

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Joseph Horwedel

SUBJECT: SEE BELOW

DATE: September 22, 2010

Approved

Date

9/22/10

COUNCIL DISTRICT: 9
SNI AREA: N/A

SUBJECT: CAMBRIAN NO. 36 REORGANIZATION/ANNEXATION TO THE CITY OF SAN JOSE OF AN APPROXIMATELY 103 GROSS ACRE COUNTY ISLAND CONSISTING OF APPROXIMATELY 320 PARCELS GENERALLY BOUNDED BY CENTRAL PARK DRIVE TO THE NORTH, STATE HIGHWAY 17 TO THE WEST, CAMDEN AVENUE TO THE SOUTH AND UNION AVENUE TO THE EAST.

RECOMMENDATION

It is recommended that the City Council adopt a resolution initiating proceedings and setting November 9, 2010 at 7:00 p.m. for a public hearing on the reorganization of territory designated as Cambrian No. 36 which involves the annexation to the City of San José of approximately 103 gross acres of land generally bounded by Central Park Drive to the north, State Highway 17 to the west, Camden Avenue to the south and Union Avenue to the east, and the detachment of the same from the appropriate special districts, County Lighting, West Valley Sanitation, and Area No. 01 (Library Services) County Service and maintain the area within the Central Fire District with the Santa Clara County Fire Department providing first response as currently occurs.

OUTCOME

If approved by the City Council, the Council would conduct a public hearing on the annexation/reorganization of this County island on November 9, 2010. If annexation is approved on November 9th per the Administration's recommendation, the area would be served primarily by City of San Jose facilities and services with Central Fire providing first response, as described in this report.

BACKGROUND

On April 26, 2006, the City Council voted to proceed with a County Island Annexation Program that involves the annexation of all unincorporated County pockets less than 150 acres in size. The program has resulted in the annexation of 42 County islands comprising approximately 900 acres and 9,000 residents thus far. The annexation of the subject area is one of five County pockets proposed for annexation in 2010 in the Program's third and final phase that includes approximately 445 acres and 7,500 residents. Approximately 1,400 acres will be annexed including 17,000 residents if all the proposed annexations within the County Island Annexation Program are approved.

In November of 2006, the City and County entered into a Settlement Agreement to resolve disputes related to development of the County Fairgrounds site and development under the City's North San Jose Area Development Policy. As a part of that Settlement Agreement, the City agreed to review and process for ultimate consideration by the City Council the annexation to City of islands of County territory that are 150 acres or less. Unincorporated islands are governed by and receive services from the County even though they are completely or substantially surrounded by incorporated or City lands. While not agreeing to any particular outcome or decision on any specific annexation proposal, City did agree to make good faith efforts to process those annexations for City Council consideration by April 15, 2011. This proposed annexation has been reviewed and processed pursuant to the agreements reached by the City and County in that Settlement Agreement.

The City Council is scheduled to consider the corresponding Planning Director-initiated Prezoning with the initiation of the Cambrian No. 36 annexation on October 5, 2010 for the purpose of assigning City of San José zoning districts to the area prior to annexation (see separate report for File # C10-010).

ANALYSIS

County Pocket Description

The 103 gross acre Cambrian No. 36 island is within the City of San Jose's Sphere of Influence and Urban Service Area and is predominantly surrounded by San Jose incorporated territory. The northern portion of the pocket is almost entirely surrounded by San Jose annexed territory. The remainder of the pocket is adjacent to both the cities of San Jose and Campbell.

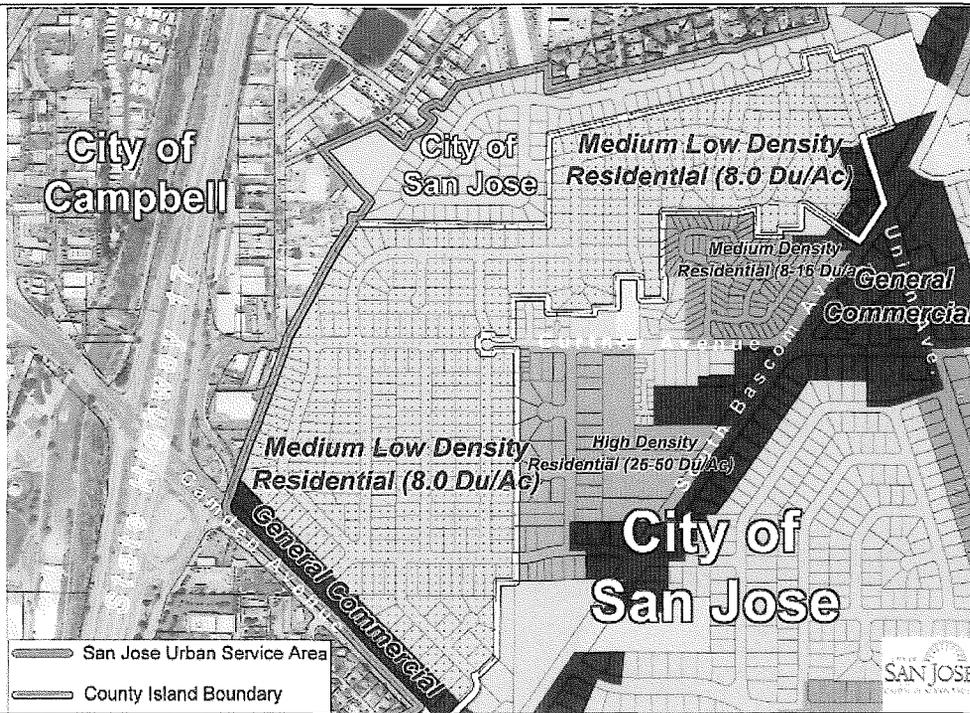
The San Jose 2020 General Plan designation is Medium Low Density Residential (8 units per acre) on approximately 95 acres and General Commercial on the remaining 8 acres. The unincorporated area is developed primarily with single-family residences on lots ranging in size from approximately 8,000 to 16,000 square feet. There are also two separate retail commercial areas within the pocket including approximately two acres located at the northwesterly corner of Union and South Bascom Avenues and an approximately 6.4 acre area fronting the northerly side of Camden Avenue between Curtner Avenue and Olympia Avenue. The commercial uses in the area include fast-food restaurants, a 38-room hotel, gas station, travel agency, gun/tackle shop, cigar store, and billiard supply.

AERIAL PHOTOGRAPH

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SAN JOSE 2020 GENERAL PLAN DESIGNATIONS



General Information about the Implications of County Island Annexation

The following information, in the form of an Annexation Answer Book, has been provided to property owners and other interested persons regarding the implications of annexation:

- **Taxes.** There will be no change to the assessed valuation of property or tax rate as a result of annexation to the City of San Jose. Some assessments change or will be eliminated (e.g., libraries, sewer, and street lighting), with the amount of special assessments comparable to what was paid in the County. Newly annexed properties will be subject to the City's transfer tax (\$3.30/1000) at the time of property sales, and residents will be subject to the utility user's tax (5%).
- **Streamlined Annexation Process.** The State has waived formal protest proceedings for unincorporated areas surrounded or substantially surrounded by cities, that are already developed and within their Urban Service Area, and are less than 150 acres in size. The subject area qualifies for this more streamlined annexation process. Staff has received comments of concern from residents and property owners regarding the limits placed on their ability to protest annexations as a result of the streamlined process.
- **County/City Permit Processes.** Under State law, no changes in zoning or general plan designations can be approved for two years after the annexation unless findings can be made that a substantial change has occurred. The County typically stops accepting new development permits about six weeks prior to the annexation initiation hearing. Those with valid building permits in the County can continue construction, and inspections will be conducted by the County. New development permits can be obtained from the City once the annexation is effective.
- **Zoning Regulations.** Staff has provided information to residents regarding development standards under the new zoning districts, as well as other policies and programs such as regulations for legal nonconforming uses and the secondary unit program.
- **Boundaries (School district, zip code, and real estate)** Annexation does not affect school district boundaries. Address and real estate listing boundaries are not determined by the City. There will be no change to the zip code (95008) that is the same used for the City of Campbell and small portions of San Jose in Council Districts 1 and 9. Staff cannot speak to the possibility of future changes in these boundaries by outside agencies or organizations.
- **Code Enforcement.** City of San Jose Code Enforcement will respond to complaints of code violations once the annexation is effective.
- **Sidewalks, Sewers, and Lighting.** Upon annexation, residents should not expect the City to construct sidewalks or require construction of sidewalks until new development takes place or improvements are made within the public street right-of-way. The City also constructs sidewalks as part of street improvement projects funded through the City's Capital Improvement Program. San José does not have an assessment for street lights but

will take over responsibility for maintaining existing street lights and taking care of outages, malfunctions, and damages.

- **Streets.** County Roads and Airports has recently completed maintenance work for roads that are contained in the subject County pocket. This maintenance work is expected to last ten years. The City of San Jose will be responsible for future maintenance if the areas are annexed.
- **Collection of Garbage and Recyclables.** Annexation into San José will result in an eventual change to one of the companies under contract with the City for garbage and recyclable collection services. The change will not occur immediately upon annexation. Customers will be notified in advance regarding the time at which their garbage collection services will change to the new company.

The Annexation Answer Book also addresses other topics

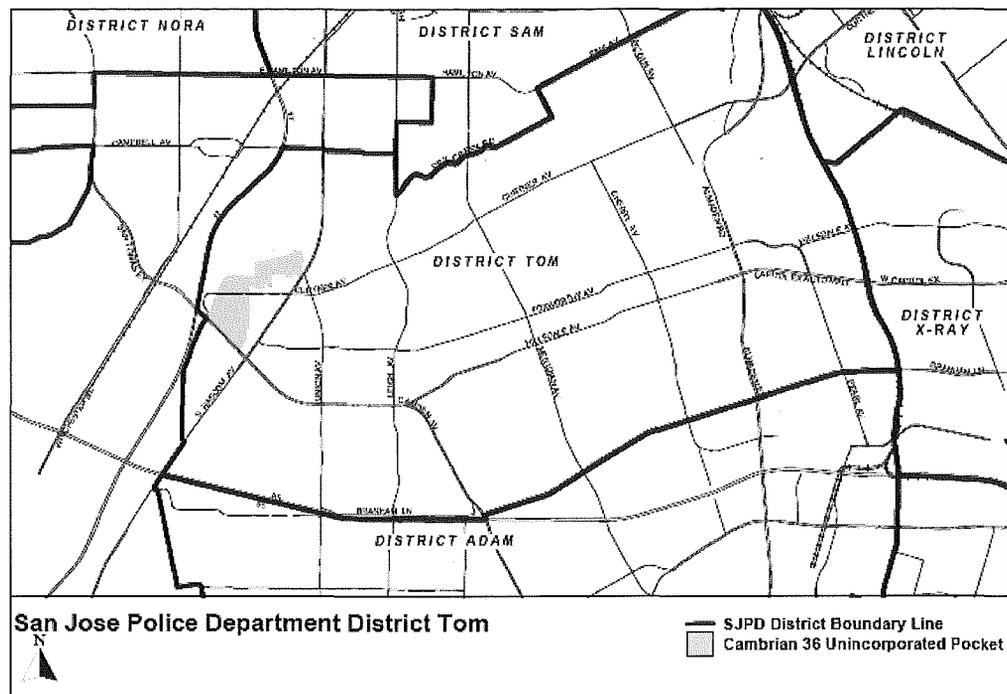
(http://www.sanjoseca.gov/planning/annex/docs/AnnexationAnswerBook6_10.pdf). Police service is discussed below. Fire service is discussed under the Alternatives section of this report because there are several options for Council consideration. The Administration is recommending retention of Central Fire service if Cambrian No. 36 is annexed to San Jose.

Fiscal Impacts

Attached to this report is an analysis of the potential fiscal effects of annexing Cambrian No. 36 to the City of San Jose, indicating a net fiscal benefit to the City of San Jose. A more detailed analysis is currently underway by an independent economist. These results are expected prior to the November 9th annexation hearing.

Police Service

The area is currently served by the Santa Clara County Sheriff and California Highway Patrol. As shown on the map on the next page, the Cambrian No. 36 pocket is located on the western edge of San Jose Police District Tom. The San Jose Police Department determined that the area can be absorbed into District Tom with minimal effect on the current level of service to the area, given that San Jose Police generally patrols the area including adjacent areas in San Jose. According to Police Department information, 55,435 calls for service were received in District Tom in 2009. Priority one calls (a present or immediate danger to life, or major damage to property, or weapons involvement) were responded to in 5.8 minutes and priority two calls (a non-life threatening injury or property damage, or the potential for violent escalation) were responded to in 12.3 minutes. Annexation of this pocket would reduce the present confusion as to whether the Sheriff or San Jose Police should respond to crime in the area.



Interest by City of Campbell

The Cambrian No. 36 County island is unique in that it is the only pocket proposed for annexation as part of the County Island Annexation process in which another City (Campbell) has expressed a significant interest in annexing.

- The first formal expression of interest by the City of Campbell in annexing this pocket was in October 2006. Then Campbell Mayor Jeannette Wilson wrote a letter to Councilmember Judy Chirco to assess possible interest in discussing an adjustment to the City of San Jose Sphere of Influence to allow for Campbell's eventual annexation of the pocket and an area currently within the City of San Jose (see attached correspondence dated October 10, 2006).
- Councilmember Judy Chirco's response indicated that the City of San Jose was not interested in pursuing the modifications to the City's Sphere of Influence or Urban Service Area to accommodate the annexation of the subject pocket to the City of Campbell, as it would not comply with City Council Policy 6-15: City Boundary Changes in Existing Urbanized Areas (see attached letter dated November 27, 2006).
- Throughout the following year, area residents remained interested in annexation to Campbell and sent letters and other information directly to City of San Jose Councilmembers. In February 2008, San Jose staff prepared an Information Memorandum to the Council summarizing these communications and providing a status report on the ongoing interest by the City of Campbell (see attached memo dated February 21, 2008).

September 16, 2010

Subject: Cambrian No. 36

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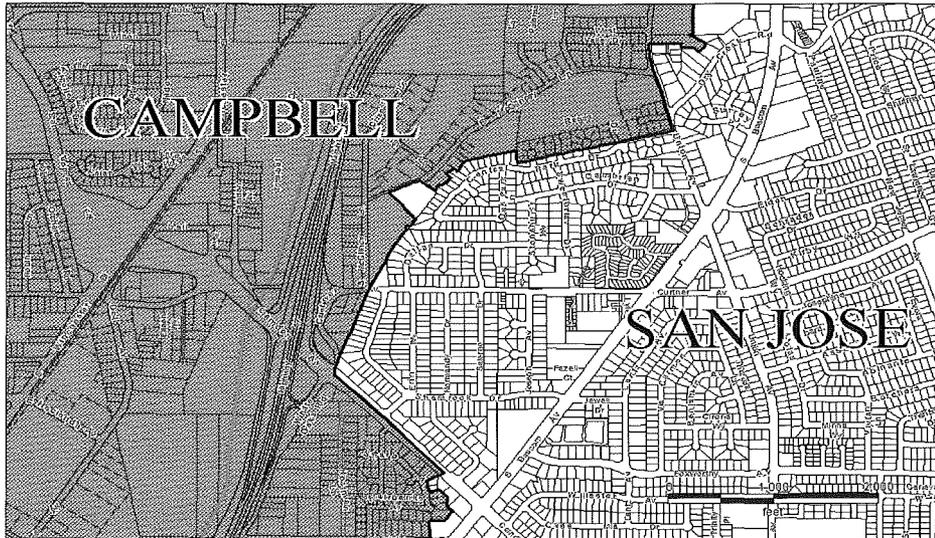
- On March 11, 2008, Campbell City Manager Daniel Rich reiterated Campbell's interest in pursuing the annexation of the pocket (see attached letter to San Jose City Manager Debra Figone).
- In June 2009, the Campbell City Council directed their staff to pursue annexation of the entire Cambrian No. 36 pocket as well as the detachment of 21 acres of existing San Jose territory on Central Park Drive (see Campbell staff report dated June 16, 2009 containing two alternative approaches with diagrams).

Detachment is defined by State law as "the detachment, deannexation, exclusion, deletion, or removal from a city or district of any portion of the territory of that city or district." The detachment/annexation of sliver will require a protest proceeding if LAFCO approves the proposal. An election may be required depending on the level of protest for the proposed detachment.

- In July 2009, Debra Figone wrote to Daniel Rich about discussing all of the options for the Cambrian No. 36 area (see attached letter dated July 2, 2009).
- Consistent with the San Jose County Annexation Program, San Jose began the outreach and analysis of San Jose's annexation of Cambrian No. 36.
- Letters from the community expressed concern about annexation to San Jose (see letters dated November 2009 and April 2010).
- Earlier this month, Campbell Mayor Evan Low wrote to Mayor Reed indicating that "Campbell welcomes the annexation of the Cambrian No. 36 Pocket into our City" (see letter dated September 2, 2010).

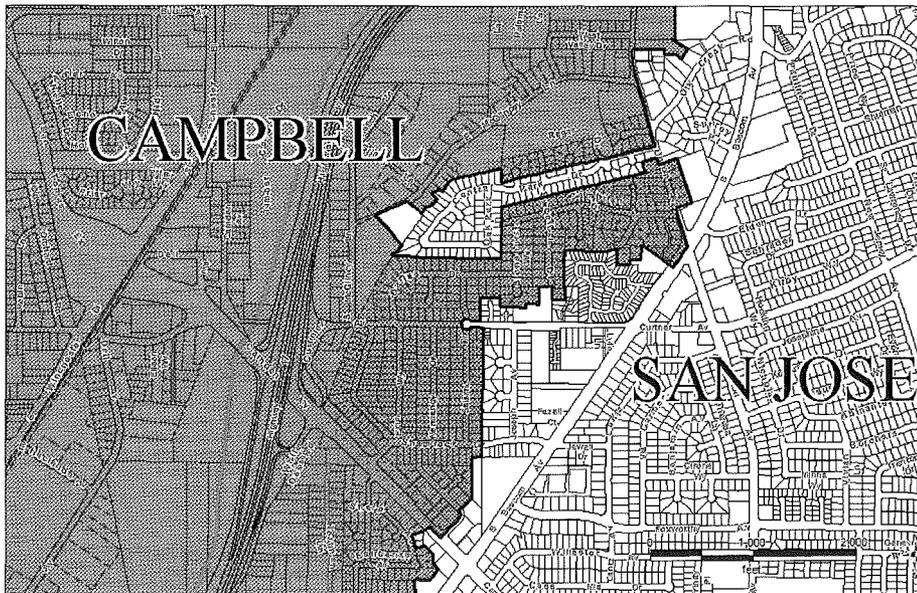
The most applicable City Policy to the boundary issue is the San Jose City Council Policy #6-15 City Boundary Changes in Existing Urbanized Areas. The Policy provides guidelines to be followed when considering boundary transfer requests. This Policy was created in response to previous attempts from neighborhoods on the outskirts of the City to detach to neighboring communities. The City Council wanted to avoid the systematic dismantling of San Jose through the detachment of annexed territory adjacent to other cities.

The primary tenet of Council Policy #6-15 is that the City of San Jose is satisfied with existing boundary agreements and will only consider modifications that include equal exchanges of like territory, population, or tax base. Any proposed annexation of an unincorporated pocket within San Jose's urban service area would need to include an exchange of territory as cited in Policy #6-15. Specifically, annexation of the area by the City of Campbell should only be done in conjunction with an equitable exchange of annexed territory that is determined to be consistent with the San Jose City Council Policy #6-15 City Boundary Changes in Existing Urbanized Areas.



San Jose/Campbell Border with San Jose Annexation of Cambrian No. 36

City Boundaries if San Jose annexes Cambrian 36 (see above).



San Jose/Campbell Border with Campbell Annexation of Cambrian No. 36

City Boundaries if Campbell annexes Cambrian 36 (see above).

A future boundary exchange would not be precluded by the annexation of the Cambrian No. 36 County pocket; however, as no exchange is currently contemplated, staff recommends that the City Council proceed now with the annexation of the Cambrian No. 36 in its entirety.

Recommendation for Annexation

Annexation to San Jose of this and other islands of less than 150 acres as part of the County Island Annexation Program fulfills the long-standing policies of the City, County and Local Agency Formation Commission (LAFCO) that existing and future urban development should be located within cities. In addition, the County Island Annexation Program implements the Urban Service Area policies of the San Jose 2020 General Plan that encourage cooperative efforts to seek the annexation of urbanized County pockets within San Jose's Urban Service Area. Annexation of County pockets ultimately results in more efficient delivery of urban services throughout San Jose by creating logical city boundaries, removing existing gaps in infrastructure and services. With the exception of fire protection, San Jose is best suited to take responsibility to provide urban services to the Cambrian No. 36 pocket given its close proximity to areas already served by San Jose agencies and more logical city boundaries that reduce confusion as to which jurisdiction provides services to the area.

If the Council initiates the Cambrian 36 proceedings and sets a public hearing for November 9th, the Council will be required to make certain findings if they decide to pursue the annexation of this pocket. All of the findings can be made for Cambrian 36, as follows:

1. **The unincorporated territory is within the City's Urban Service Area as adopted by LAFCO.** The site is located within the City's Urban Service Area.
2. **The County Surveyor has determined the boundaries of the proposal to be definite and certain and in compliance with LAFCO Annexation Policies.** The County Surveyor has certified the boundaries of the reorganization.
3. **The proposal does not split lines of assessment or ownership.** All affected parcels are being reorganized in their entirety.
4. **The proposal does not create island or areas in which it would be difficult to provide municipal services.** As proposed, the annexation will not create jurisdictional islands. The completion of reorganization proceedings would result in the elimination of an existing pocket of unincorporated territory.
5. **The proposal is consistent with the City's adopted General Plan.** The proposed annexation is consistent with the City's adopted policy in that existing and future urban development should be located within cities.
6. **The unincorporated County territory currently is receiving or will receive the following benefits from the City, to wit: municipal services**

7. **The territory is contiguous to existing City limits.** The area proposed to be reorganized is contiguous to the City limits as shown on the attached map.

The City of San Jose should initiate annexation of the Cambrian No. 36 Pocket for the following reasons:

- The area is primarily surrounded by San Jose (approximately 75% of the Island's boundary is adjacent to San Jose) and the pocket is adjacent to existing San Jose residential neighborhoods as opposed to industrial sections of Campbell. The northern portion of the pocket is almost completely surrounded by San Jose.
- Annexation to San Jose would create the most logical border between San Jose and Campbell that would not split a neighborhood and involve the detachment of an existing area of San Jose.
- The area is within San Jose's Urban Service Area (USA) and Sphere of Influence boundary and has long been planned for inclusion in San Jose.
- The proposed annexation implements the Urban Service Area policies of the San Jose 2020 General Plan that encourage the annexation of urbanized County pockets within San Jose's Urban Service Area. The Urban Service Area identifies areas in which services and facilities are provided by the City or considered generally available, and where urban development requiring such services should be located.
- There will be no change to the existing Campbell mailing addresses (95008 Zip Code) as a result of annexation to San Jose.
- Service levels in the vicinity of the pocket and Citywide will not be impacted as it is estimated that there will be sufficient revenue in the form of Property tax, Transient Occupancy Tax, Sales tax and Business License fees collected to support the extension of City services. A more detailed fiscal impact study is underway and results are expected prior to the November 9th hearing. Fire services would continue to be provided and funded by the Santa Clara County Fire Department through the Central Fire Protection Zone 1 Fire District.
- Incorporation of this island will result in a more equitable distribution of costs amongst all residents who benefit from City services and facilities in the vicinity of the County island.

EVALUATION AND FOLLOW-UP

City staff provides status updates on the County Island Annexation Program on the website dedicated to the program and in periodic updates to the City Manager's Office.

POLICY ALTERNATIVES

There are four alternatives to the Administration's recommendation to initiate the annexation of the Cambrian No. 36 pocket by setting a public hearing for November 9th. There are also options with respect to what agency should provide fire protection services to the pocket in the event San Jose annexes the area. A decision to initiate the annexation does not preclude any of the following alternatives being chosen during the Council's consideration of the annexation ordering on November 9th.

Alternative #1: Annex the Pocket and negotiate an equitable exchange of territory with the City of Campbell

Under this alternative, San Jose would annex the entire Cambrian No. 36 island and negotiate an equitable boundary adjustment with Campbell for all, or a portion, of the area within the Cambrian No. 36 pocket. The Administration would report to City Council in a year as to the progress of negotiations with Campbell regarding an exchange of territory.

Pros: The exchange of annexed territory would occur in accordance with existing City Policy.

Cons: It would be a time-consuming and staff-intensive process to identify an area considered to be an equitable exchange. Extensive staff time would be used to conduct public outreach to current Campbell residents in the area proposed for exchange. There may not be agreement reached as to the areas to be exchanged. This may catalyze future detachments from San Jose.

Reason for Not Recommending: This alternative would require extensive staff time commitments for analysis of options and community engagement. The City of Campbell has not indicated willingness to consider.

Alternative #2: Defer annexation for one year and return with a proposed split of the pocket with Campbell

Under this alternative, annexation would be deferred for one year with the Administration returning with a proposal that includes an equitable and logical division of the island with the City of Campbell.

Pros: No detachment of City of San Jose territory would be necessary. San Jose would receive the tax revenues from the portion of the property annexed to the City. The portion of the pocket north of Curtner Avenue is surrounded to a greater extent by San Jose than the southern part of the island. It is anticipated that San Jose's annexation of the northern portion of the pocket would simplify the delivery of services given the extent to which it is already surrounded. San Jose would not have to "extend" services to the northern portion given their existence in the surrounding area.

Cons: The split would necessitate amendments to the Urban Service Area and Sphere of Influence concurrent with Campbell's annexation of the southern portion of the pocket.

Reason for Not Recommending: Annexation of the entire pocket is warranted for the reasons discussed in this report.

Alternative #3: Defer to allow time for annexation by Campbell

With this alternative, San Jose's initiation of the annexation proceedings would be deferred to a future date to allow time for the City of Campbell to pursue LAFCO approval of amendments to the Spheres of Influence and Urban Service Areas of San Jose and Campbell for the purpose of Campbell's annexation of the entire pocket. The City of Campbell would be responsible for funding all of the LAFCO applications, environmental clearance for the proposal(s), etc.

Pros: This alternative is requested by many of the residents of the pocket.

Cons: The area would remain unincorporated for an extended time. LAFCO would likely require the detachment of the portion of San Jose that extends to the north of the pocket along Central Park Drive. It is unclear if Campbell would be willing to pay San Jose's staff costs associated with coordination with Campbell and LAFCO regarding the Urban Service Area and Sphere of Influence adjusted boundaries and resultant required San Jose General Plan modifications to reflect LAFCO's action(s). Annexation of the area by Campbell would set a precedent. Previous requests in other pockets were not supported and allowing annexation of this pocket by Campbell could trigger reconsideration and lead to similar efforts being started by other San Jose residents to de-annex to neighboring smaller communities.

Reason for Not Recommending: Annexation of the entire pocket by San Jose at this time is warranted for the reasons discussed in this report.

Alternative #4: Do not initiate annexation and do not pursue further action.

Pros: Neighborhood opposition would lessen.

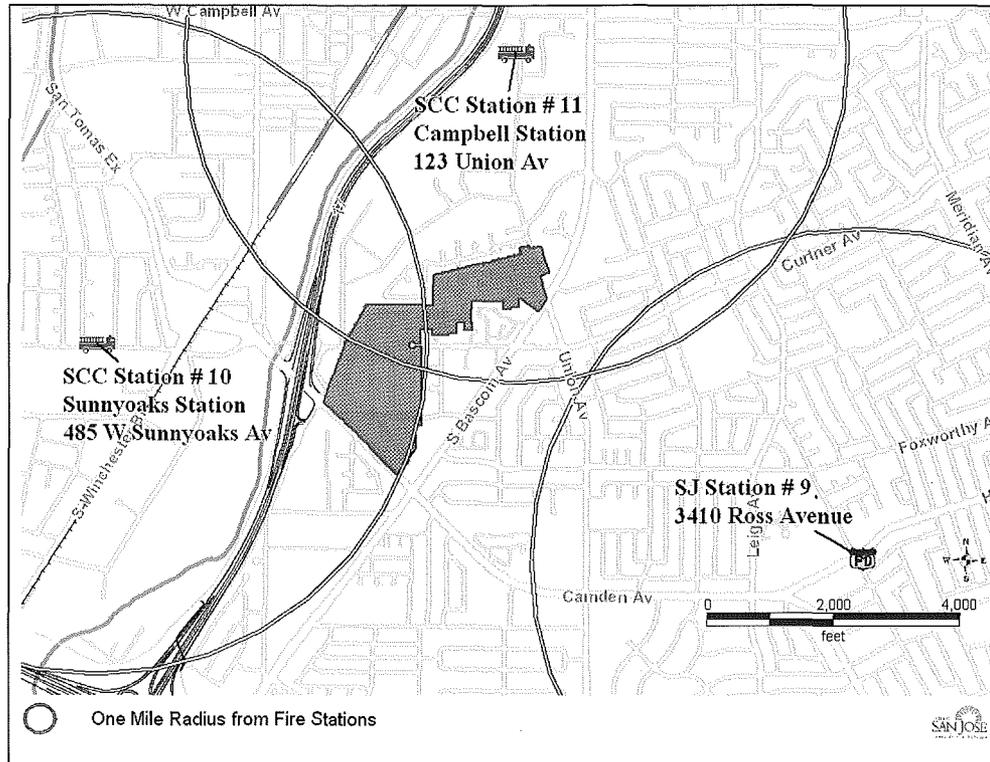
Cons: The area would remain an unincorporated pocket for the foreseeable future. The inherent service inefficiencies associated with County pockets would remain.

Reason for Not Recommending: Annexation of the entire pocket by San Jose at this time is warranted for the reasons discussed in this report.

Fire Protection Options

In addition to the initiation of the annexation, the Administration is seeking Council concurrence as to the best course of action for providing Fire Protection service to the area upon annexation to the City of San Jose. (If the Council decides against initiation of the annexation, this issue is moot.) The County island is currently served by the Santa Clara County Fire Department as part of the Central Fire Protection Special District. Typically islands are detached from all the Special Districts that provide services, including fire protection. Many of the pockets are already served by the San Jose Fire Department under contract with the County of Santa Clara. The Cambrian No. 36 pocket is

unique in that it is on the western edge of the City's Urban Service Area and in close proximity to Fire Stations operated by the Santa Clara County Fire Department (see map below).



There are four options for the provision of fire services in the future upon annexation to San Jose. It is the Administration's aim to provide the same or higher level of service than the area currently receives as a result of annexation to San Jose.

Option #1: San Jose Service Only: This option involves the detachment of the area from the Central Fire District, and San Jose Station #9 (located on Ross Avenue) would respond to emergencies. Station #9 is located approximately 1.5 miles from the County pocket. County islands are typically detached from all Special Districts as part of the annexation process. It is possible that the City of San Jose could encounter challenges in meeting its response targets (8 minutes, 80% of the time) given the distance of the island from San Jose Fire Station #9.

Pros: This option would not involve any special arrangement with the County to provide service. The area would be served directly by the City of San Jose. This is the typical course of action when unincorporated islands are annexed.

Cons: There will be slower response time to emergencies than the area presently receives given that Station #9 is farther from the pocket than the two County Fire stations that currently serve the area.

Recommendation: Not pursue as it is a lesser level of service than currently exists in the unincorporated pocket.

Option #2: County Fire Service: This option maintains the area within the Central Fire District (no detachment) with the Santa Clara County Fire Department providing first response as occurs today.

Pros: It would not entail any new or amended agreements between the two jurisdictions, and the existing level of service would be maintained. The arrangement is supported by the Santa Clara County Fire Department.

Cons: Detachment from the fire district later would be nearly impossible. The dispatch of County resources to an area annexed by San Jose can add complexity to the dispatch process that would need to be resolved in order to prevent delays. San Jose and County Communications staff have taken steps to minimize (but not eliminate) the delays of calls transferred between the two dispatch centers. LAFCO is concerned this would reduce revenues to other special districts.

Recommendation: This is Administration's recommendation as it would not entail any new or amended agreements between the two jurisdictions and it would maintain the existing level of service. County Fire would still receive their allocation of property tax collected as currently occurs. County Fire would continue to serve the area from the two closest fire stations and achieve response times in line with City of San Jose level of service targets. Revenues to other districts would be the same with annexation to Campbell. Prior to the Council meeting, staff is continuing to work with County Fire on the most appropriate means to document the agreement and will prepare a supplemental memo with the final preferred approach of the Fire District and the City.

Option #3: San Jose with Auto Aid: This option would detach the area from the Central Fire District with the Santa Clara County Fire Department providing first response in accordance with an Auto Aid agreement. The San Jose Auto Aid Agreement (Area 7-3) currently includes the portions of San Jose adjacent and surrounding the Cambrian No. 36 County pocket. The Auto Aid Agreement is intended to be a reciprocal exchange of the one closest fire engine to a specific area and is done without compensation to either party. The Santa Clara County Fire Department would respond with one engine (if available) to the Cambrian No. 36 area, with the balance of required resources responding from City of San Jose fire stations. It is the same level of service as the adjacent San Jose territory is receiving (including the property on Central Park Drive), but a reduced level of service than currently exists in the unincorporated pocket.

Pros: It is the same level of fire protection service as the adjacent areas in San Jose. It is a reciprocal exchange and is done without compensation to either party.

Cons: It is a lesser level of service than currently exists in the unincorporated pocket.

Recommendation: Not pursued as the annexation of this county pocket should not result in a decrease in the level of public services to an area.

Option #4: San Jose with Service Contract with County Fire: Under this option, the City would enter into a contract for services with the Santa Clara County Fire Department, similar to what Campbell would do if they were to annex the area. This would necessitate an agreement being reached on the amount of reimbursement to the County Fire Department for services provided. The City of San Jose could delay LAFCO certification of the annexation until a contract was in place.

Pros: The area would continue to be provided fire services from the Santa Clara County Fire Department at a likely higher level than can currently be provided by the San Jose Fire Department. The arrangement is also okay with the Santa Clara County Fire Department.

Cons: Negotiating an agreement would be required. Annexation of the pocket would be delayed to allow time for the City and County to reach an agreement, and then obtain approval of the City Council and Board of Supervisors.

Recommendation: This is staff's other preferred option for providing fire service. County Fire would continue to serve the area from the two closest fire stations and achieve response times in line with City of San Jose level of service targets. Prior to the Council meeting, staff is continuing to work with County Fire on the most appropriate means to document the agreement and will prepare a supplemental memo with the final preferred approach of the Fire District and the City.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

The City conducted two community meetings (May 19, 2010 and August 18, 2010 at the Camden Community Center) for the purposes of discussing information on the annexation process and the resultant service changes. Staff from the Police Department, Fire Department, Environmental Services Department, and Planning Department participated in the Community Meetings. Each meeting was attended by approximately 130 people. Community members held demonstrations before the meetings to express opposition to the annexation by San Jose and support of annexation by Campbell.

At both meetings, community members expressed opposition to San Jose's proposed annexation of the Cambrian No. 36 pocket. The following is a summary of Planning Staff's understanding of the primary reasons for the residents' opposition:

- Annexation to San Jose would be unsettling as they identify themselves as being a part of Campbell because of their mailing addresses (95008 Campbell zip code) and proximity to Downtown Campbell.
- Campbell is willing and able to annex the pocket and will provide greater and more responsive services.
- The area should not have been included in the City of San Jose's Sphere of Influence and Urban Service area.
- San Jose is not being fiscally responsible by annexing County pockets in light of past and expected budget deficits, and the annexation would create a reduction in City services provided to existing residents.
- There remain to be outstanding issues with respect to how Fire services will be provided to the area and that annexation should not proceed until resolution is achieved.
- Annexation to San Jose might result in lower property values than if annexed to Campbell.
- San Jose is not legally obligated to annex the area and the City can easily work with Campbell on an adjustment to respective Urban Service Area and Sphere of Influence Boundaries.
- Property owners are opposed to paying San Jose's 5% Utility Tax.

Responses to most of these concerns can be found in this report.

Information on the County Island Annexation Program is available on the Planning Division's website on the areas proposed for annexation and general information on what current County residents can expect upon the annexation of their property to the City of San José. An Answer Book was mailed to all residents and property owners within the areas scheduled to be annexed in 2010 as a part of Phase 3 of the program. Staff has also been discussing the proposal with members of the public via email and phone calls.

Notices of public hearings were sent to residents in the pocket as well as to owners and tenants within 500 feet of the boundaries of the pocket. The 500 foot notice is more than the 300 foot notice typically provided for County Island Annexations. A notice of the public hearing was also published and posted on the City's web site.

COORDINATION

This project was coordinated with the Department of Public Works, Department of Transportation, San Jose Fire Department, Santa Clara County Fire Department, Police Department, Building Division, Environmental Services Department and the City Attorney, and LAFCO staff. Staff from the relevant Departments meets on a regular basis regarding issues related to the County Island Annexation Program. The City provides regular updates to the County of Santa Clara on the status of the program.

FISCAL/POLICY ALIGNMENT

This project is consistent with the City Council's direction to initiate annexation of unincorporated islands of less than 150 acres and the Urban Service Area policies of the San Jose 2020 General Plan that encourage cooperative efforts to seek the annexation of urbanized County pockets within San Jose's Urban Service Area.

COST SUMMARY/IMPLICATIONS

The annexation of this and other islands removes existing gaps in infrastructure and inefficiencies in the delivery of urban services such as Police protection. Upon annexation, the City of San José receives tax revenue from property in these unincorporated pockets whose residents utilize City facilities such as roads, libraries, parks, and community centers. Incorporation of these islands results in a more equitable distribution of costs amongst all residents who benefit from City services and facilities.

The larger County islands were intentionally included as part of the third and last phase of the County Island Annexation Program (initiated in April 2006) to allow sufficient time for City service providers to prepare to take responsibility for providing services in these areas. Planning staff has closely coordinated with staff from other departments to assist in their preparation to provide services to the area.

As discussed in this report, a preliminary fiscal analysis estimated that the tax revenue from the pocket would be sufficient to cover the costs of services to the area. A more detailed analysis of the fiscal impacts/benefits is currently underway which will be completed prior to the City Council's hearing on the ordering of the annexation.

BUDGET REFERENCE

Not applicable.

HONORABLE MAYOR AND CITY COUNCIL

September 16, 2010

Subject: Cambrian No. 36

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CEQA

The environmental impacts of this project were addressed by a Final EIR entitled, "San José 2020 General Plan," and certified on August 16, 1994, by the City of San José City Council.

/s/

JOSEPH HORWEDEL, DIRECTOR
Planning, Building and Code Enforcement

For questions please contact Richard Buikema, Senior Planner, at 408-535-7835.

Attachments:

- San Jose staff memorandum regarding fiscal impacts – 11/13/2009
- Letter from Campbell Mayor Jeannette Watson – 10/10/2006
- Letter from Councilmember Judy Chirco – 11/27/2006
- City Council Policy 6-15
- San Jose Information Memo from Joseph Horwedel – 2/21/2008
- Letter from Campbell City Manager Daniel Rich – 3/11/2008
- City of Campbell Staff Report – Annexation Study Session 6/16/2009
- Letter from City Manager Debra Figone – 7/2/2009
- Letter from James W. Aspinwall – 10/28/2009
- Letter from Michael Krisman – 4/21/2010
- Letter from Campbell Mayor Low – 9/2/2010



Memorandum

TO: Joseph Horwedel

FROM: John Lang

SUBJECT: Annexation 9-1 Cambrian 36

DATE: November 13, 2009

INFORMATION

OUTCOME

The City's original proposal of full annexation of Pocket 9-1, located in Council District 9, provides the largest net fiscal benefit to the City.

BACKGROUND

On April 26, 2006, the City Council voted to proceed with a County Island Annexation Program that involves the annexation of all unincorporated County pockets less than 150-acres in size. Phases 1 and 2 of this program resulted in the annexation of 32 County islands (covering 230 acres). The City of San Jose is initiating the annexation of the subject area in conjunction with Phase 3 of this program.

Cambrian #36, is in the City of San Jose's Sphere of Influence, and is on City's schedule for a future pocket annexation. Residents in the area circulated and signed a petition by 204 residents stating that if "annexation is unavoidable, [it] should only be to the City of Campbell." Residents signing the petition were located throughout the pocket area. Campbell City council directed their staff to initiate discussions with the City regarding annexation of this area into the City of Campbell.

In October 2006, a letter was sent by then Campbell Mayor Jeanette Watson to Councilmember Judy Chirco, indicating the City of Campbell supports the residents' interest in annexing to Campbell. Councilmember Chirco replied that San Jose was not interested in pursuing modifications to the City's Sphere of Influence. Subsequently, the City of Campbell staff held a series of meetings with the City, which resulted in an exploration of alternatives to rationalize the boundaries between the two cities. In September 2008, planning staff indicated that an alternative, now called Alternative 1, where Campbell would annex a portion of the pocket area, would be acceptable, more recently, there is additional support from planning to explore Alternative 2, where Campbell would annex the entire pocket area and a small San Jose incorporated area.

ANALYSIS

After reviewing the City of Campbell's staff report and analyzing the affected properties the following fiscal analysis was completed reflecting City of San Jose revenues and costs associated with the proposed annexations.

Scenario One- City of Campbell completes full annexation of Pocket 9-1 and the City of San Jose relinquish Central Park Drive to comply with a LAFCO approval.

- The City would forgo approximately \$53,000 in tax revenue (Property tax, Sales tax and Business tax)
- Reduction in service calls and cost were unable to be determined specifically for Central Park Drive.

Scenario Two- City of San Jose and City of Campbell split the annexation of Pocket 9-1

Sub Scenario A (Alternative 1): The area is divided along Curtner Avenue.

- The City would receive approximately \$137,000 in tax revenue (includes Property tax, Sales tax and Business tax)
- The service cost for police and fire are estimated to be approximately \$47,000 based upon prior call volumes.

Sub Scenario B (Alternative 2): The area is divided adjacent to Stonehurst Way.

- The City would receive approximately \$93,000 in tax revenue (includes Property tax, Sales Tax and Business tax)
- The service cost for police and fire are estimated to be approximately \$56,000 based upon prior call volumes.

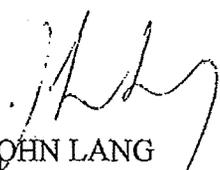
Scenario Three- City of San Jose completes the full annexation of Pocket 9-1

- The City would receive approximately \$415,000 in tax revenue (includes Property tax, Transient Occupancy Tax, Sales tax and Business License)
- The service cost for Police, Fire and Department of Transportation are estimated to be approximately \$173,000 based upon prior call volumes and a windshield analysis of streets and sidewalks conducted by Department of Transportation.

The fiscal analysis conducted is meant to be informative and is not meant to be an exhaustive analysis of all the potential costs and revenues associated with an annexation.

In particular, other potential areas of cost for the City include:

- Street Sweeping
- Capital Street Maintenance
- Higher call volumes after annexation


JOHN LANG
Economic Development Officer



CITY OF CAMPBELL

City Manager's Office

RECEIVED
CITY MANAGER
2006 OCT 13 P 4:24

October 10, 2006

The Honorable Judy Chirco
Council District 9
City of San Jose
200 East Santa Clara Street
San Jose, CA 95113

Dear Councilmember Chirco,

At our Council meeting last week, the City of Campbell was presented with a petition signed by 204 residents of the unincorporated pocket on our border known as "Cambrian No. 36." A large contingent of residents was at the meeting and several residents spoke, asking that Campbell annex the area if it is no longer going to be governed by the County.

The area is currently within San Jose's Sphere of Influence and would presumably be in your Council district if annexed. I believe the area has been identified by the City of San Jose for annexation in phase 3 of your city's annexation program, set to begin in late 2007.

As you know, Sphere of Influence boundaries were determined by LAFCO decades ago. It is clear from the petition and sentiments expressed by the residents at our meeting, that many of them identify with Campbell.

The City Council was supportive of their comments and directed staff to communicate that view to the City of San Jose. While we have not done an analysis of the impacts of a potential annexation of this area into Campbell, we would like to begin a dialogue with you or whoever the City of San Jose deems appropriate to discuss the issue further. Please have the appropriate person contact our city manager, Dan Rich, at 408-866-2125.

Thank you for your attention to this matter. We look forward to discussing it further with San Jose.

Sincerely,


Jeanette Watson
Mayor





JUDY CHIRCO
COUNCILMEMBER
DISTRICT 9

CITY OF SAN JOSE, CALIFORNIA

200 E. SANTA CLARA STREET
COUNCIL OFFICE, 18TH FLOOR
SAN JOSE, CA 95113
(408) 535-4909
FAX (408) 282-6471
judy.chirco@sanjoseca.gov

November 27, 2006

Honorable Mayor Jeanette Watson
70 North First Street
Campbell, CA 95008-1039

Re: Cambrian No. 36

Dear Mayor Watson,

I am writing you in response to your letter dated, October 10, 2006, regarding the potential annexation of an unincorporated island (San Jose's Cambrian No. 36) by the City of Campbell. This area is one of a number of unincorporated islands that the City of San Jose intends to annex as a part of the later phases (2009-2010) of the City of San Jose's County Island Annexation Program. This is a 3-5 year program that includes all pockets that are less than 150-acres in size and located within the City of San Jose's Urban Service Area.

The City of San Jose has a City Council Policy entitled "City Boundary Changes in Existing Urbanized Areas" (attached). The main underlying principle is the City is satisfied with existing boundary agreements and that lines between cities should be maintained. We believe this to be the case with respect to the western boundary of the San Jose's Sphere of Influence and Urban Service Area adjacent to the City of Campbell. The Policy also indicates that San Jose will only consider modifications that include equal exchanges of like territory, population or tax base.

In summary, the City of San Jose is not interested at this time in pursuing modifications to our Sphere of Influence and Urban Service Area to accommodate the annexation of the subject area by the City of Campbell. Thank you for your inquiry and feel free to contact Joseph Horwedel, the City of San Jose's Director of Planning, Building and Code Enforcement at (408) 535-7900, if you have further questions.

Sincerely,

Judy Chirco
Councilmember Judy Chirco
Council District 9

Attachment

City of San José, California

CITY COUNCIL POLICY

TITLE CITY BOUNDARY CHANGES IN EXISTING URBANIZED AREAS	PAGE 1 of 1	POLICY NUMBER 6-15
	EFFECTIVE DATE 1/10/1984	REVISED DATE

APPROVED BY

BACKGROUND

For a variety of reasons, citizens living in the fringe areas of San Jose periodically submit requests to the City Council which would allow them to deannex from San Jose and annex to an adjacent community. Boundary changes are a complex issue of services and facilities. Since most boundary transfer areas constitute pieces and fragments of service areas, costs are very difficult to identify. Experience has shown that an analytical approach does not address the real issues that motivate boundary transfers. Identity is an emotional issue which does not lend itself to analysis.

PURPOSE

The purpose of this policy is to establish workable guidelines to be followed when considering boundary transfer requests. The foundation of this policy rests on the inherent responsibility of the cities involved to decide whether or not to modify their boundaries. Cities and districts must respect the existing boundary agreements. No government agency nor individual neighborhood interest group should be able to change a boundary unless both affected cities concur.

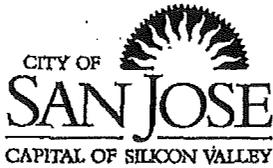
POLICY

It is the policy of the City of San Jose that the following guidelines be adhered to when considering city boundary change requests in existing urbanized areas:

1. **Existing boundary agreement lines between cities should be maintained.** It would serve no useful purpose to revive the long dormant annexation wars of the 1950's. Existing boundaries between

cities have been established for a long time. Local governments have relied on these boundary agreements when planning and building facilities such as fire stations, parks, libraries, public works service yards, etc., and when developing programs for serving the incorporated territory.

2. **The City of San Jose is satisfied with existing boundary agreements and will only consider modifications that included equal exchanges of like territory, population or tax base.** City to city discussions are the appropriate forum for boundary agreements. If there are matters the affected cities want to work on together, they should initiate discussions to resolve them. Any exchange as listed above would have to be equitable from a fiscal standpoint to the concerned jurisdictions.
3. **The City Council will consider citywide effects of any change in the boundary agreement line.** The identity of a city extends throughout the entire city. Any change in the city boundary, particularly in an existing developed area, affects the whole city.
4. **The City considers the needs and concerns of boundary area residents and property owners of equal importance to the needs of all citizens.** City programs and services are citywide in scope. All geographic areas should receive equitable consideration.



Distributed on:

SENT TO COUNCIL: FEB 22 2008

by City Manager's Office

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Joseph Horwedel

SUBJECT: County Island Annexation
Proposed Cambrian No. 36

DATE: February 21, 2008

Approved: Paul Kutt Date: 2/21/08

INFORMATION

The purpose of this memorandum is to provide an update to the City Council on the proposed annexation of a 103-acre county island in Council District 9 (Island 9-1, tentatively named Cambrian No. 36) in conjunction with the County Island Annexation Program. (see attached map) This area consists of 333 properties, 21 of which have a commercial general plan designation. The remaining properties are designated for single family residential uses.

Residents within this area have expressed a strong preference to be annexed to the City of Campbell. A petition with over 200 signatures was submitted to the City of Campbell requesting that if the area had to be annexed that it be annexed into Campbell.

Annexation of any or all of the area to Campbell would first require (general plan) amendments to the Sphere of Influence and Urban Service Area of the cities of San José and Campbell and would also need approval from the Local Area Formation Commission (LAFCO).

In response to the petition, Campbell's Mayor at the time, Jeannette Watson, wrote a letter (see attached) to Councilmember Judy Chirco on October 10, 2006 to inquire as to the City of San José's interest in discussing a Sphere of Influence adjustment to allow for Campbell's eventual annexation of the area. The letter indicated that the Campbell City Council was "supportive" of the area residents and "that many of them identify with Campbell". Campbell has not officially indicated an interest in pursuing annexation as the Mayor indicated "we have not done an analysis of the impacts of a potential annexation of this area into Campbell".

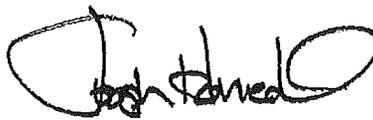
Councilmember Chirco responded in a November 26, 2006 letter to Campbell Mayor Wilson (see attached) that the City of San José was not interested in pursuing modifications to the City's Sphere of Influence or Urban Service Area to accommodate the annexation of the area to the City of Campbell. This position was based on a review of the City of San José's City Council Policy regarding "City Boundary Changes in Existing Urbanized Areas" that states that existing boundary agreement lines between cities should be maintained and that the City of San José will only consider modifications that included equal exchanges of like territory, population

HONORABLE MAYOR AND CITY COUNCIL
February 21, 2008
Subject: CAMBRIAN NO. 36
Page 2

or tax base. Planning staff has responded directly to residents within the area and provided information on City and LAFCO policies and procedures regarding modifications to the City's Sphere of Influence.

The County Island Annexation Program began in April 2006 and proposes to annex all unincorporated islands that are eligible for the streamlined annexation process. Staff is currently preparing to launch Phase 3 of the program which includes the annexation of the subject area and an additional thirteen County islands, containing approximately 1,100 acres and an estimated 15,900 residents in total. Phase 3 will include areas that are generally much larger in size than those included in the first two phases. Phase 1 resulted in the annexation of twenty-one County islands with an additional 10 islands having been recently annexed as part of Phase 2. The first two phases resulted in the annexation of 193 acres that contain an estimated 628 residents. Cambrian No. 36 is not in the first set of annexations proposed as part of Phase 3. Staff has not conducted a survey of land uses in the area and has not analyzed the fiscal impact of the annexation or any alternative City boundaries.

Staff is proceeding per current policy and will pursue annexation of the area in approximately 2010 as part of Phase 3 of the County Island Annexation Program. The annexation of the area to Campbell instead of San José would be inconsistent with the City Council Policy regarding "City Boundary Changes in Existing Urbanized Areas" as no exchange of territory is proposed or contemplated. Residents will have the opportunity to express their support or opposition to the annexation at the community meetings and public hearings that will occur prior to and in conjunction with the City of San José's decision to annex the existing County island.



JOSEPH HORWEDEL, DIRECTOR
Planning, Building and Code Enforcement

Attachments: Island 9-1 Location Map
Letter from Campbell Mayor Watson
Letter from Councilmember Chirco



CITY OF CAMPBELL

City Manager's Office

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2008 MAR 17 12:58

March 11, 2008

Debra Figone
City Manager
City of San Jose
200 East Santa Clara Street
San Jose, CA 95113

Dear Debra,

I am writing at the request of your Planning staff to clarify the position of the City of Campbell regarding the annexation of the County pocket known as "Cambrian No. 36." Former Mayor Jeanette Watson sent a letter to Councilmember Chirco on this issue in October of 2006. Let me simply state the City of Campbell is interested in annexing this area and would like to engage in substantive discussions with San Jose and LAFCO on how that could be accomplished.

Hundreds of residents in this pocket, which is in San Jose's Sphere of Influence, have stated a desire that Campbell annex the area if it is no longer going to be governed by the County. They have communicated that to us, to San Jose officials, and to LAFCO. To date, neither San Jose nor LAFCO have expressed interest in adjusting the Sphere of Influence or Urban Service Area boundaries. San Jose has cited a 1984 policy to explain its position. While I appreciate this policy guidance, the background of the policy states it refers to residents of San Jose that want to *deannex*, which is not the case here.

I understand the City of San Jose is about to launch the third phase of its pocket annexation program, which includes Cambrian No. 36. I would hope that we could discuss and resolve this issue before San Jose moves forward on this area.

Thank you for your attention to this matter. We look forward to discussing it further with San Jose and LAFCO officials.

Sincerely,

Daniel Rich
City Manager

cc: Campbell City Council
Supervisor Yeager
San Jose Councilmember Chirco
San Jose Councilmember Constant
San Jose Planning, Building and Code Enforcement Joe Horwedel
LAFCO Executive Director Neelima Palacherla
Campbell Acting Community Development Director

MEMORANDUM

Community Development Department

To: Mayor and Members of the City Council Date: June 16, 2009

From: Ciddy Wordell, Contract Planning Manager *CW*
Kirk Heinrichs, Community Development Director *KH*

Via: Daniel Rich, City Manager *DR*

Subject: Study Session to Consider the Annexation of Cambrian 36 Pocket Area

STAFF RECOMMENDATION

Direct staff to pursue implementation of detachment of an area currently in the City of San Jose and subsequent annexation of this area and annexation of the Santa Clara County pocket known as Cambrian #36 into the City of Campbell (Alternative 2)

BACKGROUNDState Law

State law was amended on January 1, 2005 to allow cities to annex unincorporated urban pockets through a streamlined process that does not require protest proceedings or elections. This provision can be utilized if the pockets are 150 acres or less and are located within the city's sphere of influence. The deadline to qualify under these relaxed requirements was extended by the legislature, and the new sunset date for this amendment is December 31, 2014.

County and LAFCO Financial Incentives

Santa Clara County has long been interested in turning over urban pockets to the cities. To encourage cities to take advantage of this law and actively pursue pocket annexations, the County and LAFCO are providing cities with staff support and financial incentives to defray the cost of processing annexation proposals. The County will cover the costs of preparing and reviewing annexation maps, pay the State Board of Equalization fees, and make limited road improvements in the unincorporated islands approved for annexation. LAFCO will waive its fees for processing pocket annexations and provide technical assistance/staff support in developing annexation plans, technical information and community outreach programs for the pocket annexation. However, fees will be charged for urban service area amendments and non-pocket annexations.

Campbell Chronology

When the City Council held a public hearing on October 3, 2006 regarding the "Campbell Pocket Annexation 2006," which was the annexation of three Santa Clara County pockets, residents in a Santa Clara County pocket area on the southern border of Campbell presented a petition seeking annexation into the City of Campbell. This area, referred to as Cambrian #36, is in the City of San Jose's Sphere of Influence, and is on San Jose's schedule for a future pocket annexation. (See Attachment A, Cambrian #36 area.) The petition, signed by 204 residents of the area, stated that if "annexation is unavoidable, [it] should only be to the City of Campbell." Residents signing the petition were located throughout the pocket area. The City Council directed staff to initiate discussions with the City of San Jose regarding annexation of this area into the City of Campbell.

In October 2006, a letter was sent by then-Mayor Jeanette Watson to San Jose City Council member Judy Chirco, indicating the Campbell City Council's support for the residents' interest in annexing to Campbell. Councilmember Chirco replied that San Jose was not interested in pursuing modifications to the City's Sphere of Influence. Subsequently, Campbell staff held a series of meetings with San Jose City officials, which resulted in an exploration of alternatives to rationalize the boundaries between the two cities, as discussed below. In September 2008, San Jose staff indicated that an alternative, now called Alternative 1, where Campbell would annex a portion of the pocket area, would be acceptable. More recently, there is preliminary support from San Jose staff to explore Alternative 2, where Campbell would annex the entire pocket area and a small San Jose incorporated area. The alternatives are discussed below.

Please note that another alternative was offered and supported by San Jose staff, which was for Campbell to annex just the southwest portion of the pocket area, south of Curtner Avenue. This option is not analyzed in the staff report because staff believes it is a less viable alternative.

DISCUSSION

Description of the Area

The Cambrian #36 area consists of a Santa Clara County pocket of 330 parcels located southeast of Campbell's city boundary, between Highway 17 and Bascom Avenue (see Attachment B). At this time, all of the outlined area is scheduled to be a pocket annexation into the City of San Jose.

Alternatives for Potential Annexation

Alternative 1				
LOCATION	# OF PARCELS	ACRES	APPROX POP.	COMMENTS
A portion of the pocket area, South and North of Curtner (See Attachment B)	233	68.73	555	All of this area consists of single family residential and a strip of commercial parcels along Camden Avenue.

In the event the City of San Jose or the residents who reside within the "sliver" area do not approve detachment from San Jose, then LAFCO staff will only support the annexation illustrated in Alternative 1 (see Attachment B and Alternative 2 discussion). A negative aspect of Alternative 1 is that it divides the pocket between two cities. Annexing a portion of the pocket to Campbell doesn't provide as much neighborhood continuity as annexing the whole pocket. Also, many of the supporters of annexation into Campbell live in the portion of the pocket area not included in this alternative, so there is a question of how much support exists in the neighborhood if it is to be divided. Before pursuing this alternative, a neighborhood meeting would be appropriate.

Alternative 2				
LOCATION	# OF PARCELS	ACRES	APPROX POP.	COMMENTS
Entire pocket plus San Jose "sliver" (See Attachment C)	427	130	1,016	Includes an additional small commercial area on the east edge of the pocket area. Would require detachment of the "sliver" area from San Jose (previous to and separate from the pocket annexation).

This alternative (see Attachment C) is proposed for consideration because it stems from the City Council's initial expression of support for annexing the entire pocket area. However, if just the pocket area were annexed, it would leave an isolated "sliver" of San Jose incorporated area to the north between Campbell and the pocket area. This would create an awkward boundary, and is not likely to be supported by LAFCO during the hearing process. LAFCO staff already indicated that they would not support it. Also, there is some logic in Central Park Drive being part of Campbell as the police now have to use that street to access residences on Regas Drive in Campbell.

The San Jose City Council has not taken an official position on either alternative, although San Jose planning staff indicated that staff would support exploration of Alternative 2, notwithstanding any issues that might arise upon further exploration. In

August the San Jose City Council will be reviewing the Cambrian #36 options and will provide direction with regard to the "sliver" currently in San Jose.

As mentioned previously, LAFCO fees are charged for urban service area amendments and non-pocket annexations. Campbell would bear the costs of the "sliver" detachment and annexation, which are estimated to be \$20,000.

Uses

Residential: Almost all of the pocket area is single family residential. Small areas (23 parcels) of commercial uses are located at the eastern and southern edges of the area. A spot check of lot sizes, ages and sizes of homes for the two alternatives indicates the following approximate averages:

ALTERNATIVE	LOT SIZE (sq. ft.)	AGE OF HOME	SIZE OF HOME (living area, sq. ft.)
1	8,000 – 9,000	Late 1940's, early 1950's	1,300 -1,500
2	8,500 - 10,000 (north-east portion of pocket)	Early 1950's and 1960's	1,700 - 2,000

Condition of structures/yards

Photographs of the area will be shown at the study session. A general impression is that most of the area is well-maintained. However, some parts of the residential area have maintenance issues and code enforcement activity may increase accordingly.

The commercial areas are small-scale and generally older, although there are two new buildings on Camden Avenue (Taco Bell, coffee/yogurt shop). The Santa Clara County zoning designation for these areas is "Neighborhood Commercial."

Impacts to Boundaries and Services

The County of Santa Clara, the County Lighting District and the County Fire Department would be losing territory upon annexation of the pocket area. The City of San Jose would be losing territory with Alternative 2. The City of Campbell, the Campbell Lighting and Landscaping Assessment District and the Campbell Municipal Lighting District would gain territory. Fire protection would continue to be provided by Santa Clara County Fire Department, although it would be through the City of Campbell General Fund (via contract) instead of the County of Santa Clara. Law enforcement services would be changed from the Sheriff's Department and the California Highway Patrol to the Campbell Police Department.

Public Improvements and Funding

Public Works staff conducted windshield surveys of the Cambrian 36 pocket and the San Jose "sliver" along Central Park Drive in March and June, 2009.

The San Jose "sliver" is a mature neighborhood with well maintained public improvements. Street pavement is in good to excellent condition, and properties are developed with vertical curb and gutter, storm drainage, separated sidewalks with park strips, street trees, and street lights on painted metal poles. There do not appear to be any immediate public works maintenance needs beyond a few sidewalk repairs. Overall, the condition of the San Jose "sliver" is comparable to, or better than, Campbell neighborhoods east of Bascom Avenue.

The condition of public improvements throughout the unincorporated County pocket is also generally good. Only a very few conditions requiring maintenance by public works in the near-term were observed, primarily sidewalk uplifts. The condition of the infrastructure is approximately equal to the condition of the recently annexed "south pocket" off of White Oaks Avenue, and superior to the condition of the "north pocket" annexation east of Leigh Avenue.

Properties in the County pocket are developed with a mix of public improvements, making the overall character of the area similar in many ways to the San Tomas neighborhood. Some streets lack curbs, gutters and sidewalks, while others have only rolled curb. Similar to the San Tomas area, some streets have a mixture of public improvements, while others have a consistent development pattern.

Staff has requested pavement condition information from the County and will present this information to the Council at the Study Session if available. In general, staff's survey of the streets found that most streets are in good or very good condition, with no streets appearing to be in failed or poor condition. A number of streets received pavement treatment between March and June, with what appears to be a thin overlay or heavy slurry seal. Staff is researching this with the County. Based on discussions with the County and field observations, it does not appear the streets are a candidates for any additional "pre-annexation" maintenance.

Although annexation would increase the City's street and public infrastructure inventory, the generally good condition of the facilities would not be expected to impose any significant maintenance burden on the City in the short term. In the long term, some additional costs would be expected for street maintenance, particularly the northbound lanes of Camden Avenue between Olympia and McGlincy. Signage, pavement legends, and striping would need maintenance on a routine basis. Street sweeping costs would increase do to the increase in streets. Overall maintenance costs are not anticipated to exceed \$15,000-20,000 per year.

A portion of the northbound segment of Camden Avenue between Olympia and Erin also lacks sidewalks and would be a candidate for an in-fill sidewalk project, given the adjacency to a major arterial. This could be done as a capital improvement project utilizing pedestrian safety improvement funding, with notices of improvement obligations placed on the adjacent property owners.

The northbound leg of the Camden/White Oaks/McGlinchy traffic signal would also become part of Campbell with annexation. Staff does not expect that this would impact the existing signal operation, which is the responsibility of the County under an agreement with Caltrans.

Calls for Service

Data were collected by the Campbell Police Department on Calls for Service for the Santa Clara County sheriff in this area (Attachment D). The graphs report the calls for service by 23 activity types from January 2007 to March 2009 (27 months) for the two alternatives. The last page of this attachment reports Calls for Service in 2007 for the two alternatives and the entire City. The calls for service in 2005 for the north and south previous pocket annexations are shown. The ratio of Calls for Service to number of parcels is shown for comparison purposes.

The data indicate that calls for service in this area exceed those in the previously annexed area, using a per parcel ratio. The ratio of calls in the Cambrian area to the citywide ratio is less, which probably is because the citywide data include a greater variety of uses, particularly commercial.

FISCAL IMPACT

The fiscal impacts associated with the potential annexation result in an increase in revenue and an increase in service costs, as described below.

Impacts on City Revenues

The approximate revenues expected from annexation of the two alternatives are:

REVENUES	ALT 1	ALT 2
Net Property Tax	\$ 93,541	\$ 176,841
Sales Taxes	150,000	155,000
TOT	90,000	90,000
VLF Revenue	1,976	3,617
Franchise Revenues	32,829	60,097
Subtotal General Fund Revenues	368,346	480,555
CMLD (1% ad valorem)	10,479	19,606
Stormwater Assessments	3,896	7,792
Highway User Tax	9,594	17,564

REVENUES	ALT 1	ALT 2
Landscaping/ Lighting Asses- ments	20,083	36,573
Subtotal Non- General Fund Revenues	44,070	81,535
TOTAL REV'S	\$412,416	\$567,090

Ongoing Citywide Costs

Depending upon which alternative is ultimately selected, the City would increase its population by either 555 (1.4%) or 1,016 (2.5%). It can be expected that demand for services will increase by a similar amount, thereby increasing City costs. Ongoing impacts may be expected with regard to policing, code enforcement, fire services, streets, sidewalk, median, signals, lighting and tree maintenance. Other municipal services may be impacted as well, including Finance, City Clerk, Community Development and Recreation and Community Services. Some of these costs may be fee based, but subsidized to varying degrees by the General Fund, which could result in a net cost to the City. Also, since it is not anticipated that any new employees would be hired to accommodate the increased service demand, it is possible there could be some delays in responding to customer requests for services. As it is, the City has 17 frozen positions as a result of recent budget cuts.

With regard to the City's fire services contract, the proposed annexation area would be covered under the existing contract with County Fire; however, at the expiration of the 5-year term, County Fire could propose an additional increase to recover its lost revenue from the annexation, which approximates \$126,000 under Alternative 1 and \$188,000 under Alternative 2, based on the FY 08-09 levy.

Ongoing costs expected for street maintenance, signage, pavement legends, and striping would need maintenance on a routine basis. Street sweeping costs would also increase. It is estimated the overall maintenance costs would not exceed \$20,000 per year.

In looking at the fiscal impact of the annexation, it appears that the City would stand to benefit fiscally from moving forward with either alternative. In summary, revenue generation ranges from \$412,416 to \$567,090. While expenditures for services are difficult to estimate, it appears they would be much less than revenues received. If Alternative #2 is pursued, the City would be required to pay approximately \$20,000 in LAFCO and State fees.

PROCESS/SCHEDULE

If **Alternative 1** is pursued, the pocket annexation would be carried out by both Campbell and San Jose.

- Conduct community outreach.
- Hold a public hearing and approve a resolution for changing the urban service area and sphere of influence boundaries.
- Approve General Plan (Urban Service Area and Land Use) amendments and pre-zone area.
- Apply to LAFCO for Urban Service Area and Sphere of Influence amendments (joint application).
 - LAFCO holds public hearing and considers USA/SOI amendment.
- If above is successful, submit a mapping request to LAFCO.
- Hold a public hearing (City Council) to initiate annexation and a second hearing to approve it. Not subject to Protest.
- Forward resolution to LAFCO; LAFCO records Certificate of Completion.

If Alternative 2 is pursued, annexation of the San Jose incorporated area is carried out by Campbell.

- Conduct community outreach (including determining resident support for annexation of San Jose area to Campbell).
- Hold a public hearing and approve a resolution for changing the urban service area and sphere of influence boundaries for the "sliver," detachment from San Jose and annexation into Campbell.
- Approve General Plan (Urban Service Area and Land Use) amendments and pre-zone area.
- Apply for detachment of the San Jose "sliver" from San Jose and urban service area expansion and annexation to Campbell through LAFCO
 - LAFCO refers application to San Jose for concurrence
 - LAFCO staff provides notice and sets date for public hearing, will require protest proceeding and may require election depending on level of protest.
 - If approved by LAFCO, detachment, USA/SOI and annexation would be conditioned on Campbell completing the island annexation.
- Remaining steps - same as Alternative 1

STAFF RECOMMENDATION

The Campbell City Council previously expressed support for annexing the pocket area, subject to analysis of the impacts of potential annexation. Staff recommends that Alternative 2 be pursued, which includes the San Jose "sliver area" area. De-annexation of the San Jose "sliver" complicates the process, but is necessary to provide logical boundaries. Revenue analysis indicates either alternative would be a fiscal benefit to Campbell.

NEXT STEPS

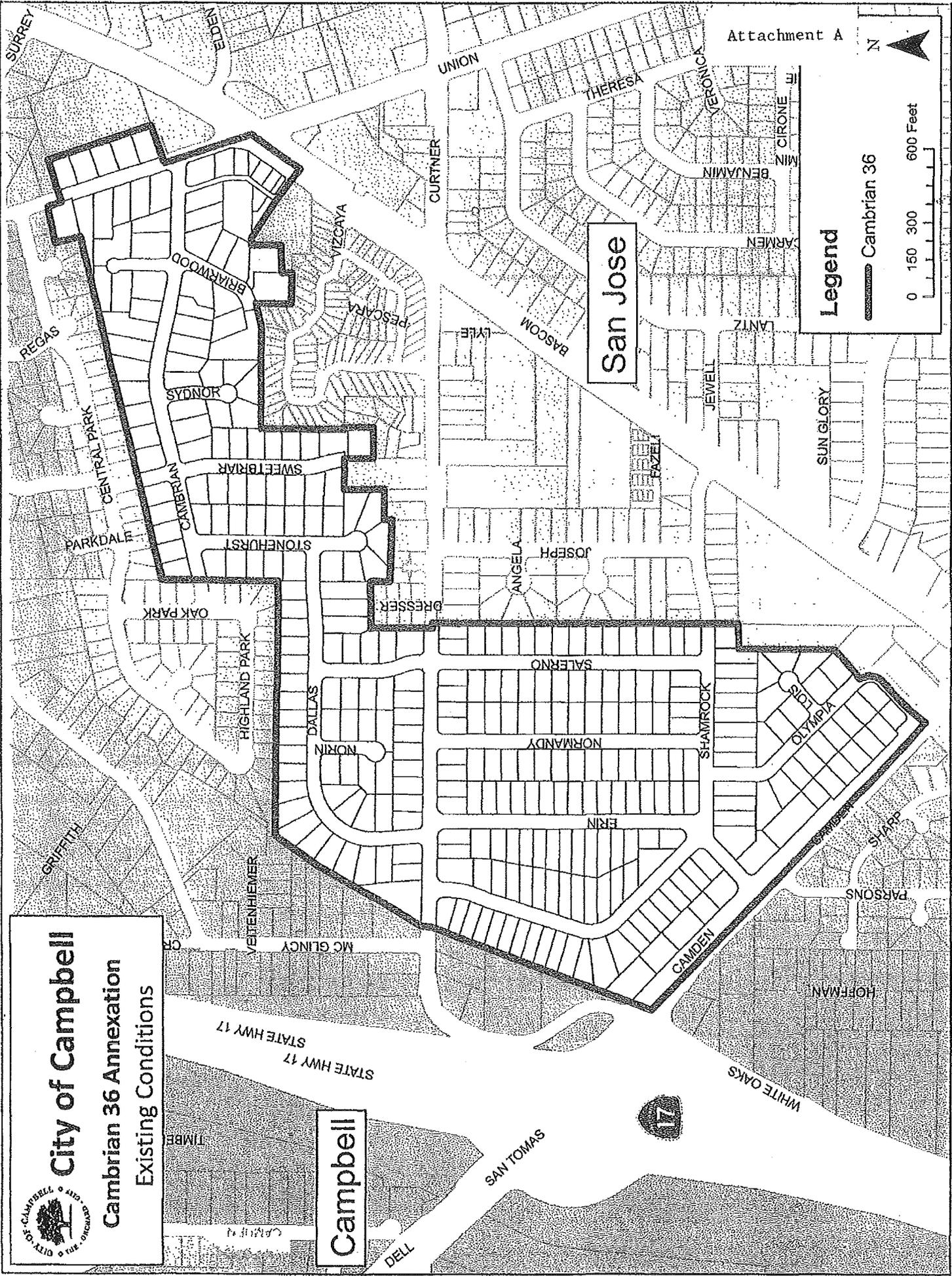
If the City Council provides direction to pursue annexation, and once the San Jose City Council indicates its support, Campbell and San Jose staff will begin community outreach efforts. As described in the process section above, the Campbell City Council would hold a public hearing to approve a resolution to begin the urban service area/sphere of influence amendment, under both scenarios.

An example of a deadline for submittal to LAFCO for these amendments is August 19 for the October 14 LAFCO meeting. The LAFCO process takes approximately six months, so the pocket annexation would not begin until early-mid 2010.

ATTACHMENTS

Attachment A	Cambrian #36 pocket area (map and aerial)
Attachment B	Alternative 1
Attachment C	Alternative 2
Attachment D	Calls for Service

J: Annexation/Report to City Council on Cambrian Annexation



City of Campbell
Cambrian 36 Annexation
Existing Conditions

Cambell

San Jose

Legend

— Cambrian 36

0 150 300 600 Feet

N

Attachment A



City of Campbell

Cambrian 36 Annexation

Campbell

San Jose

Legend

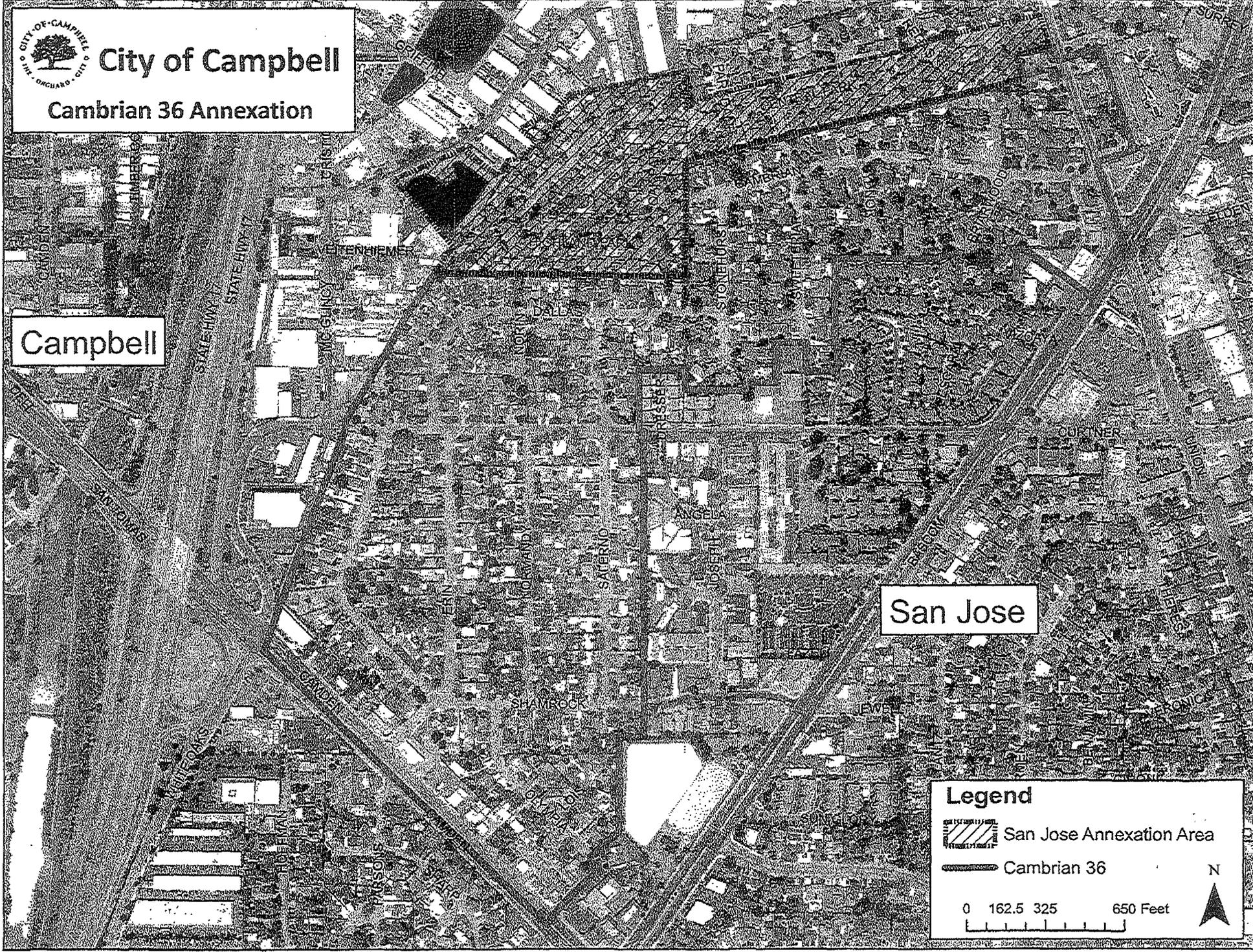
 San Jose Annexation Area

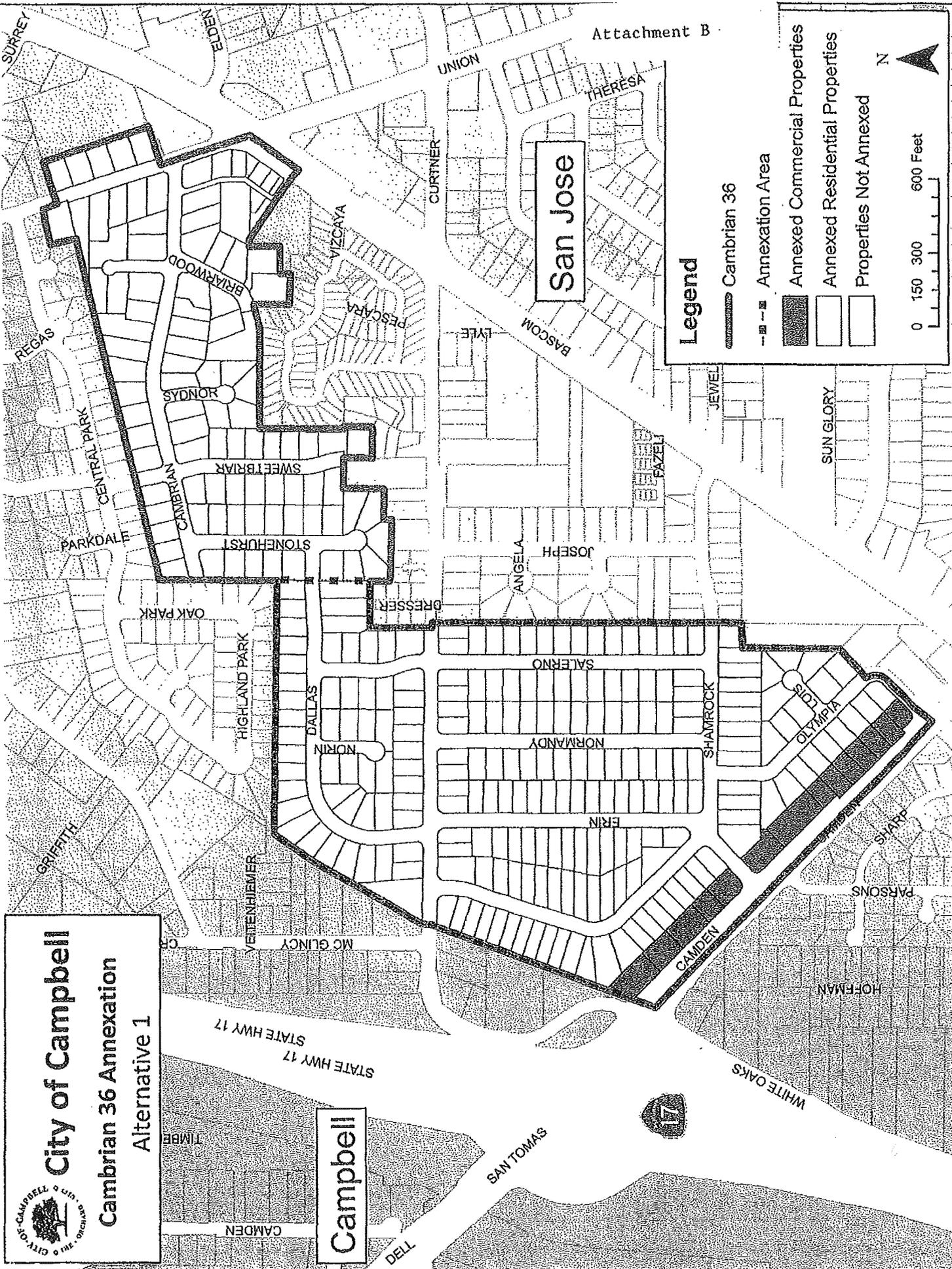
 Cambrian 36

0 162.5 325 650 Feet



N






City of Campbell
Cambrian 36 Annexation
Alternative 1

Campbell

Attachment B

Legend

-  Cambrian 36
-  Annexation Area
-  Annexed Commercial Properties
-  Annexed Residential Properties
-  Properties Not Annexed

0 150 300 600 Feet

N 

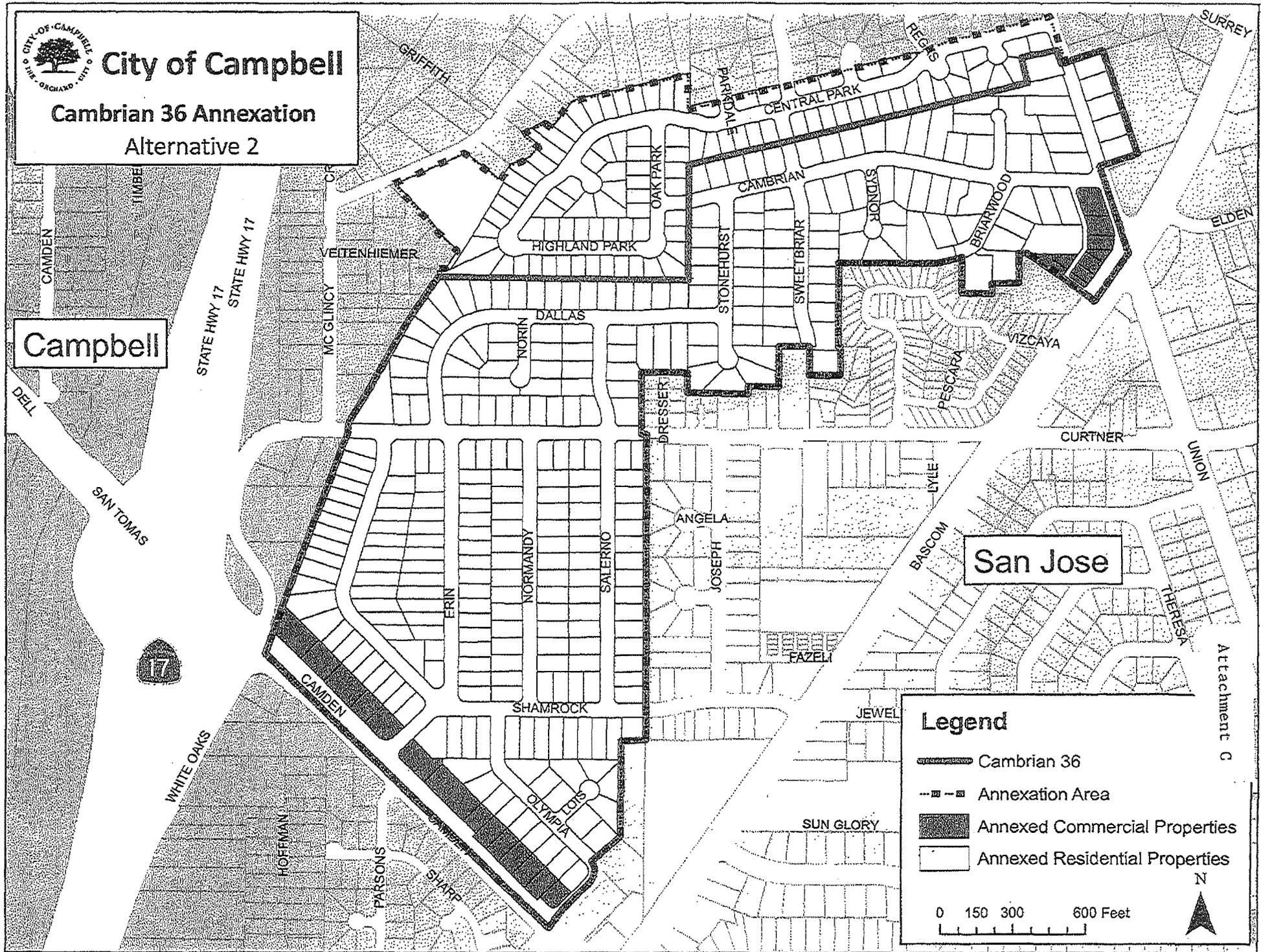


City of Campbell

Cambrian 36 Annexation Alternative 2

Campbell

San Jose



Legend

- Cambrian 36
- Annexation Area
- Annexed Commercial Properties
- Annexed Residential Properties

0 150 300 600 Feet

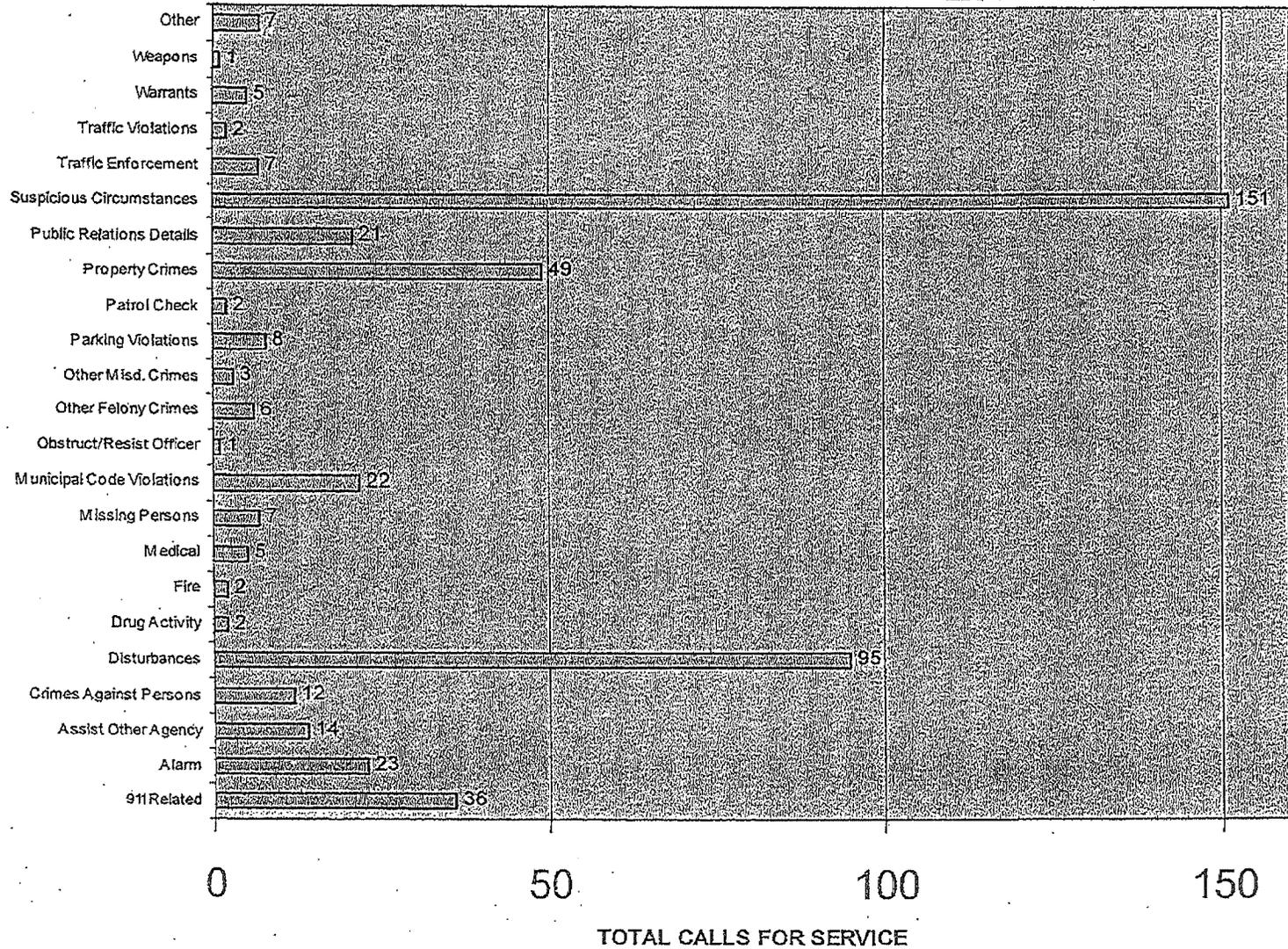


Attachment C

1/2007 - 3/2009 (27 Months)
 Area Represented by Cambrian 36 Alternative # 1

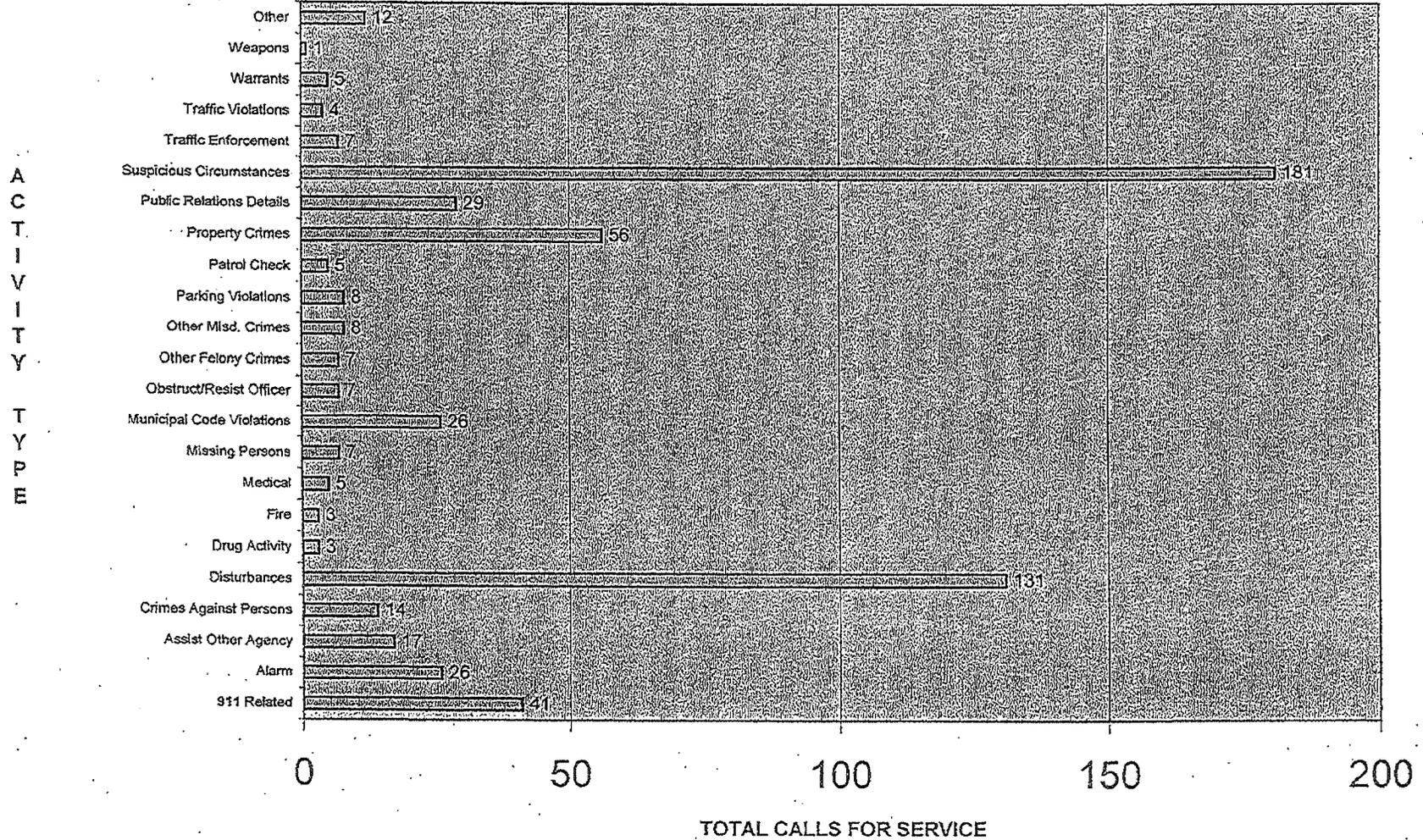
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1/2007 - 3/2009 (27 Months)

Area Represented by Cambrian 36 Whole Area with San Jose Sliver Alt #2



Area Description	Data Year	Calls for Service Annual Total	Total Parcels in Area	Ratio of CFS to Parcels
Cambrian 36 Alternative 1	2007	330	233	1.42
Cambrian 36 Alternative 2 (Whole Area with SJPDP Sliver)	2007	388	427	0.91
Campbell - Entire City	2007	22,521	11,714	1.92
North Pocket (2006 Annexation)	2005	36	122	0.30
South Pocket (2006 Annexation)	2005	120	234	0.51

July 2, 2009

Daniel Rich
City Manager
City of Campbell
70 North First Street
Campbell, CA 95008

RECEIVED

JUL - 7 2009

CITY OF SAN JOSE
DEVELOPMENT SERVICES

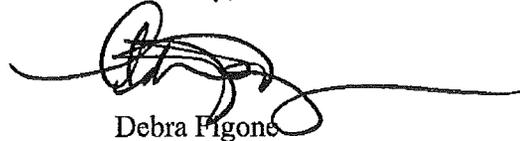
Dear Daniel:

My staff has been in contact with Vice Mayor Judy Chirco regarding the pocket annexation over the past year. Last week, we spoke with her Chief of Staff who said that their office would like for my staff to sit down with the Vice Mayor and walk back through the options to reconfirm the direction we have previously discussed. You may not be aware, but the Vice Mayor has been on medical leave for the past several months and is returning to a more regular schedule following the City Council's July recess.

Our goal is to meet with Vice Mayor Chirco in early August. Assuming the Vice Mayor continues to support the proposal, we would like to do the community outreach jointly with Campbell with a goal of being out in the community in September/October and to the Council to adopt support for the annexation proposal in October/November.

Our staffs have met jointly with LAFCO staff to work on logistics of de-annexing the sliver from San José to Campbell. Now that we better understand the procedural steps to detach that area from San José, we can start the public outreach process later this year. I to look forward to continuing to work with you, your staff and LAFCO to move forward on the annexation process. If you have any questions, please contact me or Joe Horwedel, Director of Planning, Building and Code Enforcement.

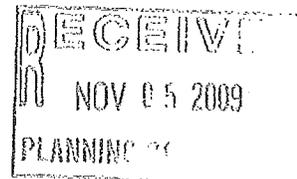
Sincerely,



Debra Figone
City Manager

C: Mayor Chuck Reed
Vice Mayor Judy Chirco
Councilmember Pete Constant
Joe Horwedel, Director of Planning, Building & Code Enforcement

28 October 2009



City of San Jose – Mayor, Councilpersons and Planning
Santa Clara County Supervisors; LAFCO

I am a resident of unincorporated Santa Clara County, bordering Campbell, known as "Cambrian 36", or to you, 9-1. We would prefer that our 'territorial' status remain as-is. However, provisions made decades ago by people long gone and forgotten, mandated that this area could, and recently others have decided, with no democratic concerns, that the area *would* be annexed into an incorporated entity – and as the rules have been re-written, we are supposed to be 'forced' into San Jose. Despite the finer points of these unrepresented mandates, we are insisting on democracy, respect, and due process.

Simply, as many of you may know, we prefer to be annexed by Campbell. There are many personal, family, community and safety reasons for this preference. There are many logical, economical, and political reasons for this preference. These reasons must be heard, considered very carefully, and undeniably agreed with.

Campbell proper and our surrounding community feels and treats us like a hometown. That's quite impressive considering I am a transplant from the Midwest. Campbell businesses are a safe, "small town" walk for all ages and interests. We know our money stays with and improves Campbell. And it will no matter who annexes us.

We can easily and recognizably contribute directly to community interests and see the impact of those contributions. If we have an issue with local businesses, and even not yet as residents, with local politics, the people we need to talk with are open, accessible and responsive - because having them part of our community, and they having us, is important to all of us. *We also prefer to be, and have our votes count as, a few among 40,000 rather than just one in a million.*

As for services - we already know who will provide them, and some idea of their costs. We realize that there is little incremental increase in residential property tax revenue to either city. The residents and the City of Campbell recognize the transitions and expansions of law enforcement and fire/rescue services that San Jose would undertake.

We realize that our water and sewer services will not change. We realize that our trash services may change minimally, and without a dramatic change to San Jose's troubled limitations and questionable vendor arrangements. *We also realize and are opposed to any additional taxation, which will be forced on us with San Jose's 5% utility taxes.*

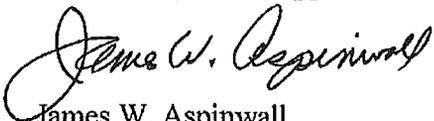
We realize that our street services will stay the same or actually improve with Campbell, while we have no expectation or desire for curbs, gutters or annoying street lamps. We believe the safety of our streets and traffic law enforcement will actually improve by Campbell versus the lack of attention by the County and CHP, or being diluted among San Jose.

Calling Campbell PD directly, or 9-1-1 under the present County or the hopeful Campbell situation will get us a direct and appropriately (life and death affecting) swift response. With San Jose being an obviously larger City, it would provide an obviously longer and less familiar response. The 9-1-1 transition plus re-training dispatchers in San Jose *will* impact (delay/confuse) our emergency services far more than the transition to Campbell will. Budget and other considerations would not favor additional police presence nor a more local fire station, and the auto-aid agreement for fire/rescue services is of specific concern.

If annexed to San Jose, we face significant risk to life and property. County Station 11 is a mere mile from our neighborhood. Their response time can be under a critical 4 minutes – unless they are servicing Campbell or a County move-up. Without Station 11 or 10 available we revert to a much more extended response time from San Jose 9 or 14 – which given normal traffic patterns and behavior, evening running Code 3 – puts either company over 10 minutes away. Fire and advanced life support information tells us *the additional response time could cost us the loss of an entire home or far worse, the life of a loved one.*

Please share in and gain our support in the positive, democratic, community interest to release "Cambrian 36" from the sphere of influence of San Jose, so that the Campbell and LAFCO can do what is right for the people of our community.

Respectfully and in appreciation of your support,



James W. Aspinwall
329 Dallas Drive
Campbell, CA 95008
408-371-6242

905 Sweetbriar Dr
Campbell, CA 95008
April 21, 2010

Vice Mayor Judy Chirco
San Jose District 9
200 E Santa Clara St, 18th Floor
San Jose, CA 95113

SUBJECT: Cambrian 36 Annexation

Vice Mayor Chirco,

Thank you for attending the meeting with the Campbell Annexation Group on April 15, 2010.

We enjoyed the opportunity to hear your position on the Cambrian 36 annexation in person. However, we were disappointed our request for a 30 day delay before the first neighborhood meeting notices are mailed out, as well as, the request to have your staff arrange a meeting with the Planning Department to discuss the agenda and forum of the meeting were denied.

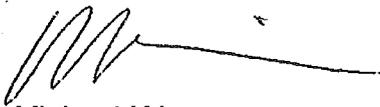
You expressed a desire to treat all of the unincorporated pockets uniformly. This approach may work when the pockets are fundamentally the same. However, our neighborhood is different from the other annexed pockets for several reasons. The most important of those reasons is fire protection and emergency medical services.

Under the proposed annexation our neighborhood would go from being served by a single fire department to being served by two departments. We would suffer a lack of continuity in service. The San Jose Fire Department would be responsible for service calls, fire investigations, and fire prevention. Through an auto aid agreement County Fire Department would respond to emergency calls but only after going through two dispatch centers and determining their availability. In addition, the Auto Aid Agreement between San Jose Fire Department and County Fire Department can be terminated with 30 days notice, at which time our neighborhood would be served by a fire station several more minutes away. This is a clear reduction in service.

The good news is the annexation process has not begun. We are asking you to restart discussions with the City of Campbell. I know that together we can find a safer alternative for our neighborhood.

If our Group can be of any assistance please let us know.

Respectfully,

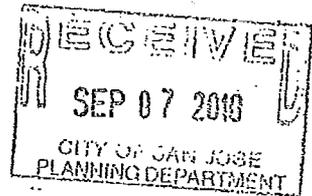


Michael Krisman
Tom Davis
Jim Aspinwall



CITY OF CAMPBELL

Mayor's Office



September 2, 2010

Mayor Chuck Reed
City of San Jose
200 East Santa Clara Street
San José, CA 95113

Dear Mayor Reed,

The cities of Campbell and San Jose have been discussing issues related to the pocket annexation area Cambrian #36 on and off for several years now. Formal letters from Campbell officials to San Jose officials expressing our position were sent in 2006, 2008, and 2009 (enclosed).

Statements made by San Jose staff in the context of recent community meetings seem to imply the City of Campbell's position is not clear, or even that San Jose might be waiting for a response from Campbell. As your Council will be discussing this issue shortly, I want to be clear: Campbell welcomes the annexation of the Cambrian #36 pocket into our City. The residents have Campbell mailing addresses, identify with Campbell, and stated a clear preference to be part of Campbell.

Campbell understands and respects that the area in question is in San Jose's Sphere of Influence, as determined by LAFCO decades ago. As we have stated before, we would like to work collaboratively with San Jose on this issue. However, in our last formal communication, a March meeting with San Jose officials, we were left with the impression that San Jose was moving forward with the annexation process unilaterally. If this is an incorrect impression and/or San Jose is waiting for some sort of response from Campbell, please let me know. We stand ready to discuss any and all aspects of the annexation issue.

Sincerely,

Evan D. Low
Mayor

Enclosures

cc: Campbell City Council
San Jose Vice Mayor
Supervisor Ken Yeager
San Jose City Manager
San Jose Director of Planning, Building and Code Enforcement
Executive Officer, LAFCO of Santa Clara County
Campbell City Manager
Campbell Community Development Director



CITY OF SAN JOSÉ, CALIFORNIA

200 E. SANTA CLARA STREET
COUNCIL OFFICE, 18TH FLOOR
SAN JOSE, CA 95113
(408) 535-4909
FAX (408) 292-6471
judy.chirco@sanjoseca.gov

JUDY CHIRCO
COUNCILMEMBER
DISTRICT 9

November 27, 2006

DEC - 6 2006
CITY MANAGER'S OFFICE
cc: Council
CM
C.D.

Honorable Mayor Jeanette Watson
70 North First Street
Campbell, CA 95008-1039

Re: Cambrian No. 36

Dear Mayor Watson,

I am writing you in response to your letter dated, October 10, 2006, regarding the potential annexation of an unincorporated island (San Jose's Cambrian No. 36) by the City of Campbell. This area is one of a number of unincorporated islands that the City of San Jose intends to annex as a part of the later phases (2009-2010) of the City of San Jose's County Island Annexation Program. This is a 3-5 year program that includes all pockets that are less than 150-acres in size and located within the City of San Jose's Urban Service Area.

The City of San Jose has a City Council Policy entitled "City Boundary Changes in Existing Urbanized Areas" (attached). The main underlying principle is the City is satisfied with existing boundary agreements and that lines between cities should be maintained. We believe this to be the case with respect to the western boundary of the San Jose's Sphere of Influence and Urban Service Area adjacent to the City of Campbell. The Policy also indicates that San Jose will only consider modifications that include equal exchanges of like territory, population or tax base.

In summary, the City of San Jose is not interested at this time in pursuing modifications to our Sphere of Influence and Urban Service Area to accommodate the annexation of the subject area by the City of Campbell. Thank you for your inquiry and feel free to contact Joseph Horwedel, the City of San Jose's Director of Planning, Building and Code Enforcement at (408) 535-7900, if you have further questions.

Sincerely,

Judy Chirco
Councilmember Judy Chirco
Council District 9

Attachment



CITY OF CAMPBELL
City Manager's Office

June 18, 2009

Debra Figone, City Manager
City of San Jose
200 East Santa Clara Street
San Jose, California 95113

Dear Debra,

As you know, our staff's have been discussing a number of issues related to the pocket annexation area known as Cambrian #36 for quite some time.

At a June 16 study session on the issue, the Campbell City Council directed staff to pursue annexation of the entire pocket area, plus the detachment from San Jose and annexation to Campbell of the "sliver" area north of the pocket (see attached Alternative 2). The City Council believes that this approach would provide the most logical boundaries, and would reflect the wishes of the residents of the pocket area, as expressed in the petitions submitted to Campbell in 2006. The wishes of the residents of the "sliver" area will need to be explored. Campbell staff is committed to working collaboratively with San Jose to do community outreach to the "sliver" as well as the Cambrian #36 area.

We appreciate the cooperation to date from San Jose Council members and staff, and look forward to continuing to work with you, your staff and LAFCO to move forward on the annexation process.

Sincerely,


Daniel Rich
City Manager

Enclosure - Alternative 2 Map

cc: Campbell City Council
Mayor Chuck Reed
Councilmember Judy Chirco
Councilmember Peter Constant
Joe Horwedel, San Jose Director of Planning, Building and Code Enforcement
Neelima Palacheria, Executive Officer LAFCO of Santa Clara County
Kirk Heinrichs, Community Development Director
Ciddy Wordell, Interim Principal Planner

Handwritten initials