

Agenda Items: File ID20-001123 (10:15 AM)

Date: 9/17/2020

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CITY CLERK'S OFFICE

FRESNO CITY COUNCIL



## Additional Information

### Agenda Related Item(s) – File ID20-001123 (10:15 A.M.)

#### Item(s)

CONTINUED HEARING to consider Annexation Application No. P19-02239, Plan Amendment/Rezone Application No. P19-02237, Vesting Tentative Tract Map No. 6234/UGM, and related Environmental Assessment No. T-6234/P19-02237/P19-02239, for property located on the west side of North Hayes Avenue between West Ashlan and West Shields Avenues (Council District 1)

#### Contents: Amended Resolution and Amended FMC Findings

##### **Supplemental Information:**

Any agenda related public documents received and distributed to a majority of the City Council after the Agenda Packet is printed are included in Supplemental Packets. Supplemental Packets are produced as needed. The Supplemental Packet is available for public inspection in the City Clerk's Office, 2600 Fresno Street, during normal business hours (main location pursuant to the Brown Act, G.C. 54957.5(2)). In addition, Supplemental Packets are available for public review at the City Council meeting in the City Council Chambers, 2600 Fresno Street. Supplemental Packets are also available on-line on the City Clerk's website.

##### **Americans with Disabilities Act (ADA):**

The meeting room is accessible to the physically disabled, and the services of a translator can be made available. Requests for additional accommodations for the disabled, sign language interpreters, assistive listening devices, or translators should be made one week prior to the meeting. Please call City Clerk's Office at 621-7650. Please keep the doorways, aisles and wheelchair seating areas open and accessible. If you need assistance with seating because of a disability, please see Security.

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE COUNCIL OF THE CITY OF FRESNO, CALIFORNIA, AUTHORIZING THE DIRECTOR OF PLANNING AND DEVELOPMENT TO INITIATE THE PREZONING AND ANNEXATION OF THE "DAKOTA-HAYES NO. 4 REORGANIZATION" WITH THE FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCO), SUBJECT TO APPROVAL OF A REVENUE AND TAXATION CODE SECTION 99 TAX SHARING AGREEMENT BETWEEN THE CITY OF FRESNO AND THE COUNTY OF FRESNO.

WHEREAS, Annexation Application No. P19-02239 has been filed with the City of Fresno by Precision Civil Engineering, Inc., on behalf of Edward Fanucchi, pertaining to approximately 230 acres of property located to the northeast of the West Dakota and North Hayes Intersection and to the west of North Hayes Avenue along the Dakota Alignment within the unincorporated portion of City's Sphere of Influence boundary; and

WHEREAS, Annexation Application No. P19-02239 proposes to initiate annexation proceedings to request a change of organization ("Dakota-Hayes No. 4 Reorganization") resulting in an annexation to the City of Fresno and detachment from the North Central Fire Protection District and the Kings River Conservation District, of certain property consisting of approximately 230 acres and hereinafter called "subject territory," and

WHEREAS, LAFCO requires that the subject territory be pre-zoned consistent with the City of Fresno General Plan ("General Plan") prior to the initiation of annexation proceeding; and

WHEREAS, it has been determined that pre-zoning the subject territory with the RS-3/UGM/ANX (*Residential Single Family, Low Density / Urban Growth Management / Annexed Rural Residential Transitional Overlay*), RS-5/UGM/ANX (*Residential Single*

Date Adopted:  
Date Approved:  
Effective Date:  
City Attorney Approval:



Resolution No.

*Family, Medium Density / Urban Growth Management / Annexed Rural Residential Transitional Overlay*), *RM-2/UGM/ANX (Multi-Family Residential, Urban Neighborhood / Urban Growth Management / Annexed Rural Residential Transitional Overlay)*, *OS/UGM/ANX (Open Space/Urban Growth Management/Annexed Rural Residential Transitional Overlay)* and *RS-5/UGM (Residential Single Family, Medium Density/Urban Growth Management)* zone districts is consistent with the General Plan; and

WHEREAS, the annexation will be made pursuant to Part 3 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 contained in Division 3 of Title 5 commencing with Section 56000 of the California Government Code; and

WHEREAS, this proposal is within the established sphere of influence of the City of Fresno; and

WHEREAS, the proposed reorganization is inhabited under the definition of Section 56046 of the California Government Code; and

WHEREAS, municipal services for the subject territory will be provided in a manner described in the Service Delivery Plan pursuant to the requirements set forth in Government Code Section 56653; and

WHEREAS, this proposed reorganization will result in logical growth, the provision of municipal services, and the application of appropriate development standards and controls within the City of Fresno, and implements the Council's policy to unify the metropolitan area.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Fresno as follows:

1. The Council initiates a pre-zone of the subject territory from the Fresno County *RR (Rural Residential)* to the City of Fresno *RS-5/UGM (Single Family*

*Residential, Medium Density/Urban Growth Management), RS-3/UGM/ANX (Single Family Residential, Low Density/Urban Growth Management/Annexed Rural Residential Transitional Overlay), RS-5/UGM/ANX (Medium Density Residential, Single Family/Urban Growth Management/Annexed Rural Residential Transitional Overlay), RM-2/UGM/ANX (Multi-Family Residential, Urban Neighborhood/Urban Growth Management/Annexed Rural Residential Transitional Overlay), and OS/UGM/ANX (Open Space/Urban Growth Management/Annexed Rural Residential Overlay) zone districts, as depicted in Exhibit "A", and including the necessary environmental review pursuant to the California Environmental Quality Act.*

2. Subject to approval of a Revenue and Taxation Code Section 99 tax sharing agreement between the City of Fresno and the County of Fresno evidencing revenue neutrality to the City of Fresno as required by Fresno Municipal Code Section 15-6104 (C), the Council authorizes the City Manager or his/her designee to sign and submit a complete application to LAFCo for the proposed Reorganization requesting the annexation take place in the manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. Council directs staff to take all necessary steps to submit a complete application for the proposed annexation, including preparation and submittal of all LAFCo required forms, documents, and studies and payment of all required fees, including a Fire Transition fee, determined in accordance with the Transition Agreement between the City of Fresno and the Fresno County Fire Protection District Regarding the Transfer of Certain General Ad Valorem Real Property Tax Revenue Generated by Annexations.

\* \* \* \* \*

STATE OF CALIFORNIA )  
COUNTY OF FRESNO ) ss.  
CITY OF FRESNO )

I, YVONNE SPENCE, City Clerk of the City of Fresno, certify that the foregoing resolution was adopted by the Council of the City of Fresno, at a regular meeting held on the \_\_ day of September, 2020.

AYES :  
NOES :  
ABSENT :  
ABSTAIN :

YVONNE SPENCE, MMC CRM  
City Clerk

By: \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:  
DOUGLAS T. SLOAN  
City Attorney

By: \_\_\_\_\_  
Rina Gonzales Date  
Deputy City Attorney

Attachment: Exhibit A – Annexation Boundary

**EXHIBIT I**  
**FRESNO MUNICIPAL CODE FINDINGS**

**CRITERIA FOR REZONES AND PLAN AMENDMENTS**

Section 15-5812 of the Fresno Municipal Code provides that the Planning Commission shall not recommend and the City Council shall not approve an application unless the proposed Rezone or Plan Amendment meets the following criteria:

<b>FINDINGS PER FRESNO MUNICIPAL CODE SECTION 15-5812</b>	
<i>A. The change is consistent with the General Plan goals and policies, any operative plan, or adopted policy; and,</i>	
Finding A:	For the reasons contained within the Staff Report to the Planning Commission dated May 20, 2020, such as the promotion of orderly land use development in pace with public facilities and services needed to serve development and the planning for a diverse housing stock that will support balanced urban growth, and make efficient use of resources and public facilities, the proposed project is found to be consistent with the applicable goals, objectives and policies of the Fresno General Plan and West Area Community Plan. Subject to compliance with future conditions of approval for development and implementation of identified project specific mitigation, the proposed project may be found consistent with all applicable local ordinances, regulations, policies and standards.
<i>B. The change is consistent with the purpose of the Development Code to promote the growth of the city in an orderly and sustainable manner and to promote and protect the public health, safety, peace, comfort, and general welfare; and,</i>	
Finding B:	The subject property is located within the unincorporated area of the County of Fresno which lies within the City of Fresno's General Plan Boundary and Sphere of Influence. Furthermore, the project site is located within an area which is attracting substantial development interest and which meets the General Plan goals and strategies for sequencing of development and growth. The vicinity of the subject property is currently undergoing growth in development in a manner which is rapidly encompassing the subject property with urban development. Therefore, the project site is a logical expansion for purposes of orderly development within Growth Area 1 as depicted on Figure IM-2: Sequencing of Development of the General Plan; and, will promote orderly land use development in pace with public facilities and services needed to serve development.

<p><i>C. The change is necessary to achieve the balance of land uses desired by the City and to provide sites for needed housing or employment-generating uses, consistent with the General Plan, any applicable operative plan, or adopted policy; and to increase the inventory of land within a given zoning district to meet market demand.</i></p>	
<p>Finding C:</p>	<p>The project proposes to amend the Fresno General Plan and West Area Community Plan to achieve the balance of land uses desired by the City of Fresno. This includes but is not limited to emphasizing land conservation and maximizing the efficient use of available underutilized property within a planned residential growth area through the proposed Annexation and Tentative Tract Map applications which will increase the inventory of land available for development of single family residential homes while providing for a variety of market-based options (including affordable housing) to suit a large range of income levels on lands situated within proximity to public facilities, schools and employment opportunities.</p>

**ANNEXATION CRITERIA**

Section 15-6104 of the Fresno Municipal Code provides that annexation shall not be approved unless the proposed annexation meets all of the following criteria:

<p><b>Findings Criteria per Fresno Municipal Code Section 15-6104</b></p>	
<p><i>A. <b>Concept Plan.</b> If land proposed for annexation is required to create a Concept Plan per Section 15-6102, the Concept Plan must be created and adopted prior to annexation; and,</i></p>	
<p>Finding A:</p>	<p>Annexation Application No. P19-02239 includes a proposed Concept Plan Connectivity Map pursuant to the requirements of Section 15-6102 of the Fresno Municipal Code (FMC). An affirmative action by the Fresno City Council regarding Annexation Application No. P19-02239 will authorize the filing of an application with LAFCO to initiate proceedings for the consideration of the proposed Dakota-Hayes No. 4 Reorganization; and, approval of the related Concept Plan Connectivity Map prepared for the annexation application.</p>
<p><i>B. <b>Plan Consistency.</b> The proposed annexation and parcel configuration is consistent with the General Plan, Concept Plan, and any applicable operative plan; and,</i></p>	
<p>Finding B:</p>	<p>The proposed annexation is found to be consistent with all applicable goals, objectives and policies of the Fresno General Plan and West Area Community Plan. Further, the City will coordinate with Fresno County to</p>

	<p>ensure development is not inconsistent with the General Plan on unincorporated land within the Sphere of Influence. Subject to compliance with future conditions of approval for development and implementation of identified project specific mitigation, the proposed project may be found consistent with all applicable local ordinances, regulations, policies and standards.</p>
	<p><b>C. Revenue Neutrality. (1) Public Services, Facilities, and Utilities.</b> Adequate public services, facilities, and utilities meeting City standards are available to the lands proposed for annexation or will be provided within a specific period of time, with financial guarantees and performance requirements, to ensure this will occur; and, (2) Projects requiring annexation will not negatively impact City Finances; and, <b>(2) Fair and Proportional Payments.</b> Projects requiring annexation will not negatively impact City finances in any manner set forth in Section 15-6104-C-2 of the FMC; and,</p>
<p>Finding C:</p>	<p>The proposed project will be required to pay its fair and proportional share of needed community improvements through impact fees, assessment districts, and other mechanisms as included within the project conditions of approval and applicable mitigation measures. Furthermore, pursuant to Revenue and Taxation Code Section 99, annexation shall not take place prior to the City entering into an equitable tax sharing agreement with the County of Fresno for the City's fair share of property tax revenues, among others; City anticipates that approval by the City of such an agreement shall account for the provision of any necessary, but unaccounted for, service, facility, and/or utility costs relating to the annexation (including but not limited to those expressed in Attachment 1 hereto) and serve as part of the required financial guarantee for performance of services within the newly annexed area. The conditions, mitigation measures, and anticipated tax sharing agreement will assure the project remains revenue neutral and will cover all costs for public infrastructure, public facilities, and public services on an ongoing basis consistent with the requirements of ED-5-b. Therefore, (1) No City revenue will be used to replace or provide developer funding that has or would have been committed to any mitigation project; (2) The development project will fully fund public facilities and infrastructure as necessary to mitigate any impacts arising from the new development; (3) The development project will pay for public facilities and infrastructure improvements in proportion to the development's neighborhood and citywide impacts; and, (4) The development will fully fund ongoing public facility and infrastructure maintenance and public service cost.</p>
	<p><b>D. Disadvantaged Unincorporated Communities.</b> The City will partner with the community, if there is wide support for annexation, to coordinate terms to initiate and support the annexation process; and,</p>



Finding D:	No Disadvantaged Unincorporated Communities are identified adjacent or within the vicinity of the proposed annexation boundary.
<b>E. LAFCO Approval.</b> <i>The annexation shall be approved by the Local Agency Formation Commission (LAFCO) of Fresno.</i>	
Finding E:	The proposed Pre-zone Application No. P20-02237 has been filed to facilitate annexation of the ±230 acres of land within the subject property boundary to the City of Fresno as well as detachment from the Kings River Conservation District and North Central Fire Protection District in accordance with Annexation Application No. P19-02239. The combination of these actions comprises the proposed Dakota-Hayes No. 4 Reorganization and ultimately fall under the jurisdiction of the Fresno Local Area Formation Commission (LAFCO). An affirmative action by the Fresno City Council regarding Annexation Application No. P19-02239 will authorize the filing of an application with LAFCO to initiate proceedings for the consideration of the proposed Dakota-Hayes No. 4 Reorganization. Annexation will be required to be completed prior to recordation of a Final Map for Vesting Tentative Tract Map No. 6234/UGM.

**VESTING TENTATIVE TRACT MAP FINDINGS**

Section 15-3309 of the Fresno Municipal Code provides that the Review Authority (Planning Commission) for a tentative tract map may approve or conditionally approve a tentative tract map if it makes all of the following findings:

<b>Findings per Fresno Municipal Code Section 15-3309</b>	
<b>A. Consistency.</b> <i>The proposed subdivision, together with the provisions for its design and improvement, is consistent with the General Plan, any applicable operative plan, adopted policies or guidelines, and the Municipal Code; and,</i>	
Finding A:	The proposed project is found to be consistent with all applicable goals, objectives and policies of the Fresno General Plan and West Area Community Plan. Subject to compliance with the Conditions of Approval dated May 20, 2020 and mitigation measures attached hereto, the proposed project may be found consistent with all applicable local ordinances, regulations, policies and standards.
<b>B. Passive and Natural Heating and Cooling.</b> <i>The proposed subdivision provides, to the extent feasible, for future passive or natural heating or cooling opportunities in the subdivision; and,</i>	

Finding B:	The proposed subdivision has been designed with lot sizes and configuration to provide for future passive and natural heating or cooling opportunities through orienting a majority of the lots in an east-west direction.
<b>C. Availability of Water.</b> <i>Water will be available and sufficient to serve a proposed subdivision with more than 500 dwelling units in accordance with the Subdivision Map Act (Section 66473.7); and,</i>	
Finding C:	The project consists of a subdivision to create and facilitate development of 486 single family residential lots. Therefore, a water supply assessment is not required. Water facilities are available to provide service to the site subject to the conditions listed in the Public Utilities comments dated April 1, 2020
<b>D. Infrastructure Capacity.</b> <i>There exists sufficient infrastructure capacity for water, runoff, storm water, wastewater, and solid waste systems to serve the proposed subdivision; and,</i>	
Finding D:	Pursuant to the findings and representations made within the Public Services section included within the Staff Report to the Planning Commission dated May 20, 2020, and subject to compliance with the attached conditions of approval and mitigation measures identified within the initial study prepared for the associated environmental assessment, it may be determined that sufficient infrastructure capacity for water, runoff, storm water, waste water, and solid waste systems exist or will be available to serve the proposed project.
<b>E. Compliance with Floodplain Regulations.</b> <i>The proposed subdivision is compliant with the City of Fresno Floodplain Management Ordinance and the State of California Code of Regulations Title 23, as well as any other applicable State or federal laws.</i>	
Finding E:	According to the Fresno Metropolitan Flood Control District (FMFCD), the subject site is not located within a flood prone or hazard area as designated on the latest Flood Insurance Rate Maps available to the District.

**ATTACHMENT 1**

Fiscal Analysis of the Proposed Dakota-Hayes No. 4

Reorganization

[Attached behind this page.]

# **Fiscal Analysis of the Proposed Dakota-Hayes No. 4 Reorganization**

Prepared for:  
City of Fresno

Annexation Application No. P19-02239  
(Filed by Precision Civil Engineering on behalf of  
Edward D. Fanucchi)

## **EXECUTIVE SUMMARY**

Precision Civil Engineering, Inc., on behalf of Edward Fanucchi, has filed Annexation Application No. P19-02239 pertaining to a total ±245 acres of property located in West Fresno on the north and south sides of West Dakota Avenue between North Bryan and North Polk Avenues (see Exhibit A), hereinafter referred to as the "Subject Property."

The Subject Property is located within Growth Area 1 (as depicted in Figure IM-2: Sequencing of Development of the City of Fresno General Plan).

The Annexation Application has been filed requesting City of Fresno authorization to initiate annexation proceedings for the Dakota-Hayes No. 4 Reorganization, proposing incorporation of the subject property within the City of Fresno; and, detachment from the Kings River Conservation District and North Central Fire Protection District (these actions are under the jurisdiction of the Fresno Local Area Formation Commission [LAFCO]).

The annexation application and related applications have been filed to facilitate subdivision and development of an ±88.1 net acre portion of the subject property pursuant to Vesting Tentative Tract Map No. 6234/UGM.

Vesting Tentative Tract Map No. 6234/UGM proposes to subdivide the ±88.1 net acre portion of the subject property located on the north and south sides of the West Dakota Avenue alignment between North Bryan and North Hayes Avenues for purposes of creating 486 single-family residential lots at a density of 5.52 dwelling units per acre (see accompanying Staff Report to the City Council and associated exhibits for further information relative to the proposed tentative map/subdivision boundary).

## **ADDITIONAL PROPERTY PROPOSED FOR ANNEXATION (OUTSIDE PROPOSED SUBDIVISION PROJECT BOUNDARY)**

There is ±58.28 acres of land to the north side of Dakota Avenue between Hayes and Polk Avenues comprised of 13 parcels containing single-family residences and agricultural uses that are included with the proposed annexation. Three parcels on the west side of North Hayes Avenue, directly to the south of the proposed subdivision and 11 parcels along North Bryan Avenue directly to the west of the proposed subdivision have also been included in the proposed annexation. These additional lands are located outside of the proposed project/subdivision map boundary. Together these additional parcels to be annexed comprise ±146.1 acres of land. Of these 27 additional parcels proposed to be annexed, 17 include existing residential uses; with a total of 20 occupied residential units on the 17 residential parcels.

Of the additional land to be annexed: ±17.7 acres will be pre-zoned to the RS-3 (*Single Family Residential, Low Density [1-3.5 dwelling units/acre]*); ±55.52 acres will be pre-zoned to the RS-5

*(Single Family Residential, Medium Density [3.5-6 d.u./acre]); ±53.33 acres will be rezoned to the RM-2/UGM/ANX (Multi-Family Residential, Urban Neighborhood [16-30 d.u./acre]); and, ±19.55 acres will be rezoned to the OS (Open Space [Ponding Basin]).* These zone districts are consistent with existing Fresno General Plan Land Use designations.

In addition to private property, segments of existing public street rights-of-way for West Dakota, North Bryan, and North Hayes Avenues will also be annexed to the City of Fresno within the proposed reorganization boundary.

Staff from the Planning and Development (P&D) Department met with representatives from the Local Agency Formation Commission (LAFCO) and County Public Works and Planning Department (County), both LAFCO and the County recommended that the additional ±146.5 acres be annexed in to the City in order to provide logical and squared city/county boundaries which minimize distortion of boundaries. By including these properties, the proposed annexation is consistent with the Fresno General Plan, the Amended and Restated Memorandum of Understanding between the County of Fresno and the City of Fresno (MOU), and the Cortese-Knox-Hertzberg Local Government Reorganization Act.

#### **CITY OF FRESNO GENERAL PLAN AND MUNICIPAL CODE REQUIREMENTS**

Policy LU-1-e of the Fresno General Plan, pertaining to Annexation Requirements, directs adoption of implementing policies and requirements that achieve annexations to the City that conform to the General Plan Land Use Designations and open space and park system, and are revenue neutral and cover all costs for public infrastructure, public facilities, and public services on an ongoing basis consistent with the requirements of Policy ED-5-b of the Fresno General Plan.

Policy ED-5-b of the Fresno General Plan requires new residential and commercial development that requires annexation to the City to pay its fair and proportional share of needed community improvements through impact fees, assessment districts, and other mechanisms. This policy also directs that the City should approve new residential and commercial development projects that require annexation to the City only after making findings that all of the following conditions are met:

- No City revenue will be used to replace or provide developer funding that has or would have been committed to any mitigation project;
- The development project will fully fund public facilities and infrastructure as necessary to mitigate any impacts arising from the new development;
- The development project will pay for public facilities and infrastructure improvements in proportion to the development's neighborhood and citywide impacts; and,
- The development will fully fund ongoing public facility and infrastructure maintenance and public service cost.

The Strategic Sequencing of Development policies included within the Implementation Element of the Fresno General Plan state that the City will focus on infill development as well as new development within Growth Area 1 (as depicted in Figure IM-2: Sequencing of Development of the General Plan) based on planned infrastructure expansion, public service capacity, and fiscal considerations.

The General Plan notes that while roughly one-half of the City's development will be within infill areas through 2035, the other one-half or so of the City's development will be in growth areas, which include unincorporated land planned for urban use. However, there will be no incentives or public financial assistance programs for new development that would not otherwise qualify for aid in these areas, and development projects in the growth areas will be obligated to pay their fair share and proportional payment of fees and all development mitigation costs. Public and private development in these growth areas will proceed under the supportive sequencing detailed in the Implementation Element of the General Plan.

Section 15-6104 of the FMC provides criteria for annexation, including but not limited to the following:

**Revenue Neutrality.**

1. **Public Services, Facilities, and Utilities.** Adequate public services, facilities, and utilities meeting City standards are available to the lands proposed for annexation or will be provided within a specific period of time, with financial guarantees and performance requirements, to ensure this will occur.
2. **Fair and Proportional Payments.** Projects requiring annexation will not negatively impact City finances.
  - a. No City revenue will be used to replace or provide developer funding that has or would have been committed to any mitigation project.
  - b. The development project will fully fund public facilities and infrastructure as necessary to mitigate any impacts arising from the new development.
  - c. The development project will pay for public facilities and infrastructure improvements in proportion to the development's neighborhood and citywide impacts.
  - d. The development will fund its proportionate share of public facility infrastructure, maintenance and public service costs according to the City Council approved Development Impact Fee Schedule and through a uniform application of community facilities district fees.

**GROWTH PROJECTIONS**

Buildout Potential

In addition to the proposed single family residential subdivision project, the City of Fresno staff have reviewed each parcel to be annexed outside of the project/subdivision boundary (please see section above for further information) and estimated the remaining development potential based on city zoning standards as follows:

- ±17.7 acres of Low Density Residential (1-3.5 dwelling units/acre])
  - 18-62 dwelling unit capacity
- ±55.52 acres of Medium Density Residential (5.0-12 d.u./acre)
  - 278-666 dwelling unit capacity
- ±53.33 acres of Urban Neighborhood Residential (16-30 d.u./acre)
  - 853-1600 dwelling unit capacity
- ±19.55 acres of Open Space (for purposes of a Fresno Metropolitan Flood Control District Ponding Basin)
  - No additional dwelling unit capacity.

This analysis indicates that approximately 1149-2328 residential units could be accommodated on the additional parcels to be annexed (mean/median of 1739 dwelling units).

However, as referenced above, it must be noted that some of these additional lands are currently developed with residential units and other associated property improvements and will likely not lend to future development unless the properties and improvements are removed in favor of new development. If the area of land associated with the currently developed parcels to be annexed are removed from the residential unit capacity calculation above, it can be reasonably assumed that the residential unit capacity for the additional lands to be annexed would be reduced by approximately 491 units (based upon the average density of the General Plan Land use designations for those respective properties). This would result in a range of approximately 658-1837 (mean/median of 1248) residential units at full-buildout.

Furthermore, it should also be acknowledged that the additional parcels to be annexed, which are currently developed with residential units, only include improvements on portions of the respective property acreages (leaving additional vacant or agricultural land potentially available and open for further development).

Finally, a draft West Area Specific Plan Land Use Map has been prepared based upon steering committee recommendations. If adopted as proposed, this plan would result in the Fresno General Plan land use designation for all of the additional lands to be annexed (excepting the ponding basin site) being changed to the Medium Density Residential Planned Land Use designation. In total, the area of additional lands to be annexed which may be amended as a result of this specific plan total ±126.55 acres. At full-buildout, this would result in a future residential capacity of 633-1519 (mean/median of 1076) dwelling units.



Based upon this range and the outstanding factors presented for consideration, this analysis will be predicated upon an assumption of approximately 1354 additional dwelling units (which is the average of the median full build-out, median potential full build-out less existing improvement area, and median full build-out under the potential West Area Specific Plan adoption scenarios) for the additional lands proposed to be annexed outside of the proposed project/subdivision boundary.

### Population

Current population projections assume 3.14 individuals per dwelling unit. Therefore, the proposed project/subdivision for purposes of creating 486 single family lots/units would result in an additional populace of 1,526 persons. The current population estimate for the additional lands proposed to be annexed (outside of the project/subdivision boundary) is 63 persons (20 existing & occupied residential dwelling units). Full build-out of the additional parcels proposed to be annexed (outside of the project/subdivision boundary based upon 1354 additional dwelling units) is estimated at 4,252 persons. Therefore, it may be reasonably expected that full build-out of the proposed project as well as the additional lands to be annexed would result in an additional populace of approximately 5,778 persons.

### Future Job Growth & Employment Demand

Projected job growth and future square-footage demand estimates relative the local share of countywide employment by individual industry (e.g., industrial, office, commercial, and institutional) was not studied for purposes of this analysis. Industrial uses include manufacturing, construction, utilities, wholesale distribution, and transportation/warehousing. Office uses include professional and business services, information and financial services. Commercial uses include retail trade, leisure, and miscellaneous services. Institutional uses include government, health care, and education. This is an important factor to note with consideration of this Fiscal Analysis as additional employment demand and job growth resultant from an additional populace (as would be anticipated from full-buildout of the annexation area) as well as the proportionate square-footage demand within the City of Fresno for such job growth would result in potential additional revenues (property & sales taxes, etc. to the City from all geographic areas within the City), which are not represented respective to revenue neutrality findings.

### **FISCAL ANALYSIS**

The purpose of this fiscal analysis is to describe the quantitative distribution of tax revenues resulting from the annexation and to evaluate the remaining service responsibilities of the City in compliance with Fresno General Plan and Municipal Code revenue neutrality policies and annexation criteria.

With respect to the criteria of Section 15-6104-2 Fresno Municipal Code, consideration of Revenue Neutrality includes fair and proportional payment. The criteria pertain to developer

funding and a development project. As referenced herein above, an additional ±146.5 acres are proposed to be annexed in to the City in order to provide logical and squared city/county boundaries which minimize distortion of boundaries in accordance with the City/County MOU and the Cortese-Knox-Hertzberg Local Government Reorganization Act.

To the extent the proposed development project/subdivision is required to annex additional lands outside of its proposed boundary to facilitate logical annexation boundaries within Growth Area 1 (as depicted in Figure IM-2: Sequencing of Development of the General Plan), this analysis will base its conclusions and consider Revenue Neutrality only with respect to revenue generated by the proposed development project compared to the City of Fresno's cost to serve the proposed development project.

Additional City service costs and other revenues are represented below relative to each respective City service department.

#### Property Tax

The allocation of property taxes for the City General Fund (i.e, City share vis-à-vis other distributions of tax shares are represented in the attached spreadsheet (see Exhibit B).

This data represents an expected total of \$1,492,700 of property tax revenue generated from the proposed development of the subdivision project, which includes 486 new single family residential units (after first year of project completion); and, the existing 20 occupied residential units which are located on the additional parcels proposed to be annexed (outside of the project/subdivision boundary). These calculations were based upon an assumed \$295,000 per home value. This data represents an expected \$272,268.48 property tax allocation to the City of Fresno (based upon its 38% of Combined Share).

Projections were not made relative to potential property tax revenue from full-buildout of the entire annexation area based upon Fresno General Plan Land Use designations and allowances.

The proposed development project will generate \$272,268.48 of property tax revenue to the City of Fresno annually (after first year of project completion).

#### Sales Tax

Potential sales tax revenues from the annexation area have not been contemplated at this time or estimated for purposes of this analysis. As stated herein above, job growth and future square-footage demands for employment have not been projected under various comparative scenarios but should be considered; and, additional future sales tax revenue resultant from such job/employment growth or additional populace are factors which should be considered an additional revenue source for purposes of neutrality.

### **CITY SERVICE COSTS AND OTHER REVENUES**

As stated herein above, Policy ED-5-b of the Fresno General Plan requires new residential and commercial development that requires annexation to the City to pay its fair and proportional share of needed community improvements through impact fees, assessment districts, and other mechanisms. The proposed project and all future developments will fund proportionate share of public facility infrastructure, maintenance and public services costs according to the City Council approved Development Impact Fee Schedule and through uniform application of community facility district fees. Obligations for payment of these fees have been conditioned with the proposed project and will be applied to future development proposals accordingly.

These development impact fees include: (1) The Fire Facilities Impact Fee; (2) The Park Facilities Impact Fee; (3) The Quimby Parkland Dedication Fee; (4) The Police Facilities Impact Fee; (5) The Citywide Regional Street Fee; (6) The New Growth Area Major Street Fee; and, (7) The Traffic Signal Charge. Additional fees applicable include payment of Sewer and Water Connection Charges (including but not limited to payment of the Water Capacity Fee).

#### Department of Public Works:

The Community Facilities District will cover all proposed project/subdivision-related expenses. However, an estimate of pavement needs and deferred maintenance (e.g., filling gaps for sidewalks, street bottlenecks, etc.) for the City's assumed responsibility for roadways to be annexed have been calculated as follows:

Public street rights-of-way segments to be annexed from the County currently have \$100,000 in immediate deferred maintenance needs. Following review of the projected pavement degradation from existing conditions, the 20-year costs yield an overall average cost burden of \$56,000 per year to the City of Fresno. Conversely we would project an increase in SB1 revenue by \$17.36 per new resident per year (\$100,306.08/year based upon 5,778 persons/residents at full build-out of the entire annexation area). This new revenue would help offset the cost of the additional road maintenance.

The proposed development project cost of services to the City of Fresno is \$100,000 for immediate deferred maintenance needs at year one; and, \$56,000 per subsequent year.

#### Department of Public Utilities:

The proposed subdivision project will not have any direct fiscal impact on the Department of Public Utilities. However, the proposed project has been conditioned with offsite improvements for which it will be financially responsible. The associated project conditions are a direct impact of the developer with the exception of infrastructure reimbursements per the City of Fresno's Master Fee Schedule.

The annual proposed development project cost of services to the City of Fresno is \$0.00

#### Fire Department:

While the Citywide Fire Facilities Impact Fee has been adopted for purposes of funding needed facilities and equipment, additional personnel needs and costs for growth within the annexation area have been attached to this analysis (see Exhibit C).

Current staffing for the Fire Department provides for 0.58 firefighters/1000 residents. General Plan recommended staffing levels call for 0.81 firefighters/1000 residents. This would result in the need for 0.86 Full Time Equivalent (FTE) Firefighters to serve the proposed subdivision project; and, the need for 3.24 Full Time Equivalent Firefighters to serve full build-out of the entirety of the annexation area based upon the populace projections included herein above.

It should also be noted that there are multiple projects throughout the city which in total may bring in 1000 homes a year. The Fire Department can only add so many bottom tier employees. At some point the addition will be a full Engine or Truck company. The staffing for that would also include a Captain and Engineer. As development drives an increase in population, whether it is because of an annexation or not, costs of providing adequate service will increase proportionately.

The annual proposed development project cost of services to the City of Fresno is \$123,370-\$154,195 to serve the proposed project populace as well as the existing occupied County residences to be annexed (depending on the FTE position title added).

#### Police:

While the Citywide Police Facilities Impact Fee has been adopted for purposes of funding needed facilities and equipment (office, substation & vehicle), additional personnel needs and costs for growth within the annexation area are represented below.

The proposed project/subdivision would result in 1,526 new residents, for which 2.29 new officers would be required for service at an annual cost of \$277,007 plus a one-time equipment/vehicle cost of \$158,000. For a future populace of 5,778 individuals based upon full build-out of the entire annexation area (based upon population characteristics referenced herein above), an additional 8.67 officers would be required at an annual cost of \$1,048,758 plus a one-time equipment/vehicle cost of \$598,230.

The annual proposed development project cost of services to the City of Fresno is \$277,007 plus a one time/vehicle cost of \$158,000.

#### Code Enforcement:

The Fiscal Year 2020 annual operating budget for Code Enforcement is \$10,125,200.00. Based upon a current population of 538,195 persons, the annual cost for code enforcement per resident is \$18.81. However, after deducting the additional revenue received by Code Enforcement through inspections and fines, the net average cost to the General Fund per City resident is \$14.62.

With an additional 1,526 new residents expected as a result of the proposed project/subdivision an additional \$22,310 would be required to be budgeted annually. For an

expected 5,778 individuals at full build-out of the entire annexation area, an additional \$84,474 would be required to be budgeted annually.

The annual proposed development project cost of services to the City of Fresno is \$22,310.

#### **NET FISCAL IMPACT ON THE CITY OF FRESNO**

The following net fiscal impact on the City of Fresno is represented based upon the consideration of Revenue Neutrality for which this analysis is prepared; property tax revenue generated only by the proposed development project compared to the City of Fresno's cost to serve only the proposed development project.

Combining the property tax revenue analysis above with the annual cost of service analysis, the proposed annexation is estimated to generate a net negative fiscal impact for the City of approximately \$423,602 the first year of project completion; and, \$221,602 for subsequent years based upon the following:

#### Annual:

Total Property Property Tax Generated (first year of project completion)	<u>\$272,268.00</u>
Public Works Service Cost	\$56,000.00
(+) One Time Additional Cost	\$44,000.00
Public Utilities Service Cost	\$0.00
Fire Service Cost (FTE Position Title Average)	\$138,553.00
Police Service Cost	\$277,007.00
(+) One Time Additional Cost	\$158,000.00
Code Enforcement Service Cost	\$22,310.00
<u>Total Service Cost</u> (first year of project completion)	<u>\$695,870.00</u>
(subsequent years)	<u>\$493,870.00</u>

It must be reiterated that this net fiscal impact does not represent other potential sources of proposed development project revenue generation from potential job growth (or additional property tax which may be associated with employment expansion) or potential sales tax generation. Furthermore, it is generally accepted that residential uses may create an initial negative impact due to lower assessed values. However, if residential properties are sold and respective assessed values are brought up to market value or increased based upon future home owner improvements, negative fiscal impacts can be mitigated to a respective extent.

#### **CONCLUSION**

From this analysis, the tax sharing agreement stipulated within the Amended and Restated Memorandum of Understanding between the County of Fresno and the City of Fresno does not appear to provide sufficient revenue for the City of Fresno to meet its service obligations past annexation for this proposed development project based upon property tax revenue alone. Therefore, the terms of the MOU do not appear to meet the City of Fresno General Plan and Municipal Code revenue neutrality policies and criteria based upon property tax revenue alone for this proposed development project.

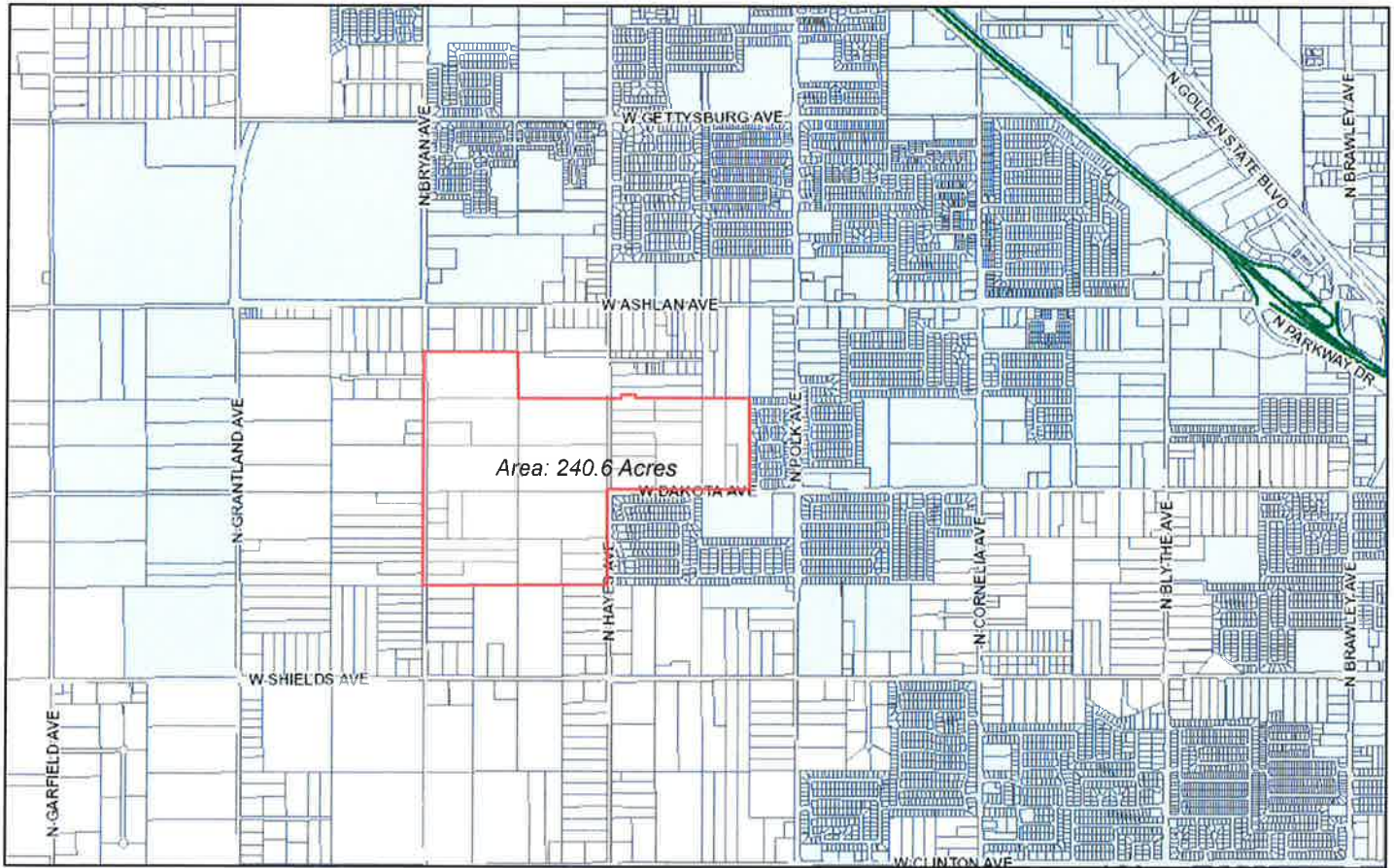
**LIST OF ATTACHMENTS:**

**EXHIBIT A – Annexation Area**

**EXHIBIT B – Project Property Tax Revenue & Allocations**

**EXHIBIT C – Fire Department Personnel Cost Projections**

# ArcGIS Web Map



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 Dakota-Hayes No. 4 Reorganization (Annexation Application No. P19-02239)

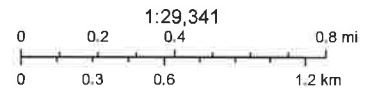


Exhibit A

**Estimated Property Tax Revenue\***  
**Fanucchi Development**

Parcels to Be Developed	486
Parcels Already Developed	20
Total Parcels	506

Average Estimated Sales Price/Parcel	\$ 295,000
Assessed Value	\$ 149,270,000
Total Property Tax (TPT)	\$ 1,492,700

**Allocation of Total Property Tax**

Schools Share (45% of TPT)	\$ 671,715.00
Special District Share (7% of TPT)	\$ 104,489.00
City/County Combined Share (48% of TPT)	\$ 716,496.00
<b>County Share (62% of Combined Share)</b>	<b>\$ 444,227.52</b>
<b>City Share (38% of Combined Share)</b>	<b>\$ 272,268.48</b>

\* Table shows estimated property tax revenue after first year of complete buildout. Future years' property tax revenues would likely increase by levels permitted under State Constitution.



**FRESNO FIRE DEPARTMENT  
SERVICE COSTS FOR FAUNCCHI ANNEXATION**

<b>Position Costing</b>				
	<u>Salary G</u>	<u>Ben</u>	<u>SR/OT</u>	<u>Tot Cost</u>
FF	88,176	34,389	21,802	144,366
FFS	98,700	38,493	24,404	161,597
FC	110,208	42,981	27,249	180,438

Firefighter  
Firefighter Specialist  
Fire Captain

Enter Added Residents > 1526

**Gen Plan    Current**  
**Staffing    Staffing**  
**.81/1000    .58/1000**

Firefighter per Thousand

Equivalent FTE                    FTE                    FTE  
Added:                                1.23606                0.85456

Full Time Equivalent

Added FTE Cost (Depending on Position Title Added):

FF	178,446	123,370
FFS	199,743	138,094
FC	223,033	154,195

**FRESNO FIRE DEPARTMENT  
SERVICE COSTS FOR FAUNCCHI ANNEXATION**

<b>Position Costing</b>				
	<u>Salary G</u>	<u>Ben</u>	<u>SR/OT</u>	<u>Tot Cost</u>
FF	88,176	34,389	21,802	144,366
FFS	98,700	38,493	24,404	161,597
FC	110,208	42,981	27,249	180,438

Firefighter  
Firefighter Specialist  
Fire Captain

Enter Added Residents > 5778

**Gen Plan    Current**  
**Staffing    Staffing**  
**.81/1000    .58/1000**

Firefighter per Thousand

Equivalent FTE                    FTE                    FTE  
Added:                                4.68018                3.23568

Full Time Equivalent

Added FTE Cost (Depending on Position Title Added):

FF	675,661	467,123
FFS	756,302	522,876
FC	844,484	583,841