



AGENDA ITEM 6A

MEETING: May 20, 2015
TO: Humboldt LAFCo Commissioners
FROM: George Williamson, Executive Officer
SUBJECT: **Proposed Upper 9th Street Annexation to the City of Fortuna**
The Commission will consider a proposal submitted by resolution of application by the City of Fortuna for annexation of approximately 50.8 acres (21 parcels) of unincorporated territory located north of downtown Fortuna and accessed via 9th Street and Home Avenue.

LAFcos are responsible under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 to regulate the formation and development of local governmental agencies and their municipal services. This includes approving or disapproving proposed changes of organization, such as boundary changes, consistent with adopted policies and procedures pursuant to California Government Code (G.C.) Section 56375. LAFcos are authorized with broad discretion in amending and conditioning changes of organization as long as they do not directly regulate land use, property development, or subdivision requirements.

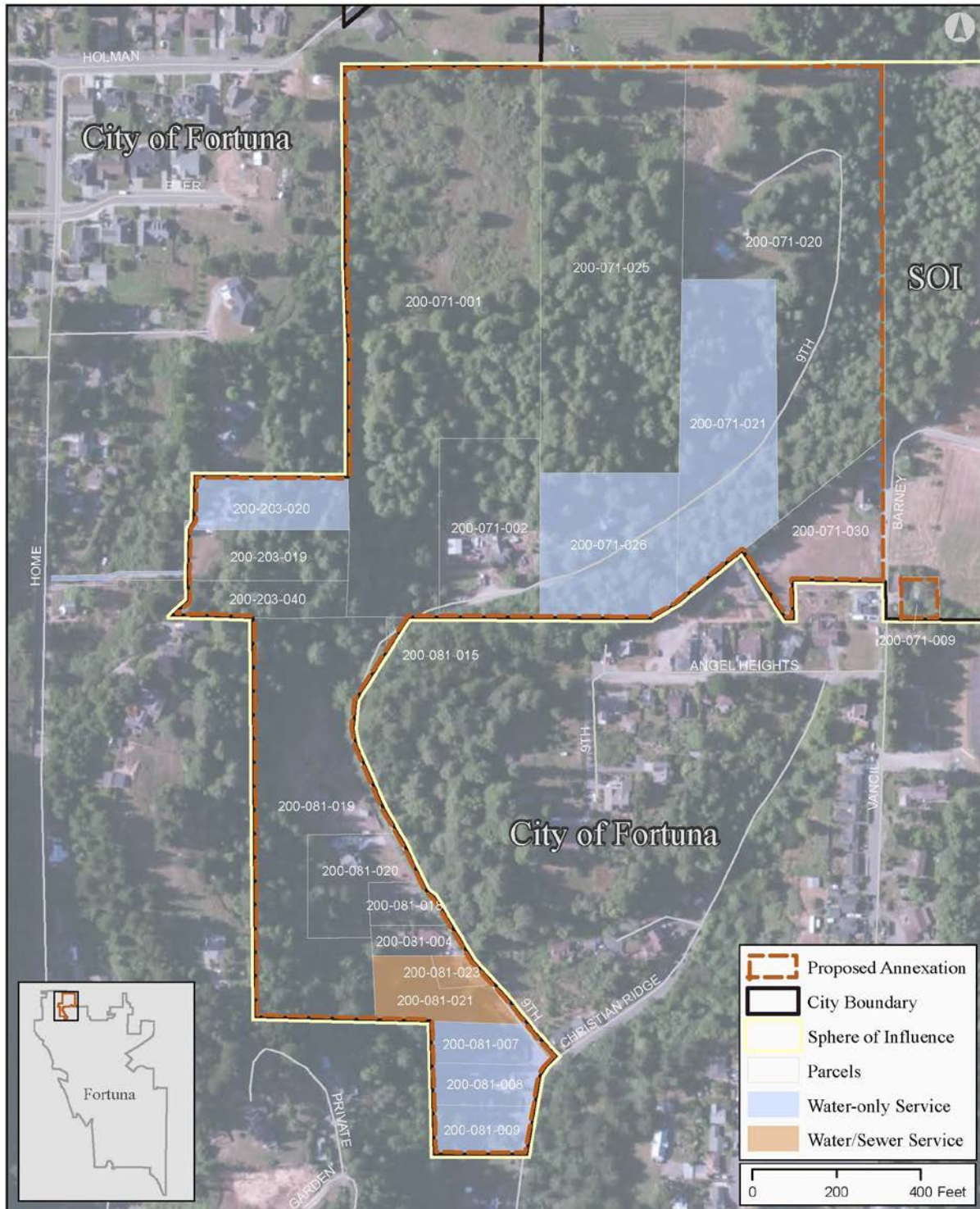
A. BACKGROUND

Proceedings for this annexation were initiated by resolution of application by the City of Fortuna. The proposal includes annexation of approximately 50.8 acres of improved and unimproved single family residential and agricultural uses generally located north of downtown Fortuna, and accessed via 9th Street and Home Avenue. The affected territory consists of 21 parcels, along with adjacent rights of way, as shown in Figure 1.

According to the application, the proposed annexation was initiated by the City of Fortuna as a result of the extension of water and sewer services in the upper 9th Street area in response to individual hardship cases. The proposed annexation area is located within the City's Sphere of Influence. Of the 21 parcels, five are vacant and the remaining 16 are developed with residential uses, of which six are receiving water-only service and two are receiving both water and sewer services from the City. (See Table 1)

Rather than process individual parcel annexations after emergency water and sewer hook-ups, the City has opted to propose annexation of all parcels within the area. This will streamline future water and sewer hookup processes and reduce the need for individual emergency response. It will also reduce existing nonresident water rates by 33%. Property owners within the annexation area will have the option to continue use of functioning onsite water and septic systems.

Figure 1 Boundary Map



Upper 9th Street Annexation
City of Fortuna



Table 1 Parcel Summary

Assessor's Parcel Number	Site Address	Size (acres)	Property Type (Use Code)	Existing Humboldt County GP Land Use	Existing Humboldt County Zoning	Proposed City of Fortuna GP Land Use	Proposed City of Fortuna Zoning	Existing City Water/Sewer Connection
200-071-001	1700 9th St.	11.5	Vacant, Rural Residential, 10+ to 20 ac (3003)	AS (FACP)	AG-B-5(5)	RR	RE-43	
200-071-002	1950 9th St.	2.3	Improved, Rural Residential, 1 to 5 ac (3101)	AS (FACP)	AG-B-5(5)	RR	RE-43	
200-071-009	1763 Barney St.	0.2	Improved Single Family Residential (1100)	T (FACP)	AG	RR	RE-43	
200-071-020	2200 9th St.	8.4	Improved, Rural Residential, 5+ to 10 ac (3102)	AS (FACP)	AG-B-5(5)	RR	RE-43	
200-071-021	2100 9th St.	3.6	Rural - Improved (9931)	AS (FACP)	AG-B-5(5)	RR	RE-43	water
200-071-025	n/a	7.5	Rural - Vacant (9930)	AS (FACP)	AG-B-5(5)	RR	RE-43	
200-071-026	2000 9th St.	2.6	Improved, Rural Residential, 1 to 5 ac (3101)	AS (FACP)	AG-B-5(5)	RR	RE-43	water
200-071-030	1800 Barney St.	1.7	Improved Single Family Residential (1100)	T (FACP)	AE	RR	RE-43	
200-081-004	1484 9th St.	0.4	Improved Single Family Residential (1100)	RL (FACP)	R-1-B-4(1)-T	RR	RE-43	
200-081-007	1398 9th St.	0.6	Improved Single Family Residential (1100)	RL (FACP)	R-1-B-4(1)-T	RR	RE-43	water
200-081-008	1364 9th St.	0.6	Improved Single Family Residential (1100)	RL (FACP)	R-1-B-4(1)-T	RR	RE-43	water
200-081-009	1334 9th St.	0.6	Improved Single Family Residential (1100)	RL (FACP)	R-1-B-4(1)-T	RR	RE-43	water
200-081-015	n/a	0.1	Vacant Single Family Residential (1000)	RL (FACP)	R-1-B-4(1)-T	RR	RE-43	
200-081-018	1528 9th St.	0.4	Improved Single Family Residential (1100)	RL (FACP)	R-1-B-4(1)-T	RR	RE-43	
200-081-019	1616 9th St.	5.3	Improved Single Family Residential (1100)	T (FACP)	R-1-B-4(1)-T	RR	RE-43	
200-081-020	1590 9th St.	1.1	Improved Single Family Residential (1100)	T (FACP)	R-1-B-4(1)-T	RR	RE-43	
200-081-021	1432 9th St.	0.8	Improved Single Family Residential (1100)	RL (FACP)	R-1-B-4(1)-T	RR	RE-43	water/sewer
200-081-023	1440 9th St.	0.2	Improved Single Family Residential (1100)	RL (FACP)	R-1-B-4(1)-T	RR	RE-43	water/sewer
200-203-019	n/a	1.2	Vacant Single Family Residential (1000)	RL (FACP)	R-1-B-4(1)-T	RR	RE-43	
200-203-020	1837 Home Ave.	1.2	Improved Single Family Residential (1100)	RL (FACP)	R-1-B-4(1)-T	RR	RE-43	water
200-203-040	n/a	0.8	Vacant Single Family Residential (1000)	RL (FACP)	R-1-B-4(1)-T	RR	RE-43	
County GP Land Use: AS: Agriculture Suburban T: Timber RL: Residential Low Density FACP: Fortuna Area Community Plan City GP Land Use: RR: Residential Rural			County Zoning: AG-B-5(5): Agriculture General, Special Building Site Combining Zone with 5 acre minimum lot size AE: Agriculture Exclusive R-1-B-4(1)-T: Residential One Family Lot, Special Building Site Combining Zone with 1 acre minimum parcel size, and Manufactured Home Combining Zone City Zoning: RE-43: Residential Estates, 1 acre minimum parcel size					

There are currently no development plans for the proposed annexation area; future development of this area is limited due to local terrain, access, and other factors. Following several neighborhood meetings, the City secured written consent for annexation from 100% of the property owners.

B. ANALYSIS

The analysis of the proposal is organized into two sections. The first section considers the proposal relative to the factors mandated for review by the Legislature anytime LAFCos review boundary changes. The second section considers issues required by other applicable State statutes in processing boundary changes, such as environmental compliance with the California Environmental Quality Act.

Required Factors for Review

G.C. Section 56668 requires the Commission to consider 16 specific factors anytime it reviews proposals for a change of organization involving cities. No single factor is determinative. The purpose in considering these factors is to help inform the Commission in its decision-making process. An evaluation of these factors as it relates to the proposal follows.

1) Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years.

The proposed annexation area contains 21 parcels totaling 50.8 acres. The total assessed value of properties (land and improvements) is \$3,582,913. The current population of the annexation area is approximately 40 residents. The proposed annexation could result in an increased population of 84 residents (based on the potential development of 35 single family residences on a combination of vacant or underdeveloped parcels), at an average Humboldt County 2010 Census household size of 2.4 persons.

While new development could occur as a result of making water or sewer service available to a larger area, the City considers "additional development in this area extremely unlikely" due to steep terrain, limited access and the high cost of necessary road and utility improvements. The primary purpose of the annexation is to allow the City to provide sewer and water service to existing residences, many of which are on septic tanks and receive water via wells, springs or delivery. Any new parcel configurations or building construction in the annexation area will be subject to the policies for RE-43 zoning.

2) The need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on

the cost and adequacy of services and controls in the area and adjacent areas.

Pursuant to Government Code Section 56653, the City prepared a Plan for Services to evaluate the needs of the proposed annexation. The need for expanded community services within the affected territory includes water, sewer, and law enforcement. An analysis of the availability and adequacy of these core municipal services relative to projected needs of the proposal follows.

o Water

According to the Plan for Services, eight parcels in the proposed annexation area are receiving water services from the City of Fortuna. All but one of these parcels are served via an existing 6-inch water main located on the east side of 9th Street. The remaining parcel is served via a water main located in Home Avenue.

Property owners within the annexation area will have the option to continue use of functioning onsite water systems or connect to the City's water system. Several parcels already have waterlines and empty meter boxes installed. Service to other parcels may require the extension of the existing 6-inch water main and installation of a pressure reducing valve to regulate the pressure for domestic use while others will be able to connect to the new 8-inch water main which connects two pressure zones.

The City has completed the replacement of an existing water reservoir and the connection of two existing water pressure zones – Pressure Zone 1 (Downtown area) and Pressure Zone 3/5 (Home Avenue-Garden Lane area). Both pressure zones include portions of the proposed annexation area. The project serves to provide adequate water service and fire flow protection for Pressure Zone 1 via a connection with a pressure regulating valve which will operate during a fire flow event, as well as the newly created Pressure Zone 3/5.

o Sewer

The majority of existing residences in the proposed annexation area currently utilize private septic systems. Two parcels within the proposed annexation area are connected to the City sewer system via an existing 6-inch sewer line that runs along 9th Street. Property owners within the annexation area will have the option to continue use of functioning onsite septic systems or connect to the City's sewer system, for instance if they sell their property or if their septic system fails. Currently, there are no planned sewer collection improvements in this area.

o Fire Protection

The proposed annexation area is located in the Fortuna Fire Protection District (FPD), which provides fire protection and emergency response services to the City of Fortuna and outlying areas. Portions of the proposed annexation area are included in the CAL FIRE State Responsibility Area. Following annexation, the proposed annexation area will be eligible to be in the Local Response Area, and therefore the CAL FIRE assessment would be removed from properties.

- o Law Enforcement

The proposed annexation area is currently served by the Humboldt County Sheriff's Office. Following annexation, the City of Fortuna Police Department will be responsible for providing police services. Due to the size and character of the proposed annexation area, the City does not anticipate a significant increase in demand for police services resulting from the annexation.

- o Road Maintenance

An approximate 3,400-foot section of 9th Street lies within the proposed annexation area. Following annexation, the City of Fortuna Public Works Department will be responsible for providing road maintenance to this segment of 9th Street. This will not cause a significant increase in service demand for the City of Fortuna Public Works Department.

3) The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.

The boundaries of the annexation area have been limited to the developed residential areas that are already receiving some City services. No significant change to the current mutual social and economic interests are anticipated.

4) The conformity of the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities set forth in G.C. Section 56377.

The proposal generally conforms to the adopted policies of the Commission. The affected territory is located within the City's sphere of influence, which identifies the probable future service area and jurisdictional boundary of the City, as determined by the Commission.

Approximately 8.3 acres of the proposed annexation area is designated Timberland under the Fortuna Area Community Plan of the Humboldt County General Plan. This is a resource production designation that is considered an open space use. However, considering these parcels are improved with residential uses, they do not qualify as "open-space" under LAFCo law and therefore does not conflict with G.C. Section 56377.

5) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by G.C. Section 56016.

The affected territory does not qualify as "agricultural land" under LAFCo law. Specifically, the affected territory is not used for any of the following purposes: producing an agricultural commodity for commercial purposes; left fallow under a crop rotational program; or enrolled in an agricultural subsidy program.

6) *The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.*

A map and geographic description by a licensed surveyor will be required prior to filing a certificate of completion for the annexation. The proposed boundary follows existing parcel lines and lines of ownership. Also, the proposed annexation would not create islands or corridors of unincorporated territory.

7) *A regional transportation plan adopted pursuant to G.C. Section 65080.*

The Humboldt Regional Transportation Plan (RTP) was last updated in 2013/14 and is a long-range transportation planning document for Humboldt County. No specific projects are included in the RTP involving the affected territory.

8) *Consistency with city or county general and specific plans.*

The proposed annexation area has been pre-zoned to Residential Estates-43 (RE-43) consistent with the Fortuna General Plan 2030. No General Plan Amendments, zone reclassifications, subdivision maps, conditional use permits, or other entitlements have been solicited, and no immediate development is anticipated.

9) *The sphere of influence of any local agency which may be applicable to the proposal being reviewed.*

The proposed annexation area is located within the City of Fortuna's Sphere of Influence. This proposal is consistent with the City's Sphere of Influence, which was reaffirmed by the Commission in January 2008.

10) *The comments of any affected local agency or other public agency.*

The City of Fortuna provided sufficient notice to interested and subject agencies of its intent to adopt a resolution of application, pursuant to GC Section 56654(c). LAFCo staff also provided a Notice of Filing to interested and subject agencies. No comments were received.

11) *The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.*

Sewer and water lines already exist in portions of the proposed annexation area. According to the Plan for Services, the City has not identified any capacity limitations for service to the properties in the proposed annexation area and the need to increase system capacity as a result of additional residences connecting to the system is not anticipated. Furthermore, the City has conducted a preliminary fiscal analysis for the anticipated services and improvements, and has found that the anticipated property

taxes, sales taxes, and utility fees (water and sewer) are sufficient to fund all anticipated services.

12) *Timely availability of water supplies adequate for projected needs as specified in G.C. Section 65352.5.*

The City will continue to provide water service to serviced properties in the proposed annexation area. The City has not reported any pressure or water volume issues which would indicate that the system is experiencing insufficient capacity to serve the area. Based on the Plan for Services, there is no anticipated need to expand the City's system capacity as a result of the annexation.

13) *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 as determined by the appropriate council of governments consistent with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7.*

The proposal would not impact any local agencies in accommodating their regional housing needs. The affected territory is currently developed with primarily single family residential uses. There are currently no development plans for the proposed annexation area; the City considers "additional development in this area extremely unlikely" due to steep terrain, limited access and the high cost of necessary road and utility improvements.

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

Following several neighborhood meetings, the City secured written consent for annexation from 100% of the property owners. No comments have been received by LAFCo for the proposed annexation.

15) *Any information relating to existing land use designations.*

The annexation area has a Residential Low Density (RL), Agriculture Suburban (AS), and Timber land use designation under the Fortuna Area Community Plan of the Humboldt County Framework General Plan. Thirteen parcels within the annexation area are currently zoned Residential One-Family (R-1) with a 1 acre minimum parcel size (B-4(1)), six parcels are zoned Agriculture General (AG) with a 5 acre minimum parcel size (B-5(5)), and one parcel is zoned Agriculture Exclusive. For pre-zoning purposes, the City of Fortuna's General Plan 2030 designates the entire proposed annexation area for Residential Estates (RE-43) with a 1 acre minimum parcel size.

Much of the annexation area is already developed with existing homes, except for parcels east of Holman Way. While the change in zoning could result in increased density, the City considers "additional development in this area extremely unlikely" due to steep terrain, limited access and the high cost of necessary road and utility improvements. The primary purpose of the annexation is to allow the City to provide sewer and water service to existing residences, many of which are on septic tanks and

receive water via wells, springs or delivery. Any new parcel configurations or building construction in the annexation area will be subject to the policies for RE-43 zoning.

16) The extent to which the proposal will promote environmental justice. As used in this subdivision, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the local of public facilities and the provision of public services.

The proposal will not result in inconsistencies with environmental justice safeguards. The proposal will result in expanded public services for residents within the annexation area. Property owners within the proposed annexation area will have the option to continue use of functioning onsite water and septic systems or connect to the City's municipal water and sewer systems.

Other Considerations

- o Environmental Review

As part of the City of Fortuna 2030 General Plan Update (2010), the City prepared a Program Environmental Impact (PEIR), which identified and assessed the environmental impacts of planned buildout in the Fortuna Planning Area, including the "Carson Woods Road" area that includes the entire Upper 9th Street Annexation area as proposed. The City, in its role as lead agency under CEQA, has concluded that the proposed annexation and pre-zoning would have no new environmental effects, require no additional mitigation measures, and are within the scope of the PEIR prepared for the Fortuna General Plan 2030 (pursuant to section 15168(c)(2) of the CEQA Guidelines). On behalf of the Commission, in its role as responsible agency under CEQA, LAFCo staff independently reviewed the PEIR and concurs that, the project will not generate any new direct or indirect significant impacts that have not already been adequately addressed and, as needed, mitigated in the PEIR.

- o Master Property Tax Agreement

California Revenue and Taxation Code Section 99(b)(6) requires the adoption of a property tax exchange agreement by the affected local agencies before LAFCo can consider a proposed boundary change. The proposal would apply a master property tax exchange agreement adopted by the City and the County in 1980; an agreement specifying Fortuna shall receive 21.30 percent of the County's existing portion of property tax revenues generated from the affected territory. Neither agency objects to the application of the referenced agreement.

- o Conducting Authority Proceedings

All proposed boundary changes approved by the Commission are subject to conducting authority proceedings (i.e., protest hearing) unless waived in accordance with criteria outlined under G.C. Section 56663. The application has received 100% consent from landowners within the proposed annexation area. Unless written opposition is received from landowners or registered voters within the affected territory

prior to the conclusion of the Commission's proceedings on the proposal, the proposal is not subject to conducting authority proceedings under G.C. Section 56663.

C. RECOMMENDATION

The proposed Upper 9th Street Annexation appears appropriate relative to the factors required by statute for consideration. It is recommended the following conditions of approval be applied with delegation to the Executive Officer to determine when the requested actions have been sufficiently satisfied before proceeding with a recordation.

- o Completion of the 30-day reconsideration period provided under G.C. Section 56895.
- o Completion of conducting authority (protest) proceedings by Executive Officer (unless waived pursuant to G.C. Section 56663).
- o Submittal of a final map and geographic description of the affected territory prepared by a licensed surveyor and conforming to the requirements of the State Board of Equalization.
- o Payment of any outstanding fees as identified in the Commission's adopted fee schedule.

Alternatives for Commission Action

Staff has identified three options for Commission consideration with respect to the proposal. These options are summarized below.

- o **Alternative Action One (Recommended):**
Adopt the draft resolution identified as Attachment A, approving the proposal with the recommended conditions along with any desired changes as requested by members.
- o **Alternative Action Two:**
Continue consideration of the item to the next regular meeting and provide direction to staff for additional information as needed.
- o **Alternative Action Three:**
Disapprove the proposal. Disapproval would statutorily prohibit the initiation of a similar proposal for one year unless a request for reconsideration is filed and approved within 30 days of Commission action.

Attachments

Attachment A: Resolution No. 15-03

RESOLUTION NO. 15-03**APPROVING THE UPPER 9TH STREET
ANNEXATION TO THE CITY OF FORTUNA**

WHEREAS, the Humboldt Local Agency Formation Commission, hereinafter referred to as the "Commission," is responsible for regulating boundary changes affecting cities and special districts pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

WHEREAS, the City of Fortuna filed a proposal with the Commission by resolution of application; and

WHEREAS, the proposal seeks Commission approval to annex approximately 50.8 acres (21 parcels) of unincorporated territory to the City of Fortuna; and

WHEREAS, the subject territory is inhabited as defined in Government Code Section 56046; and

WHEREAS, the proposal represents 100 percent consent of all landowners within the subject territory; and

WHEREAS, the proposal conforms to the adopted Sphere of Influence for the City of Fortuna, as adopted by the Commission in 2008; and

WHEREAS, the Executive Officer's report and recommendations on the proposal were presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a public meeting on May 20, 2015; and

WHEREAS, the Commission considered all the factors required by law under Government Code Section 56668 and adopted local policies and procedures.

NOW, THEREFORE, BE IT RESOLVED by the Humboldt Local Agency Formation Commission as follows:

1. The Commission's determinations on the proposal incorporate the information and analysis provided in the Executive Officer's written report.
2. The Commission, as Responsible Agency, has considered the findings made by the City of Fortuna, as Lead Agency, that the proposed annexation will not generate any new significant effects that have not already been adequately addressed as part of the Program Environmental Impact Report (PEIR) prepared for the City of Fortuna 2030 General Plan (State Clearinghouse Number 2007062106), filed with the County Clerk on October 28, 2010 (No. 931447). The

Commission has considered the PEIR and finds that it makes land use assignments for the territory and adequately discusses the environmental impacts of development of the territory to the assigned densities. The Commission concurs with the determination and finds the annexation will not introduce any new consideration with respect to this PEIR, and probable future projects are adequately addressed. The Commission further finds projects, as they become known, will be subject to additional environmental review.

3. The Commission approves the proposal, contingent upon the satisfaction of following terms and conditions as determined by the Executive Officer:
 - a) Completion of the 30-day reconsideration period provided under G.C. Section 56895.
 - b) Completion of conducting authority (protest) proceedings by Executive Officer (unless waived pursuant to G.C. Section 56663).
 - c) Submittal of a final map and geographic description of the affected territory prepared by a licensed surveyor and conforming to the requirements of the State Board of Equalization.
 - d) Payment of any outstanding fees as identified in the Commission's adopted fee schedule.
4. The effective date shall be the date of recordation of the Certificate of Completion. The Certificate of Completion must be filed within one calendar year from the date of approval unless a time extension is approved by the Commission.
5. Upon effective date of the proposal, the affected territory will be subject to all previously authorized charges, fees, assessments, and taxes that were lawfully enacted by the City of Fortuna. The affected territory will also be subject to all of the rates, rules, regulations, and ordinances of the City of Fortuna.

PASSED AND ADOPTED at a meeting of the Humboldt Local Agency Formation Commission on the 20th day of May, 2015, by the following roll call vote:

AYES: Commissioners:
NOES: Commissioners:
ABSENT: Commissioners:
ABSTAIN: Commissioners:

Attest:

Virginia Bass, Chair
Humboldt LAFCo

George Williamson, Executive Officer
Humboldt LAFCo