


# Community Development Department

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DATE: January 5, 2015  
TO: Thomas J. Haglund, City Administrator  
FROM: Kristi A. Abrams, PE, Community Development Director   
SUBJECT: USA 14-01 (#14070057), USA Amendment for North-Central Gilroy,  
North Gilroy Neighborhood Districts

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**RECOMMENDATION:** It is recommended that the city council receive this project update.

**COUNCIL GOALS CONSISTENCY:** The city council's 2014 Action Agenda includes an Annexation Policy and Strategy action item in support of the council goal to "Create a More Livable Gilroy Community for All." One of the activities/milestones of this action item is to obtain, from city council, direction pertaining to annexation of lands north of Gilroy. Council considered this request and directed staff to move forward with the timely processing of the North Gilroy Neighborhood Districts Urban Service Area amendment.

**BACKGROUND:** On July 31, 2014 the Martin Limited Partnership submitted an incomplete application to amend the city's Urban Service Area (USA). The subject proposal, now entitled North Gilroy Neighborhood Districts, is commonly known as the Rancho 101 lands along with the lands located south of Rancho 101 and north of the city limits generally bounded on the east and west by Monterey and Santa Teresa, respectively. Currently the subject area is primarily used for agriculture, large-lot single family homes, ranchettes and drainage channels.

The original map submitted for this application was amended to eliminate unincorporated islands, which would conflict with policies pertaining to orderly development. Additional items, such as a project narrative, were provided to complete the submittal. The total acreage for this application is approximately 700 acres.

Expansion of the city boundaries is a dual step process, typically initiated by private property owners. The property must first be located within the city's Sphere of Influence line. If within the Sphere of Influence, inclusion of the subject property into Gilroy's USA boundary is the first step toward annexation. A USA boundary adjustment is considered by the planning commission, who makes a recommendation to the city council, who, in turn, directs staff to file (or not file) an application to the Local Agency Formation Commission (LAFCO). At a public hearing, LAFCO makes the final decision regarding the USA amendment. Once a site is within the USA, an annexation request to bring the

subject property into the city limits can be filed. If certain conditions are met, the annexation process may be approved locally by the city council.

As the subject proposal is significant, and raises several concerns, especially in light of current efforts underway on the city's new general plan, a council study session was held on October 13, 2014. The purpose of this study session was to obtain early consideration and input from council regarding the necessity, timing and associated workload implications of processing the application.

After hearing LAFCO policy, General Plan (existing and new General Plan process) policy and staffing considerations in addition to public comment council directed staff to move forward with processing the application, with staff and the applicant working out the details of the applicants payment of processing costs, including those costs for staff augmentation.

#### **DISCUSSION:**

The applicant's representative and staff met numerous times to determine the best strategy to meet the applicant's goal of being before LAFCO, assuming a favorable recommendation from council, by the end of 2015. The original request of the applicant was to complete a project level environmental document to minimize additional environmental review as the project further moved forward in the entitlement process. A project level environmental document would require extensive amount of staff and consultant time, in addition to creating a master plan for the two neighborhood districts within the proposed USA boundary. It was determined that this process would take, at a minimum, two years. Thus it was mutually decided between staff and the applicant to proceed with a program level environment document containing as much project level information and analysis as possible while still meeting the goal to LAFCO before year end 2015.

With the determination of a program level environmental document planning consultant EMC, at the preference of the applicant; was requested to provide a scope of services, project timeline and cost schedule to the city. EMC is one of several consultants that the applicants may choose from and for which the city has previously approved the planning consultant's qualifications. The consultants work directly for the city with the applicants paying the actual cost plus an administrative charge. EMC will provide, via their own firm and qualified consultants, all California Environmental Quality Act (CEQA) required analysis and environmental documents. EMC will also provide staff augmentation in the form of staff reports and presentations for the environmental and LAFCO work. A separate planning consulting firm, PMC, will assist staff in review of the environmental and technical documents. Both EMC and PMC are very qualified and knowledgeable of the city of Gilroy planning process and environs. EMC most recently worked on the Silveria tentative map near Christopher High School with PMC most recently working on the Untied Foods International (UNFI) project.

The applicant has paid the \$34,449 processing fee in addition to placing a \$300,000 deposit toward the environmental and administrative costs. EMC's scope includes a cost of \$532,697. PMC will provide a scope and cost proposal the first quarter of 2015.

In addition to the consultants, the city will hire a part time office assistant and a part time budget analyst. The office assistant will assist with invoice payment and monitoring the applicant's deposit. The budget analyst will provide relief for senior level staff to work on the USA by taking of such duties as grant monitoring, grant application assistance, journal entries, high level invoice payment and monitoring, etc.

With the modification from a project level to program level environmental document and the addition of contractual services by PMC to assist in staff review of the environmental and technical analyses the amount of temporary staff augmentation needed was reduced. The applicant is providing full cost recovery for all efforts toward this project, including that of existing full time staff. Staff is closely monitoring consultant and staff time and the applicant will be required to provide future deposits such that a minimum of three months estimated expenses are on deposit with the city.

To assist in meeting the LAFCO end of 2015 goal, traffic counts were conducted in early December while remainder of the scope was being refined. As the traffic analysis is typically the longest lead time for most environmental documents, the ability to conduct the traffic counts in early December rather than waiting until mid to late January when all schools are back in session saved considerable time.

Other milestones are following along in a timely manner. The Notice of Preparation (NOP) required by CEQA for environmental review was sent out December 26, 2014 for a review period of December 29, 2014 to January 29, 2015. The required NOP scoping meeting has been set for January 8, 2015.

Next steps include submittal of the engineering analysis provided by the applicant to the city, slated for early January, and submittal of the preliminary traffic analysis to the city in mid-January.

**HUMAN RESOURCES IMPACT:** Adequate staff was available to prepare this project update.

**FISCAL IMPACT:** No fiscal impacts are associated with this project update.