

City Manager's Report

June 28, 2011 City Council Meeting

Prepared by: Steve Calfee, Community Development Director

Community Development Department

Item #: 12.4



Subject: 1. Provide direction to Staff as to whether to pursue Island Annexations communitywide.

Discussion:

Last fall, José Henriquez, Executive Director of the El Dorado Local Agency Formation Commission (LAFCO), made a presentation to the City Council regarding "island properties." Island properties are peninsulas and other illogical boundaries which are adjacent to the City limits and within the City's Sphere of Influence. Mr. Henriquez' presentation included an overview of the streamlined annexation process that can be utilized for properties which involve areas of less than 150 acres. In 2000, LAFCO law was amended to give LAFCOs the discretion to approve Island Annexations without protest or popular votes. The provision was intended to do away with small islands, peninsulas and other boundary anomalies and to promote more boundary-efficient municipalities.

During his presentation, Mr. Henriquez provided a map exhibit to the City Council which identified those areas that would qualify as "islands" under the LAFCO provisions relating to the streamlined process to annex the islands. The map he presented is attached hereto for your consideration as **Exhibit A**, and shows five areas throughout the community with an acreage of about 140 total acres.

Staff has created an inventory of each of the properties identified on Exhibit A in regard to assessed value, 2010-11 property tax rolls, and what the City's projected tax increment would be in the event that the City is successful in annexing the approximately 110 properties.

Historically, the City's share of the tax increment upon annexation of properties is 3.8%. Noting that the 2010-11 tax assessment rolls assess the 110 properties at \$188,100, the annual base rate the City would receive is approximately \$7,100—funds that would augment the General Fund.

As with any annexation, Island Annexations are process-driven. If the City Council wishes to pursue annexation of the islands, Staff predicts that it will be a six- to nine-month process. The City is the applicant and as such is responsible for preparing the application and initiating the property tax increment exchange rate negotiations (AB 8), and preparing support documents like a "plan for governmental services" for each of the sub-areas. At the conclusion of the process, the City must provide a meets-and-bounds (legal) description of each of the sub-areas to the State Board of Equalization, accompanied by processing fees.


The above revenue estimate assumes annexation of all properties shown on the attached exhibit. There are several vocal neighborhoods included in the island areas that have historically opposed annexation to the City of Placerville, including the Andler Way area and Panning Way neighborhood.

Cost: LAFCO requires a \$5,000 deposit to process the application on a T&M basis. The meets-and-bounds descriptions are estimated at \$4,000 (outsourced service), and the State Board of Equalization fees are estimated at \$3,000. It is estimated that 100 hours of Staff time will be required for this effort.


Budget Impact: The Staff time described above would be absorbed. Funding for the other matters has neither been budgeted nor identified. It appears that the successful annexation of the properties described above will have a positive impact on the City's General Fund budget beginning in year three.

Recommendation: Tonight, Staff respectfully requests that the City Council take the following action:

1. Provide direction to Staff as to whether to pursue Island Annexations communitywide.



M. Cleve Morris, City Manager



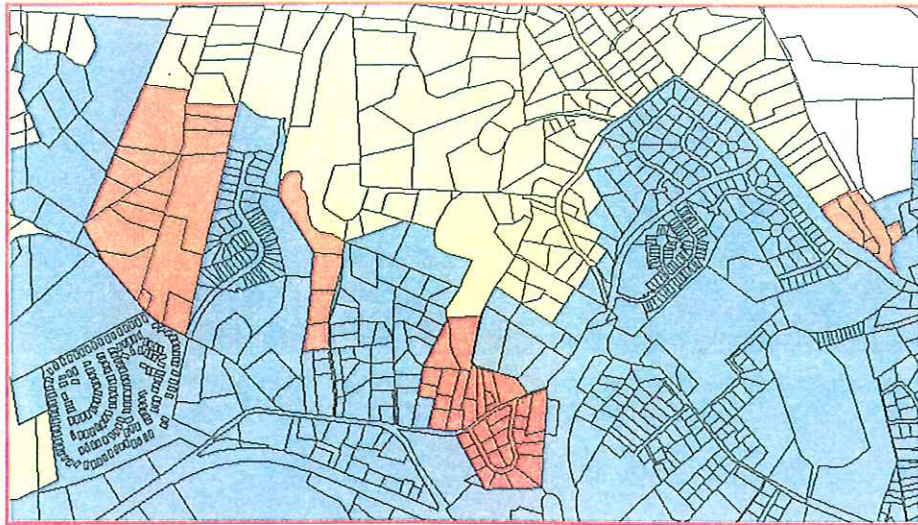
Steve Calfee, Community Development Director

Attached:

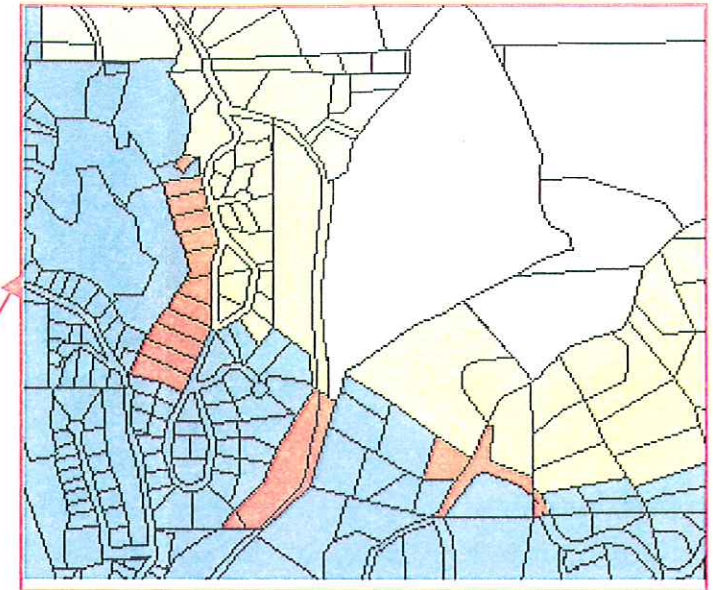
Exhibit A – Map of island areas eligible for annexation.

City of Placerville Island Annexations

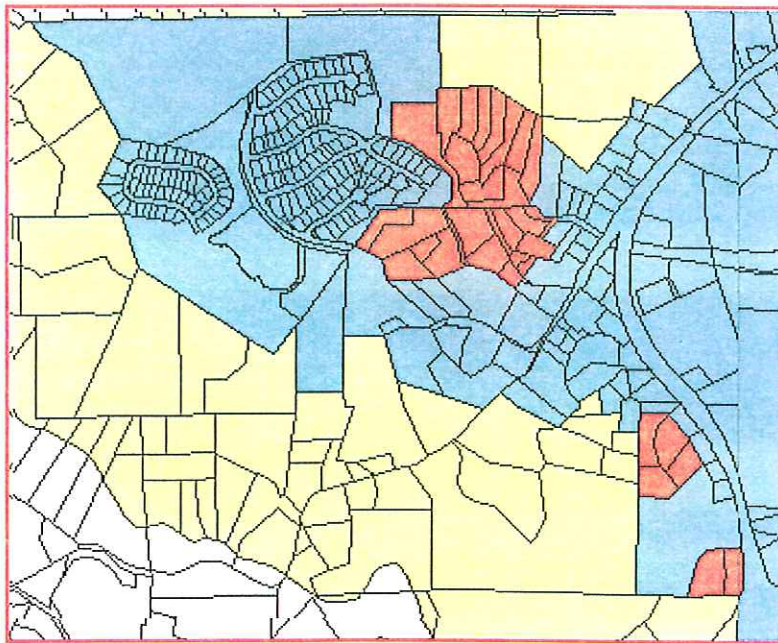
Total Approximate
Acreage: 140.04



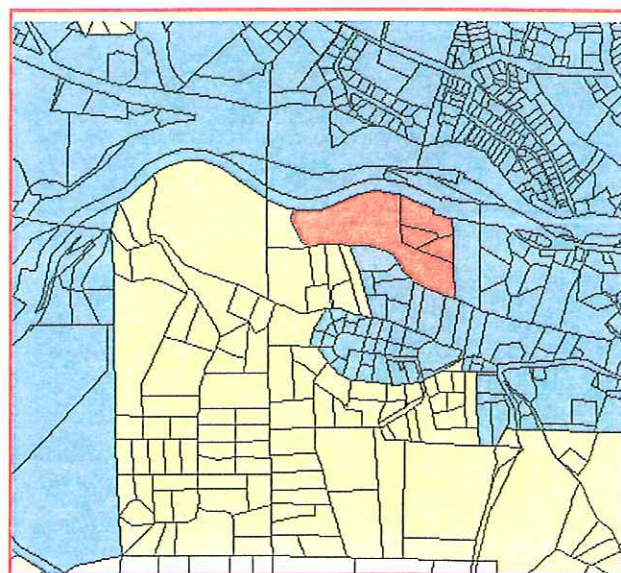
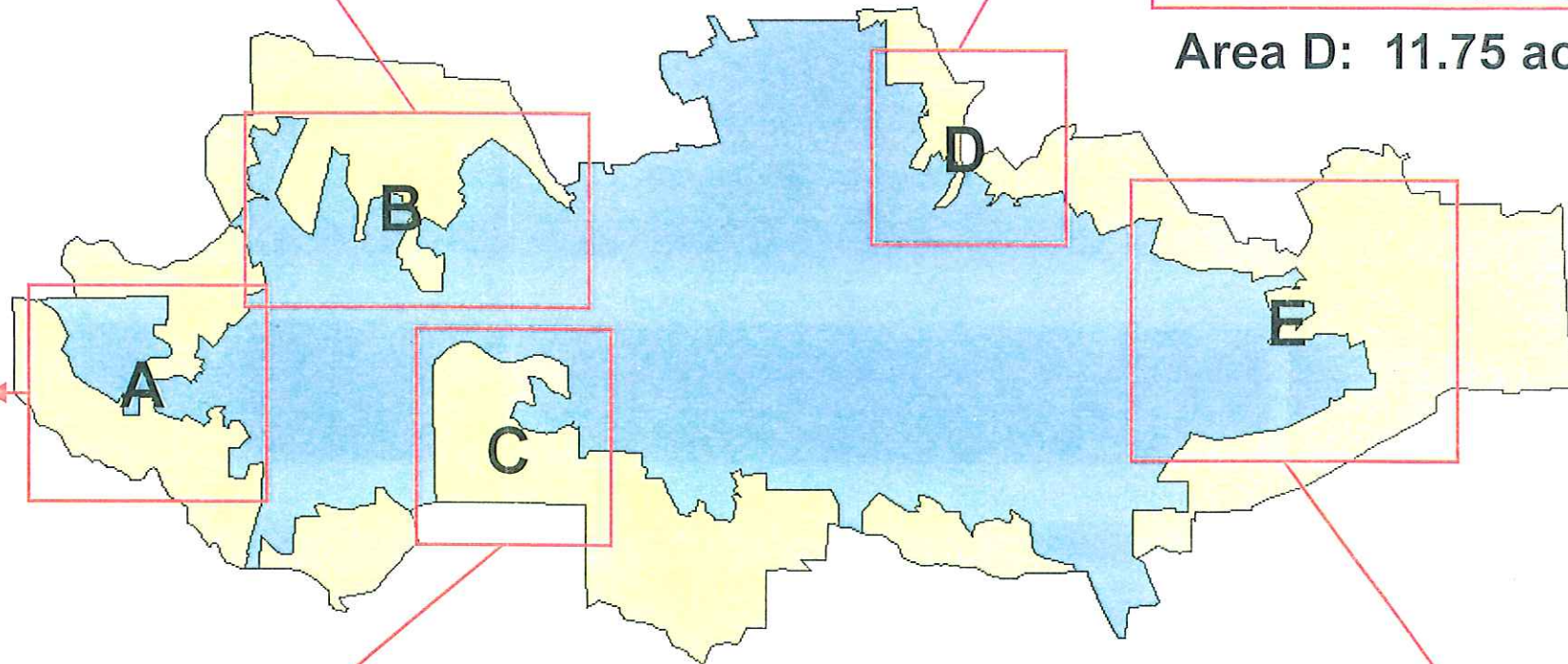
Area B: 59.1 acres



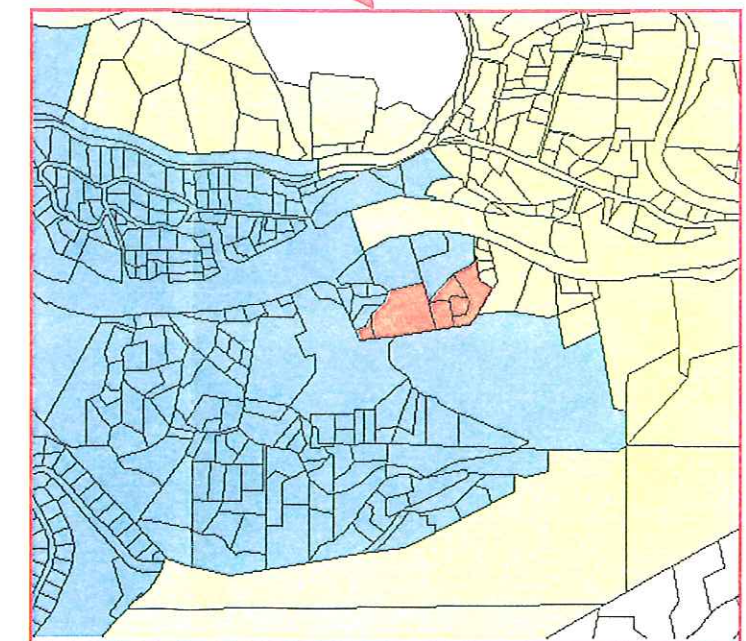
Area D: 11.75 acres



Area A: 45.04 acres



Area C: 15.4 acres



Area E: 8.75 acres