



## **Staff Report**

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### **DISCUSSION AND DIRECTION REGARDING HARBOR INDUSTRIAL AREA ANNEXATION**

Honorable Mayor and Council Members:

#### **Summary**

City Council's Harbor Industrial Area (HIA) Subcommittee, consisting of Council members Dickenson and Lieberman, recommend that the City Council hold a study session on or before September 12, 2006 to consider options and constituency input on the proposal to annex the HIA. In addition, the Subcommittee seeks Council concurrence on setting a public hearing, and providing notice thereof, for September 26, 2006 at which time the City Council may adopt resolution(s) relating to the provision of law authorizing annexation of certain "urban islands" such as the HIA, as prescribed in the Government Code.

#### **Background**

The HIA is an unincorporated island wedged between Belmont and San Carlos along Harbor Boulevard. The HIA is separated from San Carlos by a creek. A portion of the area south of the creek previously was unincorporated but was annexed to San Carlos in 1997. The area consists largely of commercial and industrial uses. There is only one residential parcel, the mobile home park north of Harbor adjacent to the freeway. The HIA is adjacent to residential areas in Belmont across O'Neill Avenue. It is also adjacent to similar commercial uses in Belmont along Old County Road. In 1997, the San Mateo County Local Agency Formation Commission, or LAFCO, approved the HIA in the City of Belmont's sphere of influence.

The annexation of the HIA to Belmont is likely to provide benefits to the City and to the property owners, businesses and residents of the HIA in the form of better and more efficient urban services. Because the HIA is a small isolated island, the services that the County of San Mateo provides are necessarily limited. For a number of years the City staff and, on occasion, members of the City Council have been meeting with stakeholders in the HIA in an effort to reach consensus on the terms and conditions of an annexation proposal for the HIA. Those discussions have been fruitful and have resulted in conceptual agreement on a number of points important to successful implementation of an annexation. However, those discussions have not proceeded far enough such that there is complete agreement among all parties as to the terms of the annexation proposal.

Previous City Councils have issued Resolutions 8740 and 9520 indicating a desire to work cooperatively with the Harbor Industrial Association on annexation matters. Those cooperative efforts continue today through the work of the HIA Subcommittee.

On June 13, 2006, the HIA Subcommittee issued letters to several HIA stakeholders proposing a plan to address the issues the City of Belmont understood to be of greatest concern to the Harbor Industrial Association. Those letters requested a written response back from the recipients indicating their approval by July 1, 2006. As of this report date, no written responses have been received.

Neighborhood associations, members of the business community, commissions and other constituencies have requested the City of Belmont move forward with consideration of the annexation proposal at this time in order to benefit from the provisions of Government Code Section 56375.3 which are set to “sunset” on December 31, 2006.

### **Discussion**

The City of Belmont has a number of options to consider on the proposal to annex the HIA. Those options include, but are not limited to, the following:

- Proceed now with an annexation application to LAFCO subject to protest hearing.
- Proceed now with an annexation application to LAFCO subject to the provisions of Government Code Section 56375.3.
- Proceed later with an annexation application once complete consensus is obtained from the Harbor Industrial Association.

In order to more fully discuss the benefits and detriments to each of these options with the stakeholders and interested constituencies, the HIA Subcommittee recommends holding a study session on or before September 12, 2006.

Furthermore, the HIA Subcommittee seeks concurrence from Council on setting a public hearing, and providing notice thereof, for September 26, 2006 at which time the City Council may adopt resolution(s) relating to the provision of law authorizing annexation of certain "urban islands" such as the HIA as prescribed in Government Code Section 56375.3. In the past, the City has not gone forward with annexation under Section 56375.3 out of a desire to have a complete consensus among all the stakeholders as to the terms and conditions of the annexation.

Although great progress towards that end has been made, agreement on all points has not been reached.

The City could continue on the current path in an effort to gain complete consensus but, because of the sunset provision within the legislation, in doing so would likely result in losing the opportunity to proceed with annexation under Government Code Section 56375.3. While there is pending legislation in Sacramento, AB 2223, which would extend the municipal annexation

authority originally granted under AB 1555, there is no guarantee this legislation will be approved by the Legislature or signed by the Governor.

Consequently the HIA Subcommittee recommends setting the public hearing date for September 26, 2006 so the City's existing annexation option is preserved. Lastly, pursuit of this option would not mean abandonment of the City's ongoing discussion with the HIA stakeholders. Those discussions could continue in an effort to satisfy the reasonable needs and desires of the HIA stakeholders.

### **General Plan/Vision Statement**

General Plan Goal 1015.11 states "To annex additional land which is within the sphere of influence or planning area only when the expected fiscal benefits of annexation exceed the costs." The annexation of the HIA is consistent with this goal.

### **Fiscal Impact**

If an annexation goes forward, the City would have additional costs for providing services to the HIA and would have additional revenue in the form of sales and property taxes and other City fees and charges. The amounts are dependent upon factors which are indeterminable at this time but are considered to be significant.

### **Public Contact**

As noted above, there have been ongoing meetings with HIA stakeholders. In addition, this report recommends a planned study session to further discuss the annexation. Furthermore, the City Council would be required to hold a public hearing on the annexation proposal for the HIA. One of the recommended actions noted below is to set that hearing.

### **Recommendation**

Hold a study session on or before September 12, 2006 to consider options and constituency input on the proposal to annex the HIA and set a public hearing on an annexation proposal for the HIA for the City Council meeting on September 26, 2006 and direct staff to give notice of that meeting in the manner required by law.

### **Alternatives**

1. Take no action at this time.
2. Delay action pending the Legislature's actions on AB 2223.

### **Attachments**

None.

Respectfully submitted,

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