

SANTA BARBARA LOCAL AGENCY FORMATION COMMISSION  
EXECUTIVE OFFICER'S REPORT

February 5, 2004 (Agenda)

LAFCO 03-5: Refiled Mahoney Ranch Reorganization: Annexation to the City of Santa Maria/Detachment from the Santa Barbara County Fire Protection District/ Detachment from the Laguna County Sanitation District

PROPONENT: City Council of the City of Santa Maria, by resolution.

ACREAGE & LOCATION Approximately 446 acres southeast of and including Mahoney Road, east of Black Road, north of the Tanglewood neighborhood and west of the Santa Maria Public Airport.

PURPOSE: Provide municipal services to develop the Mahoney Ranch Specific Plan, including up to 1,722 homes, commercial and manufacturing uses.

PROPOSAL INFORMATION

1. Introduction and Background

This proposal is similar to the Mahoney Reorganization (LAFCO 93-8) that was approved by LAFCO on September 1, 1994.

The Commission conditioned its approval of the Mahoney Reorganization upon the City of Santa Maria conducting proceedings to annex an existing residential subdivision (Tanglewood). It is an older tract that was developed in the unincorporated area and is adjacent to the proposed Mahoney Ranch Reorganization.

The City Council chose not to initiate the annexation of Tanglewood and the time to complete the Mahoney Reorganization eventually expired on September 2, 1997.

2. Recent City and County Approvals

Upon receipt of the Refiled Mahoney Ranch proposal we notified the City and County of a question regarding the applicability of the property tax exchange agreement from the previous, lapsed proposal. This led to discussions between the City and County that culminated in agreements relevant to the current application.

First, the City and County have negotiated and adopted a revised property tax exchange agreement, thereby allowing the Commission to proceed to hear the proposal.

Next, the City and County reached an agreement regarding equal sharing (50%/50%) of the proposed population allotments for the Mahoney Ranch project related to the Regional Housing Needs Assessment (RHMA).

Last, the County does not oppose detaching the Mahoney Ranch from the Laguna Sanitation District and County Fire Protection District, changes that are included as part of the application.

3. Land Use, Planning and Zoning - Present and Future:

The majority of the site is used as range land, with a portion in agriculture (row crops). Surrounding uses include the Santa Maria Airport and agriculture to the east, agriculture to the west, residential and light industrial uses to the north and residences to the south.

The site has been within the City's Sphere of Influence since 1993. Annexation will permit residential, commercial and manufacturing uses as well as agriculture and open space.

The proposed uses are consistent with the Mahoney Ranch Specific Plan adopted by the City Council in July 1994. This land use map designates the project area as:

- Lower Density Residential (122 acres),
- Low Density Residential (74 acres),
- Low-Medium Density Residential (30 acres),
- Medium Density Residential (52 acres),
- Neighborhood Commercial (7 acres),
- Heavy Commercial/Manufacturing (3 acres),
- Secondary Agriculture/Open Space (119 acres) and
- Open Space (40 acres).

Approved rezoning includes PD/R-1 and PD/R-2 (Single-Family and Multiple-Family Residential), PD/CC (Neighborhood Commercial, (PD/CM – Manufacturing), PD/AG (Agriculture) and PD/OS (Open Space). The proposed uses are compatible with these zoning designations.

The County Land Use Map designates the area as A-II (Agriculture), except for one parcel with is General Industry and a portion of another parcel which is Res. 4.6. Primary County zoning is 100-AL-O (100-acre minimum Limited Agriculture-oil overlay).

The County Planning and Development Department has reviewed the application and provided its comments that are attached as Exhibit A.

One issue is whether the proposal, while within the City's sphere of influence, should be approved given the fact that there is significant undeveloped acreage presently within the sphere that may be adequate to accommodate the residential and industrial uses planned for this annexation.

In the past the Commission has not "metered" city annexations within adopted spheres of influence, provided the annexation is contiguous, a logical extension of city boundaries and that adequate public services will be available to serve the area. The LAFCO staff believes that sphere decisions are the appropriate method for LAFCO to guide the location of the growth and development of communities

A second issue concerns preserving agricultural resources. The staff assumes including land within a city sphere is the Commission's determination that it will be developed in accordance with City General Plans and zoning.

The County staff questions whether Tanglewood, a residential subdivision adjacent to the Mahoney Ranch Reorganization, and designated by the County as an "Existing Developed Rural Neighborhood" should be included.

Excluding Tanglewood from the annexation would not leave an "island" of unincorporated land surrounded by the City, however it would leave an urban neighborhood adjacent to an area of the City that will become urban following completion of the annexation.

The County also raises a question of biological resources based on recently available information regarding endangered species. The staff is aware of growing interest on the part of public agencies with regard to protecting habitat for endangered species, including the Tiger Salamander. These restrictions would apply to properties whether or not they are located within the City. This is a matter that needs to be addressed with respect to Mahoney Ranch through the City's land use development process.

Last, the County questions whether the Mahoney Ranch should be developed at higher and more diverse densities to "more efficiently meet State and regional housing needs and targets." That observation is appropriate to both City and County developments in the Santa Maria Valley. The agreement between the City and County regarding the RHNA allocations seems to resolve this matter for the current annexation.

4. Topography, Natural Features and Drainage Basins

The site and surrounding area is gently sloping. There are no significant natural boundaries affecting the proposal.

5. Population:

There are currently no dwelling units within the proposal area. The annexation could eventually result in construction of 1,098 single-family and 624 multiple-family home.

It appears the annexation will increase the ability of the City and the County to achieve their Regional Housing Needs Allocations.

6. Governmental Services and Controls - Need, Cost, Adequacy and Availability:

The City's "Plan for Providing Services within the Affected Territory," as required by Government Code section 56653, is attached as Exhibit B. The level and range of services will be similar to those currently provided within the City.

7. Assessed Value, Tax Rates, Indebtedness and boundaries:

The annexation area is within tax rate areas 87-019 and 87-021. The assessed value is \$886,675 (2003-2004 roll).

The City requests that the property be liable for its share of existing City indebtedness.

Overall tax rates will not be changed by the reorganization because (a) City debt is being repaid through water rates and the City General Fund, not through property taxes and (b) the detaching districts have no bonded indebtedness being repaid by property taxes.

The reorganization boundaries should include, in accordance with usual practices, the adjacent segments of Black Road and Mahoney Road.

8. Environmental Impact of the Proposal:

The City is the lead agency. In 1992 it certified the Final EIR for the Santa Maria Sphere of Influence Boundary Amendment and Concurrent Annexation Study, which includes this property. That report was considered by the Commission in 1994 when it approved the original Mahoney Ranch Reorganization.

The City's CEQA Findings and Statement of Overriding Considerations is enclosed for the Commission's review and information.

9. Landowner Consent and Registered Voters:

The City certifies that all property owners in this proposal have given written consent.

The territory is uninhabited; namely, there are fewer than 12 registered voters.

The City, and the County as the governing board of the detaching districts, consent to the waiver of conducting authority proceedings.

10. Boundaries and Lines of Assessment:

The boundaries are definite and certain. There are no conflicts with lines of assessment or ownership. The annexation area is contiguous to the existing City boundaries.

A map sufficient for filing with the State Board of Equalization has not yet been received from the proponent.

11. Initiation of the Annexation of the Tanglewood Tract:

In 1993, when expanding the City of Santa Maria's sphere of influence, the Commission adopted the following policy to guide consideration of the Mahoney Reorganization:

Prior to or in conjunction with the Commission approving the annexation of that portion of the [Mahoney Reorganization] which is planned for residential development, the City shall initiate and conduct proceedings to also annex the existing adjacent residential subdivision (Tanglewood).

The Commission applied this condition to the Mahoney Reorganization (LAFCO 93-8). The City Council did not initiate the Tanglewood annexation and therefore the Mahoney Reorganization was not completed

As written the condition did not require the annexation of Tanglewood, only that the City conduct annexation proceedings. The outcome of the proceeding would have been determined by the registered voters and landowners in the Tanglewood tract.

As we understand, the City was concerned about initiating the Tanglewood annexation due to the condition of the public infrastructure in the subdivision, which may represent a significant City expense to improve the area to current City standards.

Economics of city annexations can be viewed in light of individual annexations or in the context of an entire general plan and sphere of influence.

Depending upon proposed land uses, annexations generate different costs and revenues. Commercial development is assumed to produce revenues in excess of service costs. Residential development may result in service costs greater than direct revenues. In balance, cities are able to provide a specific level of service for the entire city.

Clearly, there may be higher costs to serve areas that were developed years ago under different standards than today and that may or may not have been properly maintained.

Also, the location of the Tanglewood tract raises the issue of responses distances and times law enforcement, fire protection, road maintenance and other services. While the property is within the City Sphere it is distant from existing developed areas in the City.

At issue are not be only the fiscal interests of the City but interests of those being annexed, in this instance residents of Tanglewood. These may include being able to participate in City Council elections that are important to the future of the Santa Maria Valley.

On the other hand, the County Administrator states in an October 14, 2003 report to the Board of Supervisors

“Mahoney Ranch is part of the County Fire Department’s service area that includes the adjacent Tanglewood neighborhood. Under the current proposal the County would continue to provide fire service to the Tanglewood neighborhood requiring the County Fire Department to drive immediately past the future Mahoney Ranch development. From a County perspective it makes sense to have both the Tanglewood and Mahoney development served by the same fire agency to reduce service duplication and overlap.”

One idea is for the City to agree to initiate the annexation of the Tanglewood subdivision at some specific point in the future, perhaps when residential uses adjacent to the existing subdivision are developed and occupied and the City is providing municipal services to the general area.

The Commission's 1994 decision to tie Tanglewood to the Mahoney Reorganization was based upon the facts that (1) Tanglewood is within the City sphere of influence and (2) urban uses within the sphere ought to be within the City wherever practical.

A question today is whether the Commission wishes to reimpose a condition that the City initiate the annexation of the Tanglewood Tract if it annexes the Mahoney Ranch.

In the following alternatives, Option 1 is approval of Mahoney Ranch Reorganization without the condition requiring the City to initiate the annexation of the Tanglewood tract. Option 2 is approval with the condition the City initiate the annexation of Tanglewood before the Mahoney Ranch Reorganization is recorded.

#### ALTERNATIVES FOR COMMISSION ACTION

After consideration of this report and any testimony or additional materials that are submitted the Commission should consider taking one of the following options:

**Option 1**      Approve the reorganization as submitted.

- A.      Certify it has reviewed and considered the information contained in the EIR prepared and certified by the City.
- B.      Adopt this report and approve the proposal, to be known as the Refiled Mahoney Ranch Reorganization: Annexation to the City of Santa Maria; Detachment from the Santa Barbara County Fire Protection District/ Detachment from the Laguna County Sanitation District, with the following conditions:
  - 1.      The territory being annexed shall be liable for any existing indebtedness of the annexing agency.
  - 2.      The territory being annexed shall be liable for any authorized or existing City taxes, comparable to properties presently within the City.
- C.      Find: 1) the subject territory is uninhabited, 2) all affected landowners have given written consent to the annexation and 3) the annexing agency has given written consent to the waiver of conducting authority proceedings.

D. Waive the conducting authority proceedings and direct the staff to complete the proceeding.

**Option 2** Approve the proposal as set forth in Option 1 with the additional condition that the City of Santa Maria initiate the annexation of the Tanglewood Tract before this reorganization can be recorded.

**Option 3** If the Commission wants to deny the proposal.

A. Certify it has reviewed and considered the information contained in the EIR as prepared and certified by the City.

B. Adopt this report and DENY the proposal.

**Option 4** If the Commission needs more information, it should CONTINUE this matter to a future meeting.

**RECOMMENDED ACTION:**

Approve either **Option 1 or Option 2.**

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BOB BRAITMAN  
Executive Officer  
LOCAL AGENCY FORMATION COMMISSION

Exhibit A County Planning and Development Report (8/21/03)  
Exhibit B City of Santa Maria Plan for Providing Services  
Exhibit C City of Santa Maria CEQA Findings and Statement of Overriding Considerations  
Exhibit D Maps of Proposed Reorganization

TO RECEIVE A COPY OF THE EXHIBITS PLEASE CONTACT  
THE LAFCO OFFICE.