

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
SUBJECT: ROSELAND AREA ANNEXATION COSTS AND REVENUES
ESTIMATE – PUBLIC REVIEW DRAFT
STAFF PRESENTER: CHUCK REGALIA, ASSISTANT CITY MANAGER
COMMUNITY DEVELOPMENT
AGENDA ACTION: MOTION TO ACCEPT REPORT

ISSUE(S)

Should the City Council accept a public review draft report regarding the cost of providing City services and public improvements should the Roseland area be annexed to the City of Santa Rosa?



COUNCIL GOALS/STRATEGIES

Council goal 5 is to “Improve the Partnerships between Neighborhoods, Community Organizations, Schools, and the City to Support and Promote Thriving, Inclusive, and Diverse Neighborhoods.” Strategic Objective 1 is to “Develop a work plan and costs for Roseland Annexation.”

BACKGROUND

1. In response to this City Council objective, a cross-departmental working group was established, and it developed a work plan to develop City cost estimates for the Roseland annexation, which was adopted by the City Council in April 2014. The Council budgeted \$1.17 million to address staff and consultant costs to implement the work plan for the subsequent 2 years.
2. Roseland is a mostly developed community located in Southwest Santa Rosa. Roseland is generally assumed to include the area between Highway 12, Highway 101, Hearn Avenue and Stony Point Road. This boundary contains about 1,140 acres; 620 acres are in the unincorporated County and 520 acres are within the City of Santa Rosa. Population for the area is estimated at about 14,780, with 6,430 in the unincorporated area and 8,350 in the City.

A map is attached illustrating the annexation area which includes Roseland and four additional County islands surrounded by the City of Santa Rosa. The total acreage and population for the annexation area is described in the following table.

Unincorporated Area	Acres	Units	Population
Brittain Lane	16	30	68
Roseland	620	1,840	6,432
Victoria Drive	19	57	162
West Hearn	34	50	152
West Third	23	70	180
TOTAL	712	2,047	6,994

3. The work plan adopted by the City Council for the annexation of the Roseland area includes two phases and nine tasks:

1. **Identify the type, scope and cost of public services and improvements needed in the Roseland area and revenues which will be available.**

Examples of such services include police and fire services, as well as capital improvements such as parks and roads. The following tasks are included in this first phase of work, which is nearing completion.

TASK 1: Establish staff management team; hire consultant resources.

TASK 2: Prepare revenue and cost estimates for services; coordinate findings with City department staff.

TASK 3: Prepare service plans and cost estimates for provision of City services.

TASK 4: Prepare estimate of needed capital improvements.

TASK 5: Gauge support for annexation.

TASK 6: Present findings to the City Council.

2. **Determining the cost, timing, and necessary steps to annex the Roseland area.** Should the City Council decide to proceed with annexation, staff would undertake the following tasks.

TASK 7: Establish the annexation boundary.

TASK 8: Prepare plan for services.

TASK 9: Complete the annexation process.

4. As an existing urbanized area, the annexation of Roseland will be considered an inhabited annexation. In this type of annexation, it is the registered voters within

the annexation boundary, not the property owners, the City, the County or the Local Agency Formation Commission (LAFCO), who will decide the outcome of the annexation.

The process to complete the annexation will follow the established process, including:

- City Council establishment of the annexation boundary;
 - Completion of environmental review;
 - Adoption of the pre-zoning and Plan for Services, including hearings before the Planning Commission and City Council;
 - LAFCO review;
 - Potential protest hearing; and
 - Potential election.
5. Two principles adopted with the Roseland work plan are guiding the efforts regarding the annexation of Roseland:
1. New residents will receive the same level of service as current residents.
 2. Existing service levels to current City residents will not be reduced in order to provide services to the Roseland Area.
6. A joint City / County Roseland Annexation Committee was appointed to negotiate a pre-annexation agreement and address cost sharing for the Roseland area annexation, and it met a few times in 2014. This committee includes Supervisors Carrillo and Zane from the Sonoma County Board of Supervisors and three Council members, formerly Mayor Bartley and Vice Mayor Swinth, and Council member Carlstrom. A Memorandum of Understanding outlining the role of the committee was signed and is attached.
7. Tasks 1 – 4 of Phase 1 outlined above have been completed, and Task 5, gauging support for annexation, is ongoing. The main purpose of this report is to provide information on Tasks 3 and 4, the results of which identify costs of providing City services and public improvements to the 700 acre Roseland area.

ANALYSIS

1. *Task 3* is preparation of service plans and cost estimates for the provision of City services. *Task 4* is preparation of a cost estimate for needed capital improvements in the annexation area.
2. Each department has analyzed costs which would be associated with the annexation. The analysis has broken down costs as initial ongoing and one-time

costs and future ongoing costs and capital costs associated with future projects and improvements.

Initial ongoing costs upon annexation are estimated to be about \$3.5 million annually. These costs include the addition of new employees and ongoing infrastructure and equipment maintenance costs. Initial one-time costs are about \$1.3 million, including vehicles, equipment, and infrastructure inspection.

Capital improvements, including infrastructure improvements such as parks and new curb, gutter, and sidewalk will occur over the long term, not at annexation. Such long term capital costs are estimated at \$54 million for recreation and parks improvements, \$18.3 million for transportation related improvements, and \$4.7 million for storm drainage projects. Ongoing future costs related to these improvements, such as park maintenance, is estimated at \$927,000 annually. The attached report and summary spreadsheets identify these initial and future costs by City department.

3. The City hired Pacific Municipal Consultants to conduct a fiscal analysis for the potential Roseland annexation area. PMC has identified revenues that might be expected from the annexation of the five Roseland area islands.

Revenues include sales tax, property transfer tax, property tax, motor vehicle in-lieu fee, gas tax, utility user tax, franchise fees, business tax, alcohol sales permit fees, fines and forfeitures, and Community Development fees. Revenues from these sources are estimated to be \$2,794,700.

4. Comparing estimated ongoing costs upon annexation of \$3,528,000 and estimated revenues of \$2,794,700 results in a deficit of \$733,300. This estimate represents an initial, year one snapshot of ongoing costs and revenues.
5. The Memorandum of Understanding between the City and County notes that the Joint City/County Roseland Annexation Committee was formed to negotiate a pre-annexation agreement to address cost sharing to address the cost of providing services, the transition of those services from the County to the City, plans for public facilities and related costs, one-time costs of annexation, environmental liabilities, allocation of property taxes, and other fees and assessments.

At the last meeting of the Roseland Annexation Committee, it was determined that costs and revenues would be discussed at its next meeting, to be held in the first quarter of 2015. Once the Council has reviewed the costs and revenues report, City staff will schedule the next Committee meeting in order to begin discussions regarding cost sharing.

RECOMMENDATION

It is recommended by the City Manager's Office that the Council, by motion: 1) accept the public review draft report regarding Roseland area annexation costs and revenues; 2) refer it out for a 90 day public review and comment period; 3) direct staff to meet with Sonoma County staff; 4) schedule a Joint City/County Roseland Annexation Committee meeting; and 5) return to the Council with a summary of comments to date in 120 days.

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Attachments:

Attachment 1 – Roseland Annexation Area Map

Attachment 2 – Memorandum of Understanding

Attachment 3 – Department Service and Capital Cost Estimates – Roseland Area Annexation

Attachment 4 – Roseland Annexation Fiscal Impact Analysis, Summary of Findings for First Year Revenues Memorandum