




City of Carson

Report to Mayor and City Council

July 19, 2011
New Business Consent

SUBJECT: CONSIDERATION OF THE APPLICATION PROCESS AND SUBSEQUENT ACTIONS TO INITIATE PROCEEDINGS FOR THE ANNEXATION OF THE UNINCORPORATED RANCHO DOMINGUEZ TERRITORY WITH LOCAL AGENCY-FORMATION COMMISSION


Submitted by Clifford W. Graves
Economic Development General Manager


Approved by Clifford W. Graves
Interim City Manager

I. SUMMARY

On June 15, 2011, the City Council directed staff to prepare and submit an application with Local Agency Formation Commission (LAFCO) to initiate proceedings to annex the area known as the unincorporated Rancho Dominguez Territory. Submitted for the Council's review is the annexation application process and recommended actions for consideration.

II. RECOMMENDATION

AUTHORIZE staff to meet with representatives from the county of Los Angeles to further discuss and gain support for the city's potential application to LAFCO.

III. ALTERNATIVES

1. DECLINE to proceed with the application process.
2. TAKE another action the City Council deems appropriate.

IV. BACKGROUND

The city of Carson, city of Long Beach, and city of Compton have a joint sphere of influence for the Rancho Dominguez area. In 2007, the city of Long Beach submitted an application to LAFCO to annex the area east of Alameda Street. If the city submits an application to annex the entire Rancho Dominguez area, the city of Long Beach and the city of Carson will be concurrently requesting annexation of the area east of Alameda Street.

The LAFCO Executive Director recently confirmed that when dual applications to annex the same area within their sphere of influence are submitted, priority is given to the first application. Therefore, if the city moves forward to submit an application to annex the entire Rancho Dominguez area priority would be given to the city of Long Beach to annex the area east of Alameda Street. However, the city of Carson would be given priority to annex the area west of Alameda Street if no other application is submitted prior to the city's submittal. Given that the 2007 fiscal analysis indicated that the west area was not self-supporting, the city's

application would need to clearly indicate that any annexation is contingent on the entire Rancho Dominguez area being included.

As part of the annexation process, a city is required to submit a tax transfer resolution from the county of Los Angeles to LAFCO before consideration can be made by the LAFCO Commission. LAFCO does not facilitate the tax transfer resolution or participate in the negotiations. The negotiations are solely between the county and city. The city of Long Beach is currently in negotiation with the county of Los Angeles for a tax transfer resolution. It is believed that even though negotiations continue, they may not result in an agreement between the county and Long Beach.

Recently, Senate Bill (SB) 89 was approved by the State Legislature removing an existing revenue stream from the Department of Motor Vehicles (DMV) Vehicle Licensing Fee set aside for newly incorporated areas/cities. As a result of SB 89, the city will not be able to include revenues from the DMV Vehicle Licensing Fee if Rancho Dominguez is annexed.

The Financial Analysis report dated January 2007 identified that the major sources of revenue were from estimated property tax and sales tax. In 2007, the net operating revenue was estimated to be sufficient to cover the estimated expenses. The known deficiencies in current road conditions will require substantial capital improvements costs. There is also concern that estimated sales tax may be lower. A revised fiscal analysis will be needed prior to or soon after submittal of an application to determine the potential viability of the annexation.

A 5% Utility User Tax (UUT) is currently imposed on the Rancho Dominguez Area by the county of Los Angeles. The legality of the city of Carson retaining the existing 5% UUT once the area is annexed is still uncertain and under review. Staff and the city Attorney's office will evaluate the impact of the 5% UUT, if legally allowed, or the application of the Carson 2% UUT, if extended.

Prior to initiating activities in preparation of a LAFCO application, staff recommends the City Council direct staff to meet with the county of Los Angeles to gather support and assess the feasibility of potentially annexing the entire Rancho Dominguez area. An update to the City Council will be prepared following discussions with the county and research by the city Attorney's Office.

Annexation Application Process

In order to proceed with an annexation, the city must complete a lengthy LAFCO application. The following are the steps necessary for the first stage of the LAFCO application process.

A. Items to be submitted immediately:

Resolution of Application. The first major step is for the City Council to adopt a resolution of application. The city must submit a certified copy of the resolution to LAFCO.

Notice of Intention. According to Cal. Gov. Code § 56654(b), at least 20 days before the adoption of the resolution, the legislative body *may* give mailed notice of its intention to adopt a resolution of application to the commission and to each interested agency and each subject agency. The notice should generally describe the proposal and the affected territory. This action is not required.

Pre-zoning Ordinance. The ordinance adopted in 2006 approving General Plan Amendment 80-06 and Zone Change Case No. 154-06 can be utilized for the purposes of completing this annexation application requirement. The ordinance must contain a description of how the proposed annexed land will be zoned by the city if the annexation moves forward. Any changes to the 2006 ordinance may be considered prior to submittal of an application. Staff proposes to use the existing pre-zoning and will attach one copy with the other materials described herein.

Application Form. At the same time that the resolution is submitted, the city must also submit the original and 25 copies of the application form. Descriptions and maps on this form must conform to State Board of Equalization (BOE) Standards.

The application asks for a myriad of information, including a detailed description of the proposed location, the likelihood of growth in the area, a summary of regional housing needs, present land use, and the effect of approving or denying the proposal. The city must answer questions pertaining to the “sphere of influence” of the proposed area, including future areas of social or economic interest, the present need for public facilities, and the present adequacy of public services. In addition, the city must include a detailed description of the reasons why the proposal is necessary, the alternate courses of action, and the effect of the proposal on the socioeconomic and governmental interests of the area.

The application also requests a detailed description of the economics of the annexation, including the bonded indebtedness of the agencies whose boundaries are being changed and how this indebtedness will be divided after annexation. Lastly, the application requires information pertaining to municipal services; specifically, the need for centralized community services and public facilities in the proposed annexation area.

The city must also complete out “Attachment A” to the application, which describes the Plan for Municipal Services. This includes information on the fire and emergency services that have been and will be used in the subject territory, as

well as a full description of the following services: flood control, library, parks and recreational, police, road maintenance, solid waste, special assessment district, street lighting, water, and waste water.

Staff will seek assistance from a consultant to update the fiscal analysis and Plan for Municipal Services.

Legal Description. Also, along with these materials, the city must submit five hard copies of the legal description of the land to be annexed. The legal description prepared in 2006 can be utilized again for the purpose of filing this application.

Environmental Documents. For most LAFCO actions, compliance is required with the California Environmental Quality Act, encoded in Sections 21000, et seq., of the Public Resources Code. The city will need to submit thirteen (13) copies of an Initial Study, Environmental Impact Report, and Negative Declaration. Importantly, the General Plan amendments would also need to be sent to LAFCO.

Maps. The city must also include an original or duplicate Mylar map of the vicinity, to scale and legible, as well as 5 printed copies of this map. The boundaries of the subject territory must be distinctively shown on the map.

Lists of limiting addresses. The city must also submit two (2) printed lists of all streets and addresses within the proposed annexation area. If addresses will be changed upon completion of the boundary change, the city must submit both current and new numbers.

Fees. The city must submit the appropriate fees with the application.

B. Items to be submitted within three (3) months.

Radius Map. Within three (3) months of the submission of all the above materials, the city must send LAFCO one 8.5" x 11" copy of a radius map that includes all territory within the annexation area and each parcel lying entirely or partially within a 300-foot radius.

Landowner List. The city must send a printed list of all landowners within the proposed annexation area, including all assessor parcel numbers.

When all of the above documents have been received, the city's work on the first phase of the LAFCO process will be complete. Since this is a fairly complex process, it is common for cities or other entities moving forward with annexation to hire third-party consultants to assist them in completing the application and following up with LAFCO as necessary.

Once the application has been submitted, it will be reviewed by LAFCO. State law provides a wide variety of factors that the LAFCO must consider in the review of a proposal. If LAFCO denies a proposal, it fails and the proceedings end. If LAFCO approves the proposal or approves the proposal with conditions, a resolution adopted by LAFCO will spell out the terms and conditions for the boundary change.

Costs to submit an application

LAFCO Application Fee	\$8,000.00
Plan for Municipal Services (Update)	\$1,000.00
Financial Analysis	\$10,000.00
General Plan Amendment and Rezoning (Update)	\$2,000.00
ND/Environmental (Update)	\$1,500.00
Maps	TBD
Legal Descriptions	Completed
Mailing Labels	\$3,000.00
Consultant Fees (Miscellaneous)	\$13,000.00
City Council Resolution	City Staff
Total	\$38,500.00

Costs for future consideration:

Legal Counsel Fees	Unknown
State Board of Equalization review and fees	\$3,000.00
Public Workshops	\$2,000.00
County Assessor fees	\$1,500.00
If a protest hearing occurs, the city bears all costs.	Unknown
Total	\$6,500.00

V. FISCAL IMPACT

Funds to prepare the LAFCO application and retain an annexation consultant were not included in the FY 2010/11 budget; therefore should the City Council direct staff to submit an application to LAFCO, the budget will need to be increased by \$35,000.00. Funds will need to be appropriated from the unreserved, undesignated general fund balance. Additional funds may be needed as the scope of services for consultants is better defined. Staff will be requesting the necessary allocations during the next City Council update. Funds in the amount of \$10,000.00 have already been allocated to cover the application fee to LAFCO.

VI. EXHIBITS

None.

Document I

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Reviewed by:

City Clerk	<u>City Treasurer</u>
<u>Administrative Services</u>	<u>Development Services</u>
<u>Economic Development Services</u>	<u>Public Services</u>

Action taken by City Council

Date _____ Action _____