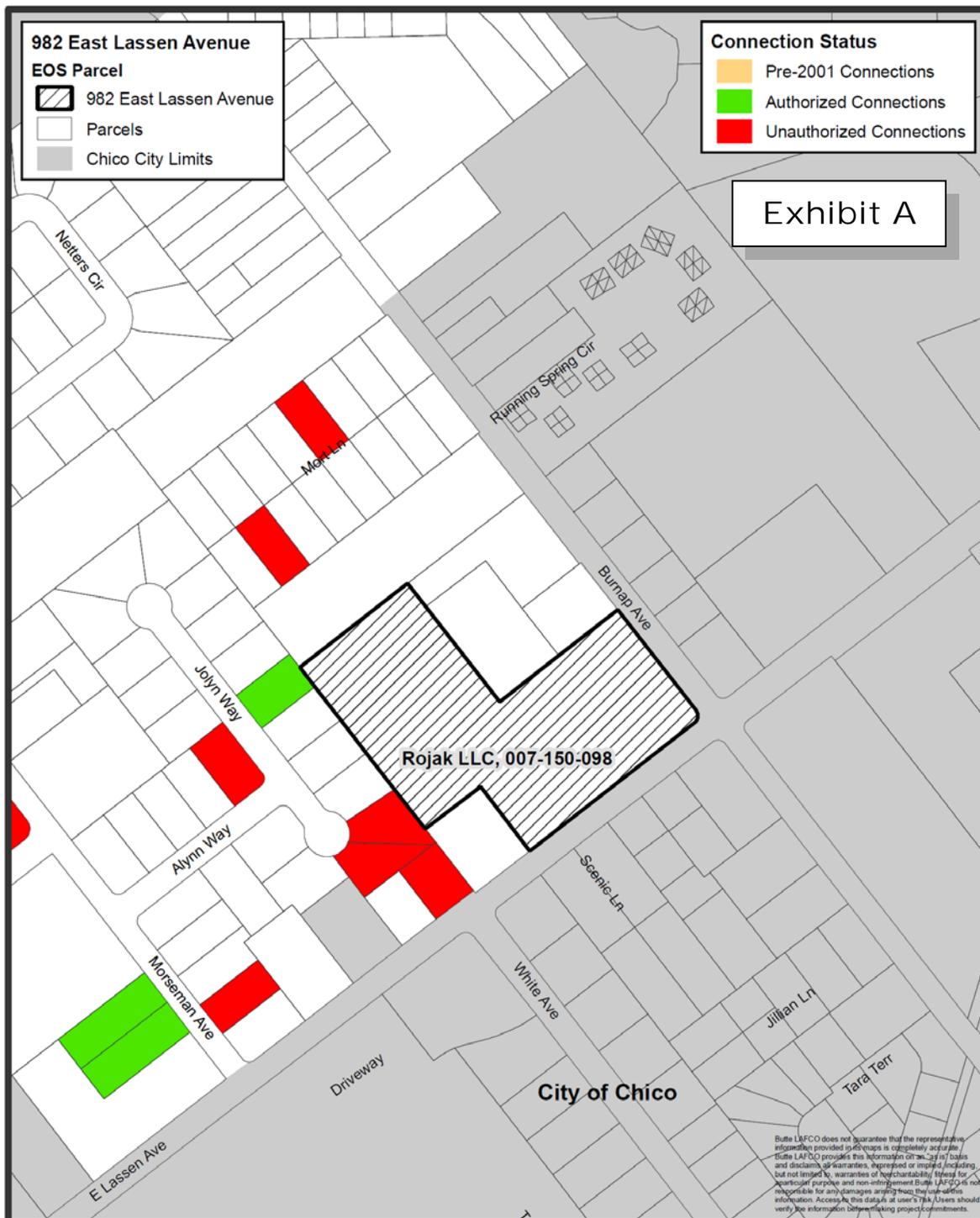
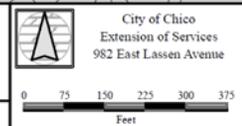


Exhibit A

Butte LAFCO does not guarantee that the representative information provided herein is completely accurate. Butte LAFCO provides this information on a "best of" basis and disclaims all warranties, expressed or implied, including but not limited to, warranties of merchantability, fitness for a particular purpose, and non-infringement. Butte LAFCO is not responsible for any damages arising from the use of this information. Access to this data is at user's risk. Users should verify the information before making project commitments.

**Butte Local Agency Formation Commission**

**City of Chico - Extension of Services - 982 East Lassen Avenue**



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Applicant: City of Chico

Date: May 7, 2015 @ 9:00 a.m.

File: 15-13

Data: LAFCO, City of Chico

## DISCUSSION AND ANALYSIS

### Background

The subject unincorporated parcel, which is 6 acres in size, is developed with a 55-unit senior mobile home park (“Coach House Mobile Estates”). Domestic water supply for the mobile home park is provided by the California Water Service Company. The subject parcel fronts and derives access from East Lassen Avenue and on Burnap Avenue, both of which are public roads and both of which are within and maintained by the City of Chico. Access to the mobile home park is from East Lassen Avenue. Land uses on the surrounding parcels include single-family dwellings, multi-family dwellings, and a mobile home park.



Project Site – 982 East Lassen Avenue (Photo – Google Maps)

Sewage disposal for the 55-unit mobile home parcel on the subject parcel is handled by an unknown number of on-site septic systems. The Butte County Environmental Health Division has little information on the septic systems on the parcel, but believes that up to five mobile homes share a single septic tank and that the leachfields are located under the roads and driveways on the parcel. There are no documented immediate health and safety issues with the use of the existing septic systems on the subject parcel. The parcel is within an identified nitrate “hotspot” area where high levels of nitrates are found in the groundwater, which is believed to be caused by the numerous septic systems in the area.

The subject parcel is within the 431-acre, 694-parcel north Chico unincorporated island area, which is 95% surrounded by the City of Chico. At this time, there are no known plans by the City of Chico to initiate any annexations within this area.

The parcel is contiguous to the City of Chico jurisdictional boundaries on the parcel's south and east sides and access to the parcel is from East Lassen Avenue, which is within the jurisdictional boundaries and maintenance responsibility of the City of Chico.

### Land Use/Zoning Designations

The subject parcel is located within the City of Chico's sphere of influence and is within the unincorporated portion of the north Chico area. The Butte County General Plan designates the parcel as Medium High Density Residential (up to 14 dwelling units per acre) and the parcel is zoned Medium High Density Residential (up to 14 dwelling units per acre). The City of Chico's

General Plan designates the parcel as Medium Density Residential and the City has rezoned the parcel as R-2 (2.1 to 7 units per acre).

### Governing Law and LAFCo Policy

Provisions for extension of service requests are found in Government Code §56133 and in Section 4.5 of the Commission Policies and Procedures. In brief, the law permits the Commission to authorize a city or district to provide new or extended service outside its jurisdictional boundaries but within its sphere of influence (SOI) *in anticipation of a later change of organization*. These documents offer the following guidance:

- Extensions of service are to be in *anticipation of annexation*, which is generally defined by LAFCo as meaning the area is located within the agency's Sphere of Influence (Butte LAFCo Policy 4.5.4.A.5).
- Annexations to cities and special districts are generally preferred for providing public services (Butte LAFCo Policy 4.5.4.A.1).
- Local circumstances, health and safety, emergency service, or other concerns may warrant the approval of an extension of service where annexation is not practical or deemed undesirable for other policy reasons (Butte LAFCo Policy 4.5.4.A.1).
- Extension of service agreements are usually considered to be a temporary measure, typically considered in response to an existing or impending public health and safety threat (e.g., failing septic system or domestic water well), or when annexation is not immediately feasible, and in anticipation of a future annexation (Butte LAFCo Policy 4.5.4.A.1).
- The Commission gives great weight to properly documented existing health and safety needs when considering justification of such extensions (Butte LAFCo Policy 4.5.4.A.1).
- The Commission discourages use of contract service extensions for the purpose of extending services to new development and will approve such extensions only under extraordinary circumstance and may apply strict limitations on such services (Butte LAFCo Policy 4.5.4.A.1).

### **Requests for Approval**

In accordance with State law, requests and approvals for extensions of service are to be filed and acted upon prior to an agency providing services. All requests *shall explain the specific circumstances that make annexation infeasible* and justify extension of service by contract. The Commission may condition any extension of services where it finds local circumstances warrant applying greater scrutiny and guidance.

Whenever the Commission determines to condition the approval upon a later annexation of the affected property, the condition shall normally include a requirement that the owner record an agreement consenting to annex the territory, which agreement shall bind future owners of the property. A signed, notarized annexation agreement was submitted with the extension of services application.

Pursuant to Butte LAFCo Policy 4.5.4.D, the Executive Officer is required to evaluate the following five factors when reviewing an extension of services request. The factors are intended to provide the Commission with information about certain topics that are often relevant to extension of services request. No single factor is determinative. An evaluation of these factors as it relates to the proposed extension of service request follows.

- 1) The ability of the local agency to provide service to the proposal area without detracting from current service levels.

*The City of Chico owns and maintains a wastewater collection, treatment, and disposal system. As indicated in the City's Municipal Service Review (adopted by the Commission in 2006), and the City's General Plan (adopted by the City in 2011), the City of Chico's wastewater system has sufficient capacity to provide service to the affected parcel without detriment to current service recipients. A City of Chico sanitary sewer line is located within the East Lassen Avenue right-of-way.*

*The City does not, and will not, provide any other parcel specific service, such as fire protection and law enforcement services, to the subject parcel. The existing public services provided to the subject parcel by Butte County will not change as a result of this proposal until such time as the parcel is annexed to the City of Chico.*

- 2) The proposal's consistency with the policies and general plans of all affected local agencies.

*The affected parcel is developed with a 55-unit mobile home parcel. Mobile home parks are allowed in the County's Medium High Density Residential zoning district, subject to the density requirements of the zone, which allows for up to 14 dwelling units per acre. The mobile home park on the subject parcel has a density of 9 dwelling units per acre, which is consistent with the County's Medium High Density Residential land zoning district.*

*Mobile home parks are allowed in the City's R-2 zoning district with approval of a use permit, subject to the density requirements of the City's Medium Density Residential General Plan land use designation, which allows for 7.1 to 14 dwelling units per acre. The mobile home park on the subject parcel has a density of 9 dwelling units per acre, which is consistent with the City's Medium Density Residential land use designation.*

*The connection of the subject parcel to the City of Chico's sanitary sewer system is consistent with the goals and policies of the Chico Urban Area Nitrate Compliance Plan and the Chico Area Nitrate Compliance Program. Abandonment of the numerous existing septic systems for the mobile home park may result in a significant reduction in nitrate contamination in the project area. As previously noted, there are no existing health and safety issues (e.g., no sewage spilling on the ground) with respect to the use of the existing septic systems on the subject parcel.*

- 3) The proposal's effect on growth and development within and adjacent to the affected land.

*The proposal to connect to the City of Chico's sanitary sewer system will facilitate the continued existing use of the parcel for a mobile home park.*

- 4) Whether the proposal contributes to the premature conversion of agricultural land or other open space land.

*No agricultural uses are found on the subject parcel or in the area. The proposed extension of sanitary sewer service to the subject parcel will not affect agricultural lands.*

- 5) The likelihood of a later change of organization being initiated by the affected agency.

*The City has no current plans to annex the subject parcel or any other territory within the north Chico unincorporated island area. The subject parcel is contiguous to City of*

*Chico jurisdictional boundaries on the parcel's east and south boundaries and annexation of the subject parcel to the City of Chico is completely feasible and would result in logical, effective, and efficient jurisdictional boundaries. The City of Chico in its application for the proposal notes that the parcel "could be reasonably annexed into the City."*

### Butte LAFCo Policies

Section 4.5 (Extended Services by Contract or Agreement) of Butte LAFCo's *Policies and Procedures* provides guidance to the Commission when reviewing extension of services requests. Specifically, Policy 4.5.4.A.1 states "*Annexation to cities and special districts involving territory located within the affected agency's sphere of influence is generally preferred to extending services by contract or agreement.*"

The City's proposal to extend sanitary sewer services to the subject parcel is inconsistent with Policy 4.5.4.A.1. Due to the parcel's contiguity to City of Chico jurisdictional boundaries, annexation of the parcel to the City is highly feasible. Annexation of the parcel to the City of Chico would result in logical, efficient, and effective City jurisdictional boundaries and would result in a reduction to the existing north Chico unincorporated island area. Annexation of the parcel is not expected to have a significant financial or service impact to the City of Chico due to the following factors:

- The parcel is developed with a stable senior mobile home park with minimal impact to City law enforcement services;
- The roads within the mobile home park are private and would not be maintained by the City;
- The roads the parcel front on are already within, and maintained by, the City of Chico;
- The nearest fire station to the parcel is Butte County Fire Station No. 42, which will continue to respond to emergencies on the subject parcel under existing automatic aid agreements between Butte County and the City of Chico;
- The mobile home park use on the parcel is consistent with the City's General Plan and with the City's rezoning of the parcel;
- The City of Chico, in its application for the extension of services proposal, notes that the parcel "could be reasonably annexed into the City."
- The annexation of the park would increase sewer service fees to the City.

### Environmental Analysis

The proposed extension of service is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Section §15061(b)(4). This section states that a project is exempt from CEQA if the project will be rejected or disapproved by a public agency.

### Staff Recommendation

This proposal meets four of the five criteria established to review service extensions in that:

- 1) The City has documented its ability to provide service;
- 2) The proposal is consistent with current land use plans for the City;
- 3) The proposal will have an insignificant effect on growth and development;
- 4) The proposal will not cause impacts to agricultural land.

The proposal does not meet the fifth criteria – “*The likelihood of a later change of organization being initiated by the affected agency.*” Due to ongoing (but gradually improving) financial problems, the City of Chico is very reluctant to annex already-developed territory due to the costs of providing services to that territory. As noted above, annexation of the subject parcel to the City of Chico is highly feasible and is not expected to create any significant financial or service impacts to the City. Staff recommends that the Commission deny the extension of services request and direct the landowner to request the City of Chico initiate an annexation of the parcel. Should the City of Chico refuse to initiate the annexation, the landowner can directly petition LAFCo to initiate the annexation.

#### **ALTERNATIVES FOR COMMISSION ACTION**

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

OPTION 1 – DENY the proposal:

- A. Find that the extension of services request is not subject to the provisions of the California Environmental Quality Act per §15061(b)(4).
- B. Adopt Resolution No. 18 2014/15 denying the City of Chico’s request to provide sanitary sewer service outside the City’s boundary to the property located at 982 East Lassen Avenue (APN 007-150-098), in the unincorporated north Chico area.
- C. Direct the landowner to request that the City of Chico initiate an annexation of the subject parcel, and, if the City of Chico refuses to initiate the annexation, submit a petition to LAFCo requesting annexation of the parcel.

OPTION 2 - Approve the Extension of Services request for the subject parcel.

OPTION 3 - CONTINUE this proposal to a future meeting for additional information.

ACTION REQUESTED: Approve OPTION 1.

Respectfully submitted,

*Stephen Betts*

Stephen Betts  
Deputy Executive Officer

Attachments:

Exhibit A: Area Map – pg. 2

Exhibit B: Draft LAFCo Resolution No. 18 2014/15 – pg. 8

**DRAFT**

Exhibit B

**RESOLUTION NO. 18 2014/15**

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION  
OF THE COUNTY OF BUTTE  
DENYING THE EXTENSION OF SERVICES REQUEST TO ALLOW THE CITY OF CHICO TO  
PROVIDE OUT-OF-AGENCY SANITARY SEWER SERVICES  
TO 982 EAST LASSEN AVENUE (APN 007-150-098), CHICO, CA**

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

**WHEREAS**, a proposal for the extension of public sanitary sewer services by the City of Chico to APN 007-150-098 (982 East Lassen Avenue), Chico, CA, located outside of the Chico city limits but within the City of Chico's Sphere of Influence, in the County of Butte, was heretofore filed by the City of Chico on April 13, 2015, 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 subject parcel is contiguous to the City of Chico's jurisdictional boundaries on two sides and annexation of the subject parcel to the City of Chico is highly feasible due to the contiguity; and

**WHEREAS**, the extension of sanitary sewer services proposal is inconsistent with Butte LAFCo Policy 4.5.4.A.1, which states "Annexation to cities and special districts involving territory located within the affected agency's sphere of influence is generally preferred to extending services by contract or agreement"; and

**WHEREAS**, the applicant was informed by LAFCo Staff that Staff would recommend denial of the extension of sanitary sewer services request due the parcel's contiguity to City of Chico jurisdictional boundaries and due to inconsistency with Butte LAFCo Policy 4.5.4.A.1; and

**WHEREAS**, the Executive Officer, pursuant to Government Code Section 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 May 7, 2015, 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 Commission finds that the extension of services request is not subject to the provisions of the California Environmental Quality Act per California Government Code §15061(b)(4), which states that a project is exempt from CEQA if the project will be rejected or disapproved by a public agency.

**Section 2.** Determinations:

- A. The Commission has considered the factors determined by the Commission to be relevant to this proposal, including, but not limited to, Butte LAFCo Policies and Procedures, Sphere of Influence and City of Chico General Plan consistency, the City of Chico Municipal Service Review, and other factors specified in Government Code Section 56133, and as described in the staff report dated April 30, 2015, for the meeting of May 7, 2015.
  
- B. The Commission denies the request to allow the City of Chico to extend sanitary sewer service to 982 East Lassen Avenue (APN 007-150-098) based on the following reasons:
  - 1. The subject parcel is contiguous to City of Chico jurisdictional boundaries on two sides;
  - 2. Annexation of the subject parcel is highly feasible due to the contiguity to City of Chico jurisdictional boundaries;
  - 3. The proposal is inconsistent with Butte LAFCo Policy 4.5.4.A.1;
  - 4. Annexation of the subject parcel to the City of Chico is not expected to have significant financial or service impacts to the City of Chico due to the reasons enumerated in the proposal staff report dated April 30, 2015.

**PASSED AND ADOPTED** by this Local Agency Formation Commission of the County of Butte, on the 7<sup>th</sup> day of May 2015, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAINS:**

**ATTEST:**

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Clerk of the Commission

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**CARL LEVERENZ**, Chair  
Butte Local Agency Formation Commission