

2. **Annexation and Annexed Properties**

City Point Person – **Joe Horwedel**, Director of Planning, Building, and Code Enforcement
County Point Persons – **Jane Decker**, Deputy County Executive, and **Michael Murdter**,
Director of Roads and Airports

Est. Completion Date: 2011.

Synopsis: The City agreed to annex all of the County pockets less than 150 acres that are in the City's urban service area and make good faith efforts to annex those pockets that are greater than 150 acres. The County agreed to absorb the cost of surveying and map preparation, and make road improvements, etc.

Background: As part of the recent City/County Settlement Agreement, the City agreed to annex, by 2011, all of the county pockets of 150 acres or less in the City's urban service area. In addition, the City agreed to make good faith efforts to annex pockets greater than 150 acres. The County agreed to absorb the cost of the preparation of maps, Assessor and Surveyor costs, and make road improvements. LAFCO staff and the City also identified San Jose islands that had been included in the Urban Pockets Maps prepared by the County that are not eligible for the streamlined island annexation process because some portions of the parcels in the islands are located outside of the City's urban service area.

City View: As County pockets are annexed to San Jose, the City assumes the operation and maintenance responsibilities for the infrastructure within those areas. Some of the public infrastructure in County pockets was built under standards that are below the City's standards. This circumstance exacerbates the existing maintenance and operations funding shortfalls and declining condition of the City's overall current infrastructure. In correspondence to the City Manager from the County Executive Office in 2005, the County offered to provide street improvements as part of the annexation process. It is the City's desire that the roadway pavement be brought to a good rating (PCI 80) for each roadway segment prior to the annexation. If the County proposes a cash contribution toward the improvements, that the calculation be based upon full costs to bring the roadway pavement to a good pavement rating. The City appreciates any effort by the County to improve infrastructure in these pockets in advance of transferring them to the City. In addition, the City would like to explore discussions with the County on funding possibilities, including Proposition 42 and 1B funding. Such funding would improve the City's ability to maintain San Jose's transportation infrastructure.

Below is information requested by the Council, which provides an evaluation of the County roads included in the Phase 2 and Phase 3 annexations and has reached the following conclusions:

- ❖ 35.9 miles of roads are proposed to be transferred from County to City jurisdiction (0.9 miles in Phase 2 and 35.0 miles in Phase 3)
- ❖ The cost to improve the County streets to City standards is \$35.8 million
- ❖ The increased maintenance costs to the City for the annexed streets are \$942,000 annually.

It is noted that the 36 miles of County roads proposed for annexation by the City represents over 5% of the overall County road inventory. Consideration should be given to having the County contribute one-time and ongoing funds to the City for roadway improvement and maintenance costs.

Phase 1 (programmed for Fiscal Year 06/07) is essentially complete. 20 out of 24 proposed Phase 1 annexations have been finalized. Of the remaining four, two were deferred because the property owner indicated a desire to pursue a Planned Development Zoning and annexation would have precluded that for 2 years, one was converted to a privately initiated zoning after it was determined that it did not meet the State's streamlining criteria and one was deferred to allow the County to continue with a Code Enforcement action underway.

The City has begun work on the Phase 2 annexations (11 scheduled to be completed in the next fiscal year) ahead of schedule. Due to budget constraints for the preparation of the necessary legal documents, work is limited to early outreach and processing of the four properties for which the County has agreed to provide the legal documents. At this point, analysis of these four sites is being conducted to determine the appropriate rezoning designation.

County View: It is incumbent on the City to determine the best way to ensure that the pockets not eligible for the streamlined annexation process, and, possibly more islands, be annexed in order to meet the provisions of the Settlement Agreement.

The County will work closely with the City to effect the annexation of the urban pockets. Unfortunately, the City's expectations for pre-annexation improvements such as curb/gutter, etc. well exceed the County's current availability of resources to make improvements. Nevertheless, the Board of Supervisors did allocate \$700,000 in 2005 to cover cities' costs associated with the streamlined annexation process. These include Surveyor and Assessor costs as well as Board of Equalization filing fees. Improvements to County roads have also been funded from this allocation.

In addition, County Roads has contributed \$459,000 of Road Fund monies for road improvements. On roads not meeting a Pavement Condition Index of 70, the County will provide improvements. When the allocation is fully expended, the Board may consider whether additional revenue is needed to continue subsidies.

City Presentation

County Island Annexation Program

- ❑ 3-5 year plan for annexation of up to 58 County islands
- ❑ Three phases were outlined, starting with the smaller islands (2006-2007), and then annexing the larger islands over the subsequent three years (2008-2010) to allow City departments time to prepare for increased service demands
- ❑ Overall this program will add more than 5,000 households and over 1,300 acres to the City

County Island Annexation Program

Program Status

Phase 1: 21 of 24 annexations are effective

Two on hold at owner request to pursue different zoning; one on hold awaiting completion of County abatement

Phase 2: 11 pockets, currently under review for zoning and awaiting legal descriptions

Residents have been sent introductory letter and County Island Annexation Answer Book; there will be a community meeting on August 23

Phase 3: 14 pockets, tentative schedule has been outlined

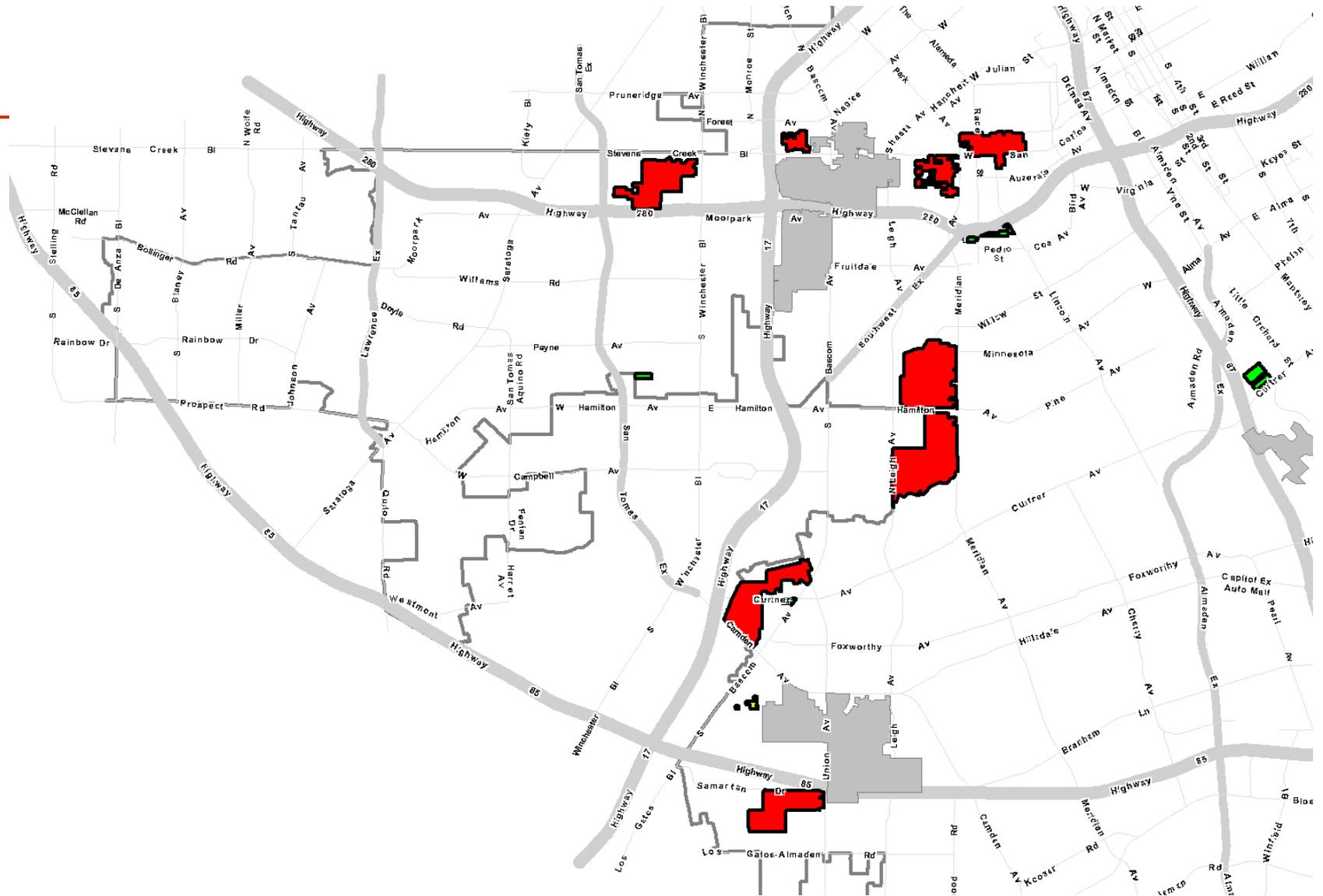
City departments are reviewing needs for service delivery

County Island Annexation Program



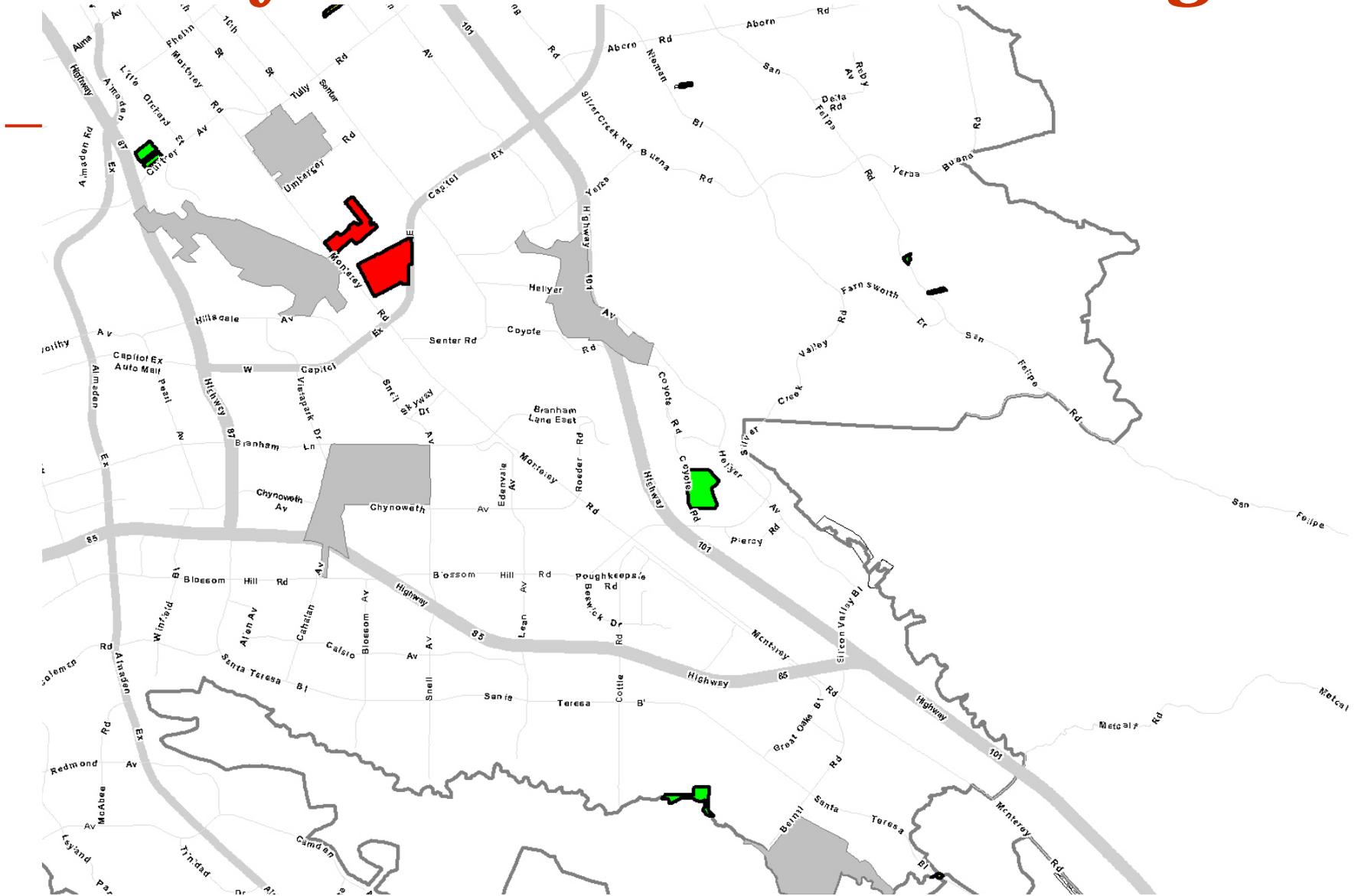
Pockets in the East

County Island Annexation Program



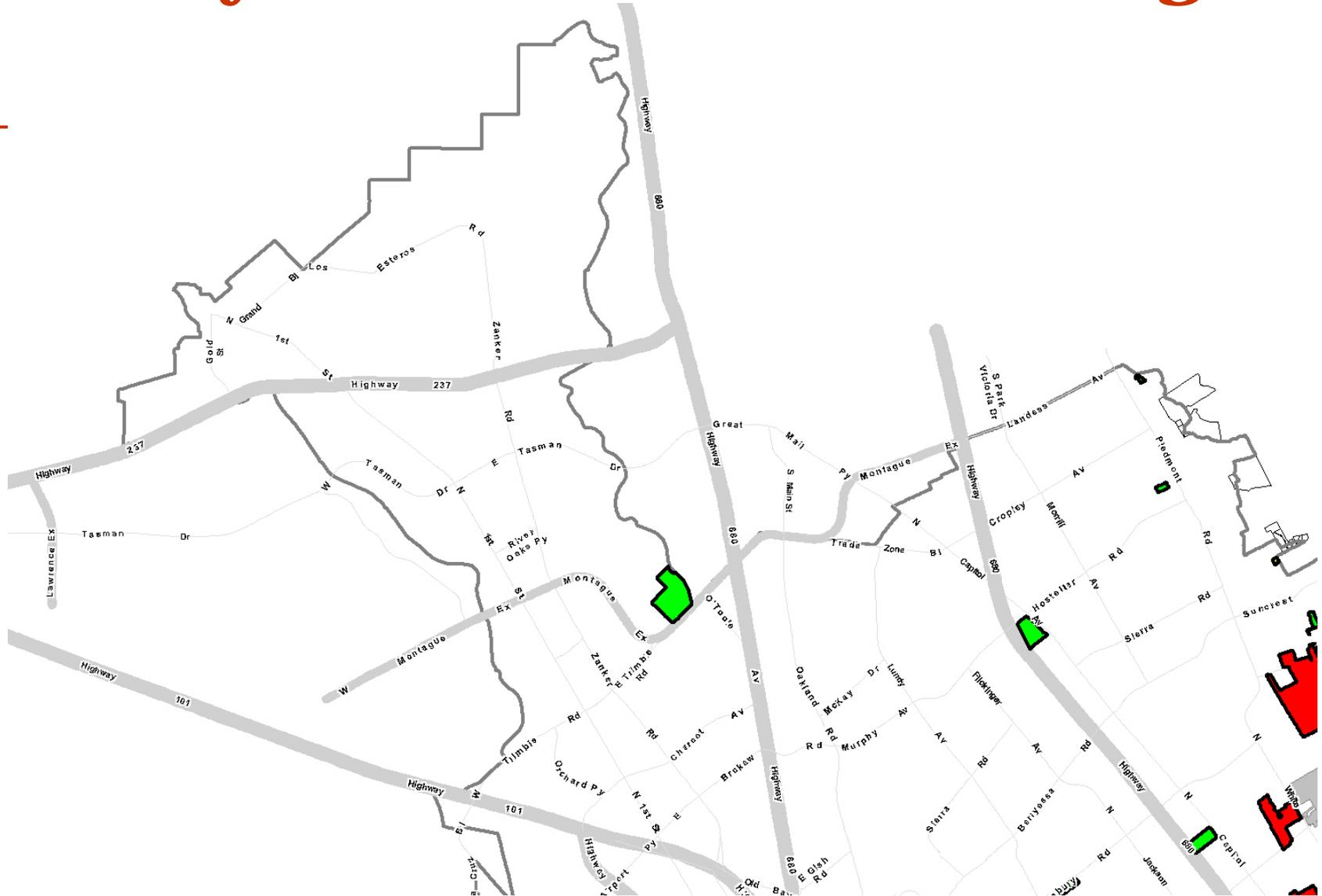
Pockets in the West

County Island Annexation Program



Pockets in the South

County Island Annexation Program



Pockets in the North

County Presentation

County of Santa Clara

Office of the County Executive

County Government Center, East Wing
70 West Hedding Street
San Jose, California 95110
(408) 299-5105



DATE: August 10, 2007

TO: Board of Supervisors
San Jose City Council

FROM: Jane Decker 
Deputy County Executive

SUBJECT: **Annexation Expenditures**

There have been fifty-three islands annexed countywide, including twenty in San Jose, for a total of 900 acres and 2800 people.

In 2005, the Board of Supervisors allocated \$700,000 to facilitate streamlined annexations. The allocation has funded the cities' costs for Surveyor and Assessor services and Board of Equalization filing fees. Road improvements on County roads in the islands have also been funded from this allocation. Additionally, special Road Fund revenue has been provided for the improvements (see attached). When the allocation is expended, the Board of Supervisors can consider whether additional revenue is needed to continue subsidies.

Various arrangements have been negotiated with cities regarding how road improvements will be made. San Jose Transportation officials should meet with Mike Murdter, Roads and Airport Director, to determine the best way to accomplish the road improvements.

With regard to public safety services, a communications plan should be developed to describe the transfer from the County to the City after annexation.

Cc: Pete Kutras
Debra Figone

Streamlined Annexations

Board of Supervisors allocated \$700,000 to assist cities with costs of streamlined annexations

- \$250,000 for Surveyor, Assessor costs and Board of Equalization costs
- \$450,000 for road improvements in islands

Roads Fund contributed \$460,000

Streamlined Annexations

- 53 Islands annexed Countywide
- 900 acres
- 2800 people
- San Jose annexed 20

Streamlined Annexations

Arrangements with cities for road improvements

- On roads not meeting a Pavement Condition Index (PCI) of 70, County will provide improvements
- Payment in lieu of road repairs

City Transportation officials should meet with Roads and Airports Director to determine approach for San Jose

Streamlined Annexations

A communications plan should be developed to describe transfer of public safety services after annexation.