MEMORANDUM
LOCAL AGENCY FORMATION COMMISSION

TO: Local Agency Formation Commission

FROM: Stephen Lucas, Executive Officer

SUBJECT: Agenda Item 4.3: Discussion Item Only - City of Chico Request for Comment on a Tentative Annexation Proposal - Courtesy Motors

DATE: March 27, 2017 for the meeting of April 4, 2017

Summary

The City of Chico has requested (Attachment 1) Commission comments on a tentative annexation proposal involving approximately 20 parcels located in the north Chico area Sphere of Influence and abounded by SR99 on the east, The Esplanade on the west, Mud Creek on the south and Garner Lane on the north as shown in Attachment 1.

This annexation proposal has not yet been initiated by the City nor been the subject of a noticed public hearing as of yet. The sole purpose of the meeting is to expose the Commission to the tentative proposal and receive any preliminary feedback that may influence the outcome of an expected annexation application. Absolutely no action can be taken at this time beyond questions and comments.

ACTION REQUESTED: Accept comments and offer any preliminary observations on the proposal.

Observations

In general, development within a city's sphere of influence is intended to be managed by the affected city and ultimately annexed when municipal services are needed or extended and tax exchange agreements are in place to address revenue concerns. The boundaries of such an annexation should be logical, impacts to open space and agricultural lands should be avoided, any communities of interest should not be unnecessarily disrupted and government and fiscal concerns should be resolved. On these factors, the proposed annexation has merit and the City and County have executed a current property tax and sales tax exchange agreement since 1980. One hesitation is the inclusion of the golf course parcels which are likely to be redeveloped to another use and perhaps should be considered for annexation in the future at such time a land use project is proposed allowing for a more thorough review.
Existing Process

For various reasons, the County has taken the lead in developing the new auto dealership site (auto dealer is currently located within the jurisdiction of the City) and has held a Planning Commission meeting on February 28, 2017, with a Board of Supervisors meeting scheduled for March 28, 2017. The following actions description is from the Board of Supervisors Agenda Report for the March 28 meeting:

An application for a General Plan Amendment, Rezone and Specific Plan Amendment to allow development of the Courtesy Automotive Center. The General Plan Amendment proposes to change the existing land use designation from Industrial to Retail and Office. The Rezone proposes to change the existing zoning from LI (Light Industrial) to G-C (General Commercial). The Specific Plan Amendment would amend the North Chico Specific Plan (NCSP) designation from Light Industrial (M-1) to General Commercial (C-2). The applicant had also requested a Specific Plan Amendment to allow service stations as a permitted use in the C-2 NCSP designation.

Moving Forward

Should the County review process continue towards approval, the dealership will be able to continue the site design and building design necessary to meet a desired April 2018 opening. Perhaps the single biggest issue of both logistics, time and costs is the provision of sewer/septic services to the parcel and its uses. At this point in the development process, it is very desirable to select a waste disposal method and begin its implementation. It is desired the solution be a connection to City sewer services, but an on-site system is also possible. As the excerpt from the City’s attached letter below indicates, there is now a level of risk moving forward.

This proposal is of great importance to the City, the County, and the owner of the auto dealership and will require significant and costly sewer infrastructure improvements. To avoid delays in preparing the site for the project, this sewer infrastructure installation may be initiated prior to a formal annexation proposal being submitted, which presents some risk to the developer. For this reason, any preliminary observations from the Commission would be extremely valuable. While it is understood that the Commission cannot act on this proposal until a public hearing is conducted, the City and County would like to remove any potential obstacles to a successful annexation.

If annexation appears feasible, it is likely the City will submit an annexation application as soon as possible with a LAFCO meeting target date of July 6, 2017. At this point, the Commission would conduct a noticed public hearing and consider all relevant facts and policies associated with the proposal.

March 24, 2017

Mr. Carl Leverenz, Chairman  
Butte County LAFCO  
1453 Downer Street  
Oroville, Calif. 95965  

Re: Annexation of North Esplanade Properties by City of Chico

Dear Chairman Leverenz and Commissioners:

The City of Chico will soon be initiating annexation of several properties along the Esplanade, just north of the present City Limits at Mud Creek. The subject area is indicated on the attached diagram.

As the Commission is aware, the County is considering a proposal to develop a significant portion of the annexation area with an auto dealership and attendant uses. Recent discussions with the applicant, County, and City have led to a process wherein the City will pursue annexation after County approval. To advance City, County, and LAFCO goals for city-centered urban growth for this area, the City and County believe the project should be located under Chico’s jurisdiction and supported by full municipal services, particularly sewer. Preliminary discussions with your agency’s staff have indicated concurrence with this vision, and initial contacts with property owners suggests strong support.

The scope of the annexation includes a mix of some developed properties, mostly along Three Sevens Court, and lands which are either vacant or in use as part of the Sunset Hills golf course. The area has long been within Chico’s Sphere of Influence, and the City’s Sewer Master Plan includes funding for an extension of City sewer north to serve these properties.

This proposal is of great importance to the City, the County, and the owner of the auto dealership and will require significant and costly sewer infrastructure improvements. To avoid delays in preparing the site for the project, this sewer infrastructure installation may be initiated prior to a formal annexation proposal being submitted, which presents some risk to the developer. For this reason, any preliminary observations from the Commission would be extremely valuable. While it is understood that the Commission cannot act on this proposal until a public hearing is conducted, the City and County would like to remove any potential obstacles to a successful annexation.

Casey Hatcher, the County’s Economic and Community Development Manager, and I will be in attendance at the Commission’s meeting of April 4th to further discuss this proposal and would be happy to answer any questions at that time. Should you or any member of the Commission have questions in the meanwhile, please contact me at 879-6801, or Ms. Hatcher at 538-6182.

Yours Respectfully,

Mark Wolfe, AICP  
Community Development Director