



## **STAFF REPORT**

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### **Harbor Industrial Area: Status Report**

Honorable Mayor and Council Members:

#### **Summary:**

Over the past three plus years, the City Council's Harbor Industrial Area (HIA) liaisons and staff have participated in a series of meetings with representatives of the Harbor Industrial Association. The purpose of these meetings has been to explore issues related to possible annexation of the HIA to the City. On August 13, 2002, the liaisons and staff presented to the Council a status report and conceptual proposal of City actions in furtherance of annexation. While the initial reaction from both the City Council and the HIA group was positive, considerable work remained on the specifics of the proposal.

A more specific proposal was presented to the HIA representatives in September of 2003, addressing several issues identified by the City liaisons and staff. The HIA representatives responded to the City that not all concerns have been satisfactorily resolved, but that the direction was positive and they would like to continue working towards agreement. On March 23, 2004, staff presented an update and the Council reaffirmed its resolution pledging to work cooperatively with the HIA toward a mutual agreement for annexation.

Staff has continued to address the remaining issues with the intent of presenting a final proposal to the HIA representatives in the Fall of 2004. Upon former City Manager Jere Kersnar's departure from Belmont, however, the HIA representatives indicated a desire to slow or possibly stop discussions with the City, stating concerns about the stability of Belmont government. The purpose of this report is to update the Council regarding the status of remaining issues of concern and staff's suggested approach to continuing discussions with the HIA.

#### **Background:**

The City Council's adopted resolution (attached) pledges the City's support for a cooperative approach to annexation, and commits that Belmont will not initiate any unilateral annexation proposal in the Harbor Industrial Area including, but not limited to, applying the provisions of AB1555. The resolution was first adopted on February 26, 2002 and reconfirmed by the five current

Council Members on March 23, 2004. In the most recent City annexation proposal (June 3, 2004), staff outlined responses by the City to key issues identified by HIA representatives, including the following:

1. Land Use and Zoning – A cooperative process to revise the present pre-zoning for the area, to provide zoning which is more appropriate to the needs of the owners and tenants of the HIA, and allowing for a transition period to involve property owners and businesses in planning decisions during the transition and in longer term planning for the area.
2. Traffic Circulation – Engineering analysis of traffic circulation alternatives in the HIA, including alternative routes and the use of barricades, signalization, and/or other options to improve traffic flow.
3. Belmont Creek - Identification of flood control and maintenance measures for Belmont Creek, as well as preferred financing mechanisms for funding flood control improvements, after determination of the City's share of the project costs.
4. Sewer Agreement – Coordination with and development of an agreement with the City of San Carlos for sanitary sewer improvements and tie in to Belmont's system.
5. Political Climate and HIA Consent – Continued recognition of the Council's adopted resolution supporting a cooperative annexation effort, and identification of a process for assessing the support of HIA property owners and businesses, to assure that annexation, if and when proposed, will be a mutually sustained effort.

Adoption of the resolution was intended to represent the City's response to the HIA's concern about political uncertainty, which is a longer-term issue to be addressed through the City's continued cooperative approach.

**Discussion:**

Staff has continued to work on and refine the above program items, except that the HIA Consent process was not expected to begin until after initial concurrence by the HIA representatives on the first four items. Progress to date on each element of the proposal includes the following:

1. Land Use and Zoning

Planning staff and the City's planning consultant have prepared draft revisions to the City's regulations to create a unique zoning district – M-HIA (Manufacturing – Harbor Industrial Area) – to cover the HIA area and to provide more uniformity with the current County zoning and the adjacent San Carlos zoning. A 3-year grace period would be provided for design review and business license requirements, and most existing nonconformities would be allowed to remain indefinitely. The 3-year period would also allow for preparation of a Specific Plan for the area, driven by input from area businesses and property owners. Staff anticipates that, upon agreement for annexation, the revised amendments would be approved on first reading, and that the final ordinance reading would be tied to the annexation. HIA representatives have indicated general support for the

changes, but would like to explore means of providing more certainty to the changes, such that they are not readily modified after annexation.

## 2. Traffic Circulation

The City has proposed two primary actions to improve traffic circulation through the HIA and particularly from the HIA to northbound Hwy. 101: 1) signal improvements along Ralston, and 2) widening of Old County Road to two lanes northbound from O'Neill to Ralston. The HIA representatives have stated that these will be helpful, and have also indicated concern that the City should not install speed bumps or other measures that might restrict flow on Elmer Street.

## 3. Flood Control (Belmont Creek)

The City's Public Works Director has provided a draft letter of agreement to the City of San Carlos that would commit Belmont to participate in the costs of flood control improvements already made by San Carlos and to work to identify future creek and drainage improvements. The San Carlos Public Works Director and City Attorney are reviewing the details of such an agreement. The HIA representatives have requested that, in addition to working these issues out with San Carlos, some kind of maintenance effort should be formulated for the creek. While it appears that the State Department of Fish and Game's regulations severely restrict maintenance of the creek, staff and the City's planning consultant expect to define some limited opportunities to present to the HIA in the final proposal.

## 4. Sanitary Sewer

Sanitary sewer options also involve structuring an agreement with San Carlos regarding whether to continue to use the San Carlos sewer system or to divert the HIA flow to Belmont. The Public Works Director has also presented a letter of agreement to San Carlos committing Belmont to diverting the flow, and is awaiting the San Carlos response. The HIA representatives do not appear to have a concern about this issue.

## 5. Political Climate/Council Resolution

The perceived uncertain political climate of the past remains of concern to the HIA representatives, particularly in light of the departure of Jere Kersnar. The HIA had not focused on this issue over the past year, instead taking a more proactive approach to try to address other outstanding issues. The group was encouraged by the Council's resolution in 2002 and by other Council communications and attendance at HIA luncheons. The most recent communications to the City, however, indicate a desire to postpone further discussions in order to assess the City's direction, at least some time into 2005.

## Letter from Council Liaisons

On September 30, 2004, the City Council's HIA liaisons sent a letter (attached) to Howard Jones, HIA President, indicating the City's desire to continue discussions and its commitment to finalize the program issues identified above. The HIA has not provided a formal response to the letter, but Mr. Jones has indicated to the Council liaisons and to the Interim City Manager that discussions are "on hold" and the group intends to wait until at least early next year to formulate any position about continued meetings. No specific timetable has been suggested. Belmont has not suggested

postponing or terminating discussions with HIA. Staff is concerned that the momentum and relationship built up over the past few years will be lost with a delay.

### Timeline

No deadline has been set for determining whether to proceed with annexation of the Harbor Industrial Area, and lack of such a deadline has to this point enhanced the cooperative spirit of the discussions. City staff believes, however, that significant progress has been made towards resolving the outstanding issues and continued discussions could lead to a final proposal to the HIA in early 2005. The City could then assess annexation support with the HIA representatives, the general membership, and property owners and businesses. Some of the key task milestones at that point will likely include:

- Presenting revised proposals to HIA representatives
- HIA consent to an agreement
- Implementing programs and ordinances
- Annexation application and LAFCO approval, including:
  - Submittal of application to LAFCO
  - Finalization of fiscal agreements
  - Environmental review
  - Public hearings at City Council and LAFCO
  - LAFCO approval
  - Submittal of information to County and State
- Follow-up implementation measures

The earliest date a potential determination could occur is probably Spring 2005, with annexation in mid 2005.

### **Fiscal Impact:**

There is no direct fiscal impact to this report or moving forward with discussions. No fiscal estimate of the components of the proposal has yet been determined, as the outline remains conceptual until some level of agreement is reached with the HIA representatives. Costs for the continued discussions include staff time to assist with the preparation of the proposal and occasional meetings with the Council liaisons and the HIA study group. The planning consultant's time to continue to facilitate the discussions and prepare support materials is encompassed in his present contract and included in the FY05 budget. Costs of public improvements and methods of financing have yet to be determined, but the Finance Director has been involved in many of the discussions and has indicated several options to minimize the costs of annexation. More financing details of these options will be presented along with the specifics of the annexation proposal.

### **Public Contact:**

A copy of this report was provided to members of the HIA Working Group.

**Recommendation:**

Direct staff and the Council liaisons to approach the HIA representatives in January of 2005 to set a meeting in the first quarter to discuss the Council's commitment to the process and a final proposal for annexation.

**Alternatives:**

1. Direct staff and the Council liaisons to discontinue meeting with HIA representatives and to defer further review of annexation options except upon request by the HIA.
2. Direct staff and the Council liaisons to return to the Council with a report about annexation options if the HIA representatives choose to postpone or discontinue discussions.
3. Provide other direction.

Respectfully submitted,

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Planning and Community Dev't Dir., AICP

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Daniel Rich  
Interim City Manager

**Attachment:**

- A. March 2004 Council Resolution on Cooperative Approach to Annexation
- B. September 2004 Letter from Council Liaisons to Howard Jones, HIA