

1

DATE: October 15, 2009

TO: Planning Commission

FROM: Erik J. Pearson, AICP, Senior Planner

SUBJECT: Mt. Eden Annexation Phase II – Adoption of the Mitigated Negative Declaration, the Mitigation Monitoring and Reporting Program, Approval of the Pre-Zoning Designations, Approval of the Plan for Providing Municipal Services, and Approval of Summariy Vacations of Ramona Drive and Eden Avenue Rights-of-Way. The Annexation area is Located Between West Street and Depot Road, Generally Along Mohr Drive in the Mt. Eden Neighborhood

RECOMMENDATION

Staff recommends that the Planning Commission recommends approval to the City Council the Mt. Eden Annexation Phase II project, including adoption of the Mitigated Negative Declaration, the Mitigation Monitoring and Reporting Program, approval of the recommended pre-zoning designations, and approval of the Plan for Providing Municipal Services, subject to the attached findings for approval.

Furthermore, staff recommends that the Planning Commission determine that the proposed vacation of Ramona Drive and a portion of Eden Avenue is consistent with the General Plan and recommend to the City Council that it adopts a resolution to summarily vacate Ramona Drive and a portion of Eden Avenue, reserving an easement for utility purposes while requiring public access over said vacated streets.

SUMMARY

The Mt. Eden Annexation Phase II project involves a reorganization that consists of annexation of the last two unincorporated groups of parcels (islands) and withdrawal of those islands from the Alameda County Library and Fire Districts. The environmental Initial Study/Mitigated Negative Declaration (IS/MND) concludes that no significant unavoidable impacts would result that cannot be mitigated to a less-than-significant level that would result from the proposed annexation and associated infrastructure improvements or anticipated potential development. Recommended pre-zoning designations, used to determine development potential, generally match those reflected in the 1990 Mt. Eden Neighborhood Plan. The Fiscal Impact Analysis concludes that over a 20-year timeframe, the annexation would result in a cumulative net fiscal deficit to the City's General Fund of approximately \$1.5 million, or an average of \$75,000 per year.

The draft IS/MND has been prepared in accordance with the CEQA Guidelines and analyzes the potential environmental impacts associated with the project. For the environmental impacts that have the potential to be significant, mitigation measures have been proposed that will reduce any potential impacts to a less than significant level. No comments related to the draft IS/MND have been received. As required by the Alameda County Local Agency Formation Commission (LAFCo), a Plan for Providing Municipal Services (PPMS) has been prepared, which indicates adequate public facilities and infrastructure can be provided and will be funded.

BACKGROUND

In the summer of 2003, the City initiated the Mt. Eden Annexation Study to determine the desirability and feasibility of annexing five unincorporated islands in the Mt. Eden area into the City of Hayward. However, due to concerns raised by area residents early in the process, only the three Phase I islands were ultimately annexed. Parcels in the Mohr-Depot Island and the West-Mohr Island, the Phase II islands, were not included in Phase I. That study included various focused analyses and community meetings held in the Mt. Eden area, as well as a walking tour of the entire neighborhood.

The Mt. Eden Phase I reorganization was approved by LAFCo on March 5, 2007 and included the annexation of the three westerly and northerly islands (Attachment B). The reorganization also resulted in the withdrawal of the three islands from the Alameda County Library and Fire Districts. The properties were left in the County's Redevelopment Project area in order to use tax increment revenue funds generated by future development to finance infrastructure upgrades. A program level Environmental Impact Report (EIR) and a Fiscal Impact Analysis were also prepared.

Dutra Enterprises, a private development company and the largest single property owner in the Saklan Road (Phase I) Island, agreed to provide financing for improvements. This includes the installation of water and sewer mains, storm drainage facilities, and street improvements for Phase I and a portion of the Phase II annexation improvements. A benefit district was formed in January of 2007 for the Phase I residential properties, providing a mechanism for future developers to pay their fair share of the costs for installation of public sewer and water facilities. The *Mt. Eden Redevelopment Sub-Area Annexation and Public Improvements Agreement*, which was amended in December of 2008, and the *Reimbursement Agreement* between the City and Dutra Enterprises contain the terms and conditions for reimbursing Dutra Enterprises. Reimbursement of costs associated with the Phase I improvements will be facilitated by the benefit district and, for both Phase I and Phase II improvements, tax increment revenue funds generated by future development.

DISCUSSION AND STAFF ANALYSIS

Project Area –

The project area is located in the westerly portion of Hayward's Sphere of Influence, south of West Street and north of Depot Road, generally along Mohr Drive. The proposal involves annexing the two remaining unincorporated "islands" in the Mt. Eden area that are completely surrounded by the City of Hayward. Attachment A depicts the location of the project site in context of the City of

Hayward and Attachment B shows the location of the two Phase II islands, as well as the previously annexed three Phase I islands.

The project area is approximately 61 acres, including 5.68 acres of road right-of-way, and contains 68 parcels located in two islands – the Mohr-Depot Island and the West-Mohr Island. The area is primarily developed with single-family residential parcels, all but four of which are developed. The area also includes the northern portion of the Chabot Community College property, the Hermann-Mohr Estate parcel located at the corner of Mohr Drive and Depot Road, which is being used as a drug and alcohol recovery center operated by Horizon Services, and the Mohr-Fry Estate parcel located along Hesperian Boulevard near Chabot College. Fire protection services are provided by the City of Hayward via a contract with Alameda County, and police services are provided primarily by the Alameda County Sheriff's Department.

General Plan & Zoning –

No changes to existing Hayward General Plan land use designations are anticipated as part of this project. The Mt. Eden Neighborhood Plan, which was adopted in 1990, included recommended pre-zoning designations for the annexation area. There are two pre-zoning changes proposed. The western-most property proposed for annexation, identified with a LI (Light Industrial) designation on Figure 7 of the Draft Initial Study, would be changed to a LM (Light Manufacturing) designation. The Zoning Ordinance does not have a LI zoning designation. Also, the portion of the Chabot College property that falls within the project area would be changed from RS (Single-Family Residential) to PF (Public Facilities). Most public schools in Hayward are currently zoned RS and staff intends to eventually have them changed to PF.

Development Potential –

Based on the proposed pre-zoning designations, there would be a potential for 54 new housing units in the study area. Criteria considered in determining this potential included existing lot sizes and shapes, minimum lot sizes allowed by the pre-zoning designations, General Plan land use designations, land needed for right-of-way expansions, existing structures, and environmental constraints. Staff and the consultant also talked with specific land-owners such as Chabot College, the Herman-Mohr estate and the Mohr-Fry estate to estimate long-term development plans. If the 54 new housing units are constructed, the number of homes would increase from 71 to 125, resulting in a population increase from 219 to approximately 385 persons.

Previous Reviews –

On September 17, 2009, the Planning Commission held a work session to review and discuss the draft IS/MNS, the draft Fiscal Impact Analysis, and the proposed street and utility improvements. Prior to the meeting, staff received a letter from Al and Connie Jordan requesting that a pre-zoning designation of Neighborhood Commercial (CN) be applied to 2627 and 2661 Depot Road. Also during the public comment period, Jesus Armas, representing the Jordans spoke in favor of the CN pre-zoning. Anthony Varni, representing the owners of the Mohr-Fry estate, mentioned that the owners do not oppose the Agriculture pre-zoning for their property, but that they consider the zoning a temporary designation until they determine the best long-term use of their property. Mr.

Varni also mentioned that it is not financially feasible for the owners to connect to the City's water and sewer systems. The Mohr-Fry estate is one of two parcels in the annexation area that are currently served by private wells. As long as the wells continue to function properly, these properties will not be required to connect to the City's water system. Also, Allen Bertillion addressed the Commission expressing his concern about the changes happening to the neighborhood and the costs associated with the City's requirement for properties to be connected to the public sewer system.

Following are the questions/issues raised by the Commission followed by staff's response:

How much property tax increment will be generated by the annexation area? When will the City begin to collect the tax increment?

The property tax increment expected to be generated by the Phase II area will be collected by the Alameda County Redevelopment Agency. Although the tax increment is projected to be approximately \$5.1 million over 30 years, the tax increment from both phases will actually be combined to pay off the loans associated with infrastructure improvement costs in both phases. The first obligation will be to pay back loans for the improvements in the Saklan Road Island (Phase I), and then reimbursement for the improvements in the two Phase II islands. This includes a total of approximately \$12.8 million, to repay Dutra Enterprises, plus interest. Other reimbursements will be for loans of \$700,000 from Alameda County's general fund, \$1.2 million from Alameda County Public Works Agency, and \$1.9 million from the City's Street System Improvement fund. If these loans are paid in full prior to the expiration of the County's redevelopment area, then tax increment will be used to fund other remaining needs in the area, including improvements to Dunn Road and Depot Road. No tax increment can be used for operational expenses in the City's general fund as redevelopment funds must be used for capital improvements in the redevelopment area. After 2039, if there is not an extension of the redevelopment area, the tax increment would convert to regular property taxes that would become City general fund revenue.

What does it cost to maintain an existing septic system?

Staff contacted local plumbers and consulted with staff at the Alameda County Division of Environmental Health and found that some septic tanks need to be pumped every three to five years, but some may not need pumping for 10 to 15 years. The need for pumping out solids depends upon the size of the tank, the size of the household, and the habits of the household. Staff found that the cost for having a septic tank pumped is approximately \$525.

The cost to hire a plumber to access and inspect a septic tank and prepare report is approximately \$375. The County will not perform inspections of septic systems.

What does it cost to connect to the City's sewer system?

As of October 1, 2009, the City's sewer connection fee is \$6,702. On October 1, 2010, the fee will increase to \$7,255. The cost to hire a plumber to connect a home's existing plumbing to the new sewer lateral is approximately \$80 to \$120 per linear foot, depending on the depth of the pipes. A typical home may need 40 feet of new sewer line, which would cost approximately \$4,000. The current standard sewer service charge is \$23.31 per month. The lifeline rate (for bimonthly water

consumption less than 500 cubic feet) is \$6.82 per month and the economy rate (for bimonthly water consumption between 500 and 1,100 cubic feet) is \$13.65 per month.

Given the project fiscal deficit for the annexation, why should the City annex the two remaining Mt. Eden islands?

As mentioned in the Planning Commission report dated September 17, 2009, the annexation was pursued for the following reasons:

- State law encourages the logical formation and determination of local agency boundaries;
- the Hayward General Plan encourages annexation of such islands; and
- there were property owners who expressed an interest in having their properties annexed into the City of Hayward, and developed.

Furthermore, the efficiency with which services are delivered to the islands can be increased with the annexation. Additionally, when the City entered into the *Mt. Eden Redevelopment Sub-Area Annexation and Public Improvements Agreement* in December 2006, the City committed to pursuing the annexation of the Phase II islands.

Given that zoning changes cannot be made for two years after the annexation, maybe the City should consider the CN pre-zoning designation.

As mentioned above, staff received a request from the owners of two properties in the southwest corner of the Mohr-Depot Island to have the pre-zoning changed to a commercial designation to allow the future development of a neighborhood-serving commercial center. The properties located at 2627 and 2661 Depot Road, each approximately one acre in size, are both currently developed with single-family homes and many accessory buildings.

The parcels are currently zoned Agriculture by the County and, as mentioned above, the Neighborhood Plan recommended pre-zoning designations of RS and LM. The owners of both properties indicated that they would eventually combine their properties with the three parcels to the west to create an approximately six-acre parcel at the corner of Industrial Boulevard and Depot Road for a future commercial development; however, if the CN zoning is applied to the two one-acre parcels, the City would not be guaranteed that a larger commercial development would occur. Staff would be supportive of analyzing the desirability of a future commercial designation at this site, associated with a proposed future, high-quality commercial development. Additionally, consideration of CN pre-zoning for the two parcels would require revisions to the environmental Initial Study and Mitigated Negative Declaration, as well as to the Fiscal Impact Analysis. The extra work would take approximately three to six months and \$9,000 in additional fees to the City's consultant. If staff is directed to study further the CN zoning, funding for the consultant fees would need to be identified. Also, the City's agreement with the County would need to be amended to extend the deadline for submitting an application to LAFCo, which is currently December 31, 2009.

Staff presented the idea of CN zoning at the neighborhood meeting on September 23, 2009, to assess neighborhood support for it. One meeting attendee opposed the CN pre-zoning, citing the problems that the liquor store to the north, the church on Mohr Drive, and the nearby apartments have caused in the neighborhood. Since the meeting, staff has received two e-mails from individuals

opposed to the CN pre-zoning (see Attachment I). In addition, staff received a petition with eight signatures (Attachment K) indicating support for the CN pre-zoning.

Does the Fiscal Impact Analysis use current police staffing levels to calculate projected costs of providing police services?

Yes. Although the City would like to increase the ratio of police officers per capita, the Fiscal Impact Analysis is based upon existing service levels. Staff considers the existing ratio to be a realistic forecast of future service levels.

Would the vehicle license fees (VLF), or any portion of it, be collected by the County?

No. Regular VLF (referred to in the Fiscal Impact Analysis as Motor Vehicle License Fees) is a per-capita revenue that would be collected by the City. The property tax that is received in lieu of VLF would be collected by the City. Only property tax increment would be collected by the County.

Would sales tax generated in the annexation area be collected by the County?

No. Sales tax generated in the annexation area will be collected by the City. The City's sales tax consultant would locate any home-based businesses to ensure that any sales taxes collected are provided to the City.

Amendment to Sewer Connection Ordinance –

To reduce financial impacts to owners in the annexation area, as was done for Phase I, staff is recommending that a special provision be adopted regarding sewer connections that would only become effective if annexation occurs. The provision would amend the section of the Public Utilities Chapter of the City's Municipal Code that requires connection to the public sewer system within 90 days if a property is located within 200 feet of such system. Specifically, the Code amendment would allow a property that is annexed in the Mt. Eden area and served by a private septic system up to 10 years to connect to the public sewer system, provided evidence is submitted annually that verifies that the septic system functions properly and provided no intensification of use on the property occurs, including addition of facilities or other changes that increase sewer discharge.

Such ordinance is not subject to Planning Commission review and will be presented to the City Council during the public hearing associated with the Mt. Eden Annexation Phase II, scheduled for November 3, 2009.

Plan for Providing Municipal Services –

As required for annexations, staff has prepared a Plan for Providing Municipal Services (Attachment G). The Plan provides a summary of changes in service providers, as well as information and estimated costs, anticipated timing and funding sources for needed infrastructure improvements. As indicated in the Plan, new sewer mains will be required in areas where they do not exist, and new stormdrain facilities, including installation of approximately 3,300 linear feet of 12 to 24-inch and 215 linear feet of 36-inch storm drain culverts in both islands. Water mains will not be necessary as the system recently acquired from the Mohrland Mutual Water Association

(MMWA) is in good condition. Also, the Plan indicates that those on private septic systems will need to connect to City sewer within 10 years, reflective of the proposed ordinance amendment.

Summary of Engineering Issues –

Planned Improvements –

Most streets do not meet City standards and lack curbs, gutters, and sidewalks. As part of the annexation process the street infrastructure would be upgraded to City Standards. The streets to receive improvements include Mohr Drive, Laguna Drive, Occidental Road, Monte Vista Drive, and Depot Road. In addition to street improvements and streetlights, the area would receive new sewer, and storm drain systems to better serve area residents. The barricade on Monte Vista Drive between Occidental Road and Laguna Drive would be removed. Construction of street and utility improvements is expected to begin in May 2010 and be completed by February 2011.

Right-of-Way Acquisition –

Right-of-way would need to be acquired from the north side of Depot Road, and along portions of Mohr Drive, Monte Vista Drive, and Occidental Road in order to bring these streets to City standards. The Public Works Department expects to acquire all necessary right-of-way by March of 2010. Ramona Drive would be left as a private street to be maintained by the adjacent property owners. The right-of-way for Eden Avenue, south of Occidental Road, is currently not used as a street and would be abandoned, with such area reverting to adjacent property owners.

Vacation of Ramona Drive and Portion of Eden Avenue –

Ramona Drive and the portion of Eden Avenue southerly of Laguna Drive were established by the Tract of Mohrland Gardens, Book 7 of Maps, Page 60. These streets were offered for dedication to the public by this map, but were never accepted by the County Board of Supervisors as public streets. Therefore, the streets have been used as private access for the owners adjacent to them. A portion of Eden Avenue was widened by 24 feet for a total width of 44 feet by an offer of dedication by Parcel Map 7785 and accepted by the City. This portion has an easement for a storm drain. These streets should be summarily vacated by the City to clear up any title issues that may arise.

Ramona Drive will be vacated from the westerly line of Monte Vista Drive to the westerly line of Eden Avenue. Eden Avenue will be vacated from the northerly line of Ramona Drive to a line 10 feet southerly of the southerly line of Occidental Road and from a line 10 feet northerly of the northerly line of Occidental Road to the southerly line of Laguna Drive, while reserving a utilities easement.

Findings for Approval of Pre-Zoning Designations for the Mt. Eden Annexation Phase II -

Staff has prepared the following findings for the Planning Commission to recommend approval of the annexation to the City Council. The findings are also attached to this report as Attachment C.

- A. Substantial proof exists that the proposed zone changes will promote the public health, safety, convenience, and general welfare of the residents of Hayward.**

The proposed annexation and associated public infrastructure improvements and future development would result in improved fire suppression capabilities, police protection, storm

drain capacity, and roadways in the area. Police service should improve as the City can serve the area more efficiently than the County. Additionally, future development would be subject to City regulations and City development review, which is generally more intensive than that of the County in this area, which is expected to improve property conditions and reduce or eliminate any potentially harmful site contaminants.

B. The proposed changes are in conformance with the purposes of the Zoning Ordinance and all applicable, officially adopted policies and plans.

The General Plan contains policies and strategies that encourage annexation of remaining unincorporated islands into the City:

- *Seek to achieve more congruous boundaries to provide for the efficient delivery of public services and to create a greater sense of community. (Land Use Chapter, Policy 11)*
- *Evaluate annexing unincorporated islands and adjoining urbanized county areas within the Sphere of Influence in light of desires of affected residents and fiscal impacts on the city. (Land Use Chapter, Policy 11, Strategy 1)*

The annexation will achieve more congruous boundaries for the City and the County and improvements in the efficiency with which services can be provided are expected.

The Mt. Eden Neighborhood Plan contains a policy that encourages the Residential Single-Family (RS) and the RS-B4 (4,000 square foot minimum lot size) zoning districts that:

- *Allow "Limited Medium Density" development between West Street and Depot Road for continuity with density of recent small lot single-family development. (Residential Land Use, Policy 1, Strategy 2)*

The Limited Medium Density Residential (LMDR) General Plan designation allows between 8.7 and 12 residential units per acre, which is equivalent to lot sizes ranging from 5,006 to 3,630 square feet. The LMDR land use designation exists in the majority of the annexation area and no land use designation changes are proposed.

One of the purposes of the Hayward Zoning Ordinance is to "accommodate expansion of development into vacant and under-utilized lands within environmental and infrastructure constraints". The annexation will allow for in-fill development in the neighborhood as utility services are provided.

The purpose of the Light Manufacturing, Planning /Research and Development (LM) zoning district is "to provide for limited manufacturing and other light industrial uses within the Industrial Corridor which are compatible with business parks and adjacent residential areas." Staff is recommending such designation for one property, consistent with that indicated in the Mt. Eden Neighborhood Plan, to provide a buffer between the properties zoned Industrial to the west, and residentially designated properties to the east.

The purpose of the Public Facilities (PF) zoning district is "to promote and encourage a suitable environment devoted to publicly owned government buildings and facilities, public community centers, libraries and museums, public educational facilities, public school

districts facilities, public transit stations, public parking lots and structures, and other such uses directly or indirectly serving the general public.” The PF zoning designation that is recommended is consistent with the use of the property by Chabot College

The purpose of the Agriculture (A) zoning district is to preserve agricultural areas until such time as orderly development may take place. The A zoning is appropriate for the Herman-Mohr and Mohr-Fry estates as these properties have development potential and the owners have yet to determine the most appropriate uses.

C. Streets and public facilities existing or proposed are adequate to serve all uses permitted when property is reclassified.

As noted in the draft environmental IS/MND, proposed infrastructure improvements, including roadway improvements and widening, extension of public sewer lines and upgrades to the existing storm drainage network, would be compliant with City standards and sufficient to serve potential future development.

D. All uses permitted when property is reclassified will be compatible with present and potential future uses, and, further, a beneficial effect will be achieved which is not obtainable under existing regulations.

The Mohr-West and Mohr-Depot islands are completely surrounded by properties in the City. Existing residential uses will be zoned for residential use. The Chabot College property will be consistent with the PF zoning district. The home on the property on Depot Road to be zoned LM will become a legal, nonconforming use. The Mohr-Fry estate and the Herman-Mohr estate will be zoned agricultural to protect the potentially historic resources and to require discretionary approval prior to any change in use. Annexation and subsequent infrastructure improvements would allow for future development, which will lead to improved property conditions and aesthetics, which is currently not possible under existing conditions.

ENVIRONMENTAL REVIEW

A draft environmental Initial Study and Mitigated Negative Declaration (IS/MND) have been prepared pursuant to the California Environmental Quality Act (CEQA). The IS/MND analyzes the potential environmental impacts associated with the annexation and the related development potential. The MND states that there are no significant environmental impacts that cannot be mitigated to a level that is less than significant. A detailed account of the insignificant impacts can be found in the draft IS/MND. The draft IS/MND was presented to the Planning Commission during a work session on September 17, 2009. The draft IS/MND, which is required to have a minimum 20-day public review period, was released for public comment on August 28, 2009. The public comment period ended on September 29, 2009. No comments were received for the draft IS/MND. Since the draft IS/MND was released, a few errors have been discovered and corrected and the revised document has been posted to the City's website. An errata (Attachment E) has been prepared to identify the changes. Staff has prepared a Mitigation Monitoring and Reporting Program (MMRP), which is attached as Attachment F, which indicates timing and responsibility of implementation of mitigation measures.

FISCAL AND ECONOMIC IMPACT

The Alameda County Redevelopment Agency will reimburse the City for costs associated with processing the Phase II reorganization (annexation) application up to \$179,000. Terms of the reimbursement are set forth in the *Mt. Eden Redevelopment Sub-Area Annexation and Public Improvements Agreement*, which was reached between the City of Hayward and Alameda County during the Phase I annexation. The Agreement also requires the City to "use diligent good faith efforts to cause completion, within one (1) year after the approval and effectiveness of the Phase I Annexation, of all administrative and procedural requirements for annexation of the Phase II Annexation Area."

At the time the agreement was signed, the estimated cost of the public improvements was \$5 million. The City and County each agreed to contribute \$700,000, and Dutra Enterprises agreed to contribute \$3.6 million. A revised estimate for the cost of improvements calculated a cost of approximately \$7.4 million. In December of 2008, the agreement was amended to reflect the latest cost estimate and stipulated that the City of Hayward and Alameda County share equal responsibility in the additional expense (\$1.2 million each). The City's recently adopted Capital Improvement Program includes \$7.4 million in the Street System Improvement Fund specifically for this project. The source of the money in the Fund is Proposition 42, the Transportation Congestion Improvement Act, which directs state sales tax revenues toward public transit and street improvements. The amended agreement with the County also indicates December 31, 2009, as the anticipated completion date for the annexation.

The availability of the agreed-upon funding remains an issue that may affect both the timing of the improvements and the annexation itself. The additional \$1.2 million agreed to by the County is being provided by the County Public Works Agency primarily from gas tax revenue. The State has this past year threatened to take essentially all gas tax revenue from cities and counties. That take did not remain in the approved budget, although the present budget does include several months' delay in the normal receipt of gas tax funds. If the State later this year reverts back to a proposal to take gas tax, then the County could not meet their commitment to fund this project. Staff is continuing to coordinate with the County on changes in the funding status while proceeding with the assumption that the funds will be provided. If the availability of gas tax revenue changes, the City would likely delay requesting the annexation.

A revised Fiscal Impact Analysis (Attachment J) has been prepared to show the expected property tax increment to be generated in the annexation area. Also, the original draft assumed that the development potential would be realized by 2016. The revised Fiscal Impact Analysis assumes that it will take 20 years for the new residential units to be constructed. The change in the build-out timeframe has caused the estimates for both revenue and costs to decrease. The annexation area is expected to generate a total of \$2,494,686 in revenue, and total cost of \$3,971,550 over a 20-year period, for a cumulative net fiscal impact (cost) to the City's General Fund of \$1,476,864 (in nominal/current dollars). The previously estimated deficit was \$1,520,631.

Details of a tax exchange agreement with the County have yet to be determined, but are currently being negotiated. A tax exchange agreement between the City and the County will be presented to the Council for approval along with the final IS/MND and final Fiscal Impact Analysis later this

fall. The agreement between the City and the County executed for the Phase I annexation allows the County Redevelopment Agency to keep 100 percent of tax increment revenue to fund the County's reimbursement payments to the City for Phase I improvements.

PUBLIC CONTACT

A neighborhood meeting was held in January 2008 where staff introduced the project and timeline. Questions raised at the meeting focused primarily on the costs associated with the annexation. Staff assured attendees that an assessment district would not be necessary for the annexation. The draft plans, studies, and the environmental document were presented to the public at a second neighborhood meeting on September 23, 2009. Also, notification of the Planning Commission and City Council hearings have been sent to all affected property owners.

The second neighborhood meeting was held at Ochoa Middle School on Wednesday, September 23, 2009 to inform the community of the planned improvements and to collect comments on the draft IS/MND. Following are the comments received during the meeting and staff's responses:

Where will driveways be created when new curbs are installed?

The City will install curb cuts or driveway approaches in locations where driveways currently exist.

Given that the existing barricade will be removed from Monte Vista Drive, will the City consider installing other traffic calming devices?

After the barricade is removed and improvements are completed, City staff can assess the need for traffic calming devices.

The City should consider applying a Medium-Density Residential (RM) zoning to the entire annexation area.

There are currently no changes proposed for the existing General Plan land use designations. RM zoning would require a General Plan amendment, changing the General Plan land use designation to a higher density. This would also require revisions to the development potential analysis, the environmental IS/MND, and the Fiscal Impact Analysis. Staff does not support such change and is recommending the pre-zoning designations as presented.

Will residents be able to continue to keep livestock on their properties?

As long as livestock on properties is legal per the County's regulations, they will be allowed to continue to be kept on properties. Otherwise, livestock would need to be maintained in accordance with Hayward's regulations.

If a property owner currently has a Deferred Street Improvement Agreement, will the owner need to pay a portion of the cost of street improvement?

Yes. Some property owners have entered into Deferred Street Improvement Agreements with the City. Most have done so in order to connect to the City's water or sewer system. These owners will be required to pay a portion of the cost for infrastructure improvements along their

property frontage. The actual cost will depend on the length of the frontage and other factors including topography, drainage, driveways, and any right-of-way requirements.

Also, staff received a letter from Anthony Varni dated September 28, 2009. Mr. Varni represents the owners of the Mohr-Fry estate located at 24985 Hesperian Boulevard and raises the following three points in his letter:

1. The City should implement a signage program on major streets in the Mt. Eden area to identify it as the Mt. Eden borough or Mt. Eden neighborhood.
2. The Fry family should have at least ten years to connect to City utilities.
3. The Agricultural pre-zoning designation should be considered a "holding zone". The owners do not intend to use the property for agricultural purposes indefinitely and they will likely want to develop the property for other uses in the future.

Staff supports the idea of a signage program to help raise awareness of the neighborhood's history, but has yet to identify a funding source for a signage program. If the Council supports the concept of a signage program, it may be incorporated into a future Capital Improvement Program (CIP). All properties in the annexation area will have up to ten years to connect to the City's sewer system. As long as a property's existing well is functioning properly, connection to the City's water system will not be required until new development is proposed for the property. When the owners submit a proposal for a change in the zoning designation, it will be evaluated and presented to the Planning Commission and City Council just as would be done for any other zone change application in the City. The desire of the owner to eventually pursue future development is noted as part of the public record.

Finally, staff received a letter from the LAFCo dated September 29, 2009 stating that they have no comments on the IS/MND.

SCHEDULE

The final drafts of the IS/MND, FIA, and related documents will be presented to the City Council on November 3, 2009. Staff anticipates submitting an application to LAFCo in November for a LAFCo hearing on January 14, 2010, assuming funding for the improvements associated with the State's position on gas tax revenues does not create an issue.

Prepared by:



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Recommended by:



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Attachment A:	Area Map
Attachment B:	Map Showing Five Islands
Attachment C:	Findings for Approval
Attachment D:	Draft Initial Study/Mitigated Negative Declaration (distributed previously)
Attachment E:	Errata for IS/MND
Attachment F:	Mitigation Monitoring and Reporting Program
Attachment G:	Plan for Providing Municipal Services
Attachment H:	List of Parcels by Assessor's Parcel Number and Street Address with Proposed Pre-zoning Designations Identified
Attachment I:	Comment Letters and E-mails
Attachment J:	Revised Fiscal Impact Analysis
Attachment K:	Petition for CN Pre-zoning Plans

10/7/2009