



AGENDA SUMMARY REPORT

SUBJECT: Consider Providing Staff Direction to Prepare Applications for Reorganization and Sphere of Influence Update, to Prezone Those Areas Subject to the Reorganization and Make Relevant Amendments to the 2040 General Plan, and to Conduct Any Required Analyses, Including Any Analyses Required by CEQA, in Support of the Applications, Prezoning, and General Plan Amendments, and to Bring These Documents to the Council for Consideration.

DEPARTMENT: City Manager /
Admin

PREPARED BY: Phil Williams, Legal Counsel

PRESENTER: Phillip Williams, Special Counsel and Maya
Simerson, Project and Grant Administrator

ATTACHMENTS:

1. Common Annexation Terms and Definitions
2. Resolution 2020-06 - Annexation Policy
3. Attachment #3 -- Proposed Reorganization Draft Map

Summary: For over five years, the City has had and has acted upon a policy of coordinating growth, improving services, and ensuring thoughtful long-term planning in the Ukiah Valley. Those efforts have been successful not only in achieving these ends, but also in improving the City's relationships with our sister agencies and our neighbors currently outside the City Limits. Building on these successes, Staff have developed a proposed reorganization (the "Proposed Reorganization") that encompasses territory around the City and aligns with existing urban-type development. Applications for amending the City's Sphere of Influence and for reorganization are subject to Mendocino LAFCo approval. Here, the City Council will consider providing direction to Staff to prepare applications for reorganization and sphere of influence update, to prezone those areas subject to the reorganization and make relevant amendments to the 2040 General Plan, and to conduct any required analyses, including any analyses required by CEQA, in support of the applications, prezoning, and General Plan Amendment, and to bring these documents to the Council for consideration.

Background: *Legal and Regulatory Context*

The Cortese-Knox-Hertzberg Act Local Government Reorganization Act of 2000 ("CKH") establishes procedures for local government changes in organization, including City annexations, detachments of territory from special districts, mergers of a city and a district, and the establishment of subsidiary districts. CKH defines such changes as "change[s] of organization" (Gov. Code, § 56021). When two or more changes of organization are contained within a single proposal, CKH defines such a proposal as a "reorganization" (*id.*, § 56073).

Proposals to effect changes in organization must be submitted by an application to the relevant Local Agency Formation Commission for approval – in our case, the Mendocino County Local Agency Formation Commission ("Mendo LAFCo"). Requests for a sphere of influence amendment or update are also considered an application under CKH (see, *id.*, § 56017.2). Therefore, any City application for a reorganization or to update its sphere of influence must be submitted to Mendo LAFCo, the former after the City Council has adopted a resolution of application (see, *id.*, § 56654), and both of which would require City Council approval

prior to submitting to Mendo LAFCo.

The City Council's consideration of applications for a reorganization and sphere of influence update, as well as review of the applications by Mendo LAFCo, must be supported by the appropriate analyses, including those required by the California Environmental Quality Act ("CEQA"), the provisions of CKH, and other applicable laws.

History of City Policy and Efforts Regarding Changes in Organization

The role of the City's 1995 General Plan is important. In coordination with Mendocino County it included land use policies and designations for the larger Ukiah Valley outside the City limits which the County used in adopting its 2011 Ukiah Valley Area Plan (the "UVAP") as part of the County's General Plan. The 2040 City General Plan adopted in 2022 designated the UVAP as a special planning area. Thus, the City's 1995 General Plan and the 2040 General Plan envision the City and the surrounding area within the UVAP as one planning area and the longer-standing goal expressed in multiple planning documents that Ukiah and the surrounding Ukiah Valley be one community.

Historical context is important to understand the reasoning and motivation behind Staff's request for Council direction on a larger-scale annexation effort at this time. That history has also provided guidance to Council and Staff on reorganization and district consolidation efforts pursued in the last six years. The background below chronicles these efforts. To assist Council in understanding key terms and definitions, a Definitions document is provided (Attachment #1).

Developing a Long-Term Land Use Policy

The City's August 27, 2019, workshop served as a kickoff to discussions among Council, Staff, the public, and stakeholders related to the updating of the City's Sphere of Influence (the "SOI") and Municipal Services Review (the "MSR"), as well as Staff-recommended policy directives consisting of the following: 1) the goals and vision of the Ukiah Valley Area Plan would be utilized as the basis for the City's policy towards future reorganization efforts in the Valley; and 2) the City would maintain the City's current SOI (in 2019, the 1984 SOI) as the City's long-term SOI; and 3) the City would implement an annexation plan, designating the area to be annexed within the first ten years. Council directed Staff to pursue all three Policy Directives but requested research related to the origin of the 1995 Ukiah Valley General Plan SOI, which was never adopted by Mendo LAFCo. Prior to the eventual adoption by LAFCo of the 2022 MSR and SOI, the last adopted SOI for the City was the 1984 SOI. The City's last MSR was adopted in 2012.

Building on this direction, on January 16, 2020, Staff presented research to the Council into the history of the 1995-proposed sphere of influence. Based on conclusions from this research, Staff recommended, and Council approved a modification to Policy Directive No. 2 as follows: "Maintain the City's 2040 Planning Area. Reduce the City's Sphere of Influence to be reflective of areas with existing and forecast urbanized development within the next 10 years, and designate as Areas of Interest areas outside the SOI but within the City's 2040 Planning Area." This direction, together with a proposed SOI, became the basis of the approach to the City's 2040 General Plan and the eventual incorporation of a new SOI. The Annexation Policy is attached as Attachment #2.

At the same meeting, Staff also requested Council adoption of a resolution adopting a City of Ukiah Annexation Policy, and by a unanimous vote, Council adopted Resolution No. 2020-06, adopting the Annexation Policy.

The Ukiah Valley Fire District Annexes the City for Purposes of Fire Protection

In May of 2021, City of Ukiah Staff, working on behalf of the Ukiah Valley Fire District (the "UVFD") and in close coordination with LAFCo staff, submitted an application for the annexation of the City of Ukiah incorporated area into the UVFD. Included with the application was a Municipal Service Review and Sphere of

Influence update. On October 4, 2021, Mendo LAFCo adopted Resolutions No. 2021-22-02 and No. 2021-22-03, respectively, approving the UVFD MSR and SOI Update and annexing the City limits into the UVFD. This was the first City-sponsored annexation application approved by LAFCo since 1988.

The City Council Adopts its 2040 General Plan and Updates its Sphere of Influence

On December 7, 2022, the City Council adopted Resolution No. 2022-79, adopting the 2040 General Plan, and Resolution No. 2022-78, certifying the 2040 General Plan Environmental Impact Report (the “2040 General Plan EIR”) and adopting related actions. The 2040 General Plan incorporated all of Council’s previous direction since the August 2019 workshop, summarized above, as well as the 2022 proposed MSR and SOI.

On December 19, 2022, Mendo LAFCo adopted Resolution No. 2022-23-06, approving the adoption of the City of Ukiah Municipal Service Review and Sphere of Influence Update and certifying the Commission considered the environmental effects identified in the 2040 General Plan EIR. The 2022 LAFCo-adopted MSR was the first City of Ukiah MSR approved by Mendo LAFCo since 2012; the 2022 City of Ukiah SOI was the first approved by Mendo LAFCo since 1984.

The City and the Ukiah Valley Sanitation District Enter an Out of Area Service Agreement

Productive discussions between City staff, Ukiah Valley Sanitation District (the “Sanitation District”) staff, and the City-Sanitation District Ad Hoc resulted in an agreement, executed June 8, 2022, between the City and the Sanitation District for provision of interim sewer services and out of area service agreements (the “OASA”). The agreement provided a coordinated way to extend sewer services to various properties outside of the City’s and the Sanitation District’s boundaries. The collaborative approach to the OASA pioneered by the City and Sanitation District was also the first of its kind for Mendo LAFCo, which required a joint City-Sanitation District OASA application. On March 6, 2023, Mendo LAFCo adopted Resolution No. 2022-23-09, approving the OASA application to provide wastewater services to various properties on Ford Road, Kunzler Ranch Road, and Carter Lane.

The City Annexes City-Owned Properties in an Unincorporated Area of the County

First initiated on November 4, 2020, the City’s application for the annexation of properties within Mendocino County unincorporated areas owned by the City was conditionally approved by Mendo LAFCo on September 11, 2023, through adoption of Resolution No. 2023-24-01. Although the City-sponsored UVFD application was the first City-sponsored annexation application approved by Mendo LAFCo since 1988, the City-owned properties annexation was the first submitted by the City for annexation of unincorporated parcels into the City since 1988. This application was formative for City staff and Mendo LAFCo staff in understanding how best to complete and obtain approval of future applications.

The Cities and County of Mendocino Enter a Master Tax Sharing Agreement

The first Master Tax Sharing Agreement (the “MTSA”) in Mendocino County history between the County of Mendocino and the Cities of Ukiah, Willits, Fort Bragg, and Point Arena was approved by the City Council on June 19, 2024, through adoption of Resolution No. 2024-32. As noted within the Staff Report prepared for the June 19 meeting: “A primary objective of a master tax sharing agreement is to enhance cooperation between the County and its Cities, thereby reducing competition for tax revenue. This allows land use and development decisions to be guided by sound planning principles, such as the development of necessary infrastructure and impact mitigation, efficient and rational service delivery, ensure orderly growth patterns, and the preservation of quality of life. It also helps facilitate more expedited processing of annexation applications due to the tax-sharing component of the application having been completed in accordance with provisions of the Revenue and Taxation Code.”

The City Annexes Territory in the Western Hills

Mendo LAFCo adopted Resolution No. 2024-25-04 on November 4, 2024, approving the City of Ukiah Western Hills Annexation and Sphere of Influence Amendment. Encompassing approximately 791 acres (732 acres of which were City-owned), the application secured a significant amount of land for open space preservation and possible future recreational uses, as well as providing public access, public facilities, and limited residential development opportunities in proximity to resources and available infrastructure to prevent sprawl and disorderly development.

The Ukiah Valley Water Authority

After nearly two years of discussions and negotiations, in April 2024, Millview County Water District (“Millview”), Redwood Valley County Water District (“Redwood Valley”), and the City of Ukiah executed a joint exercise of powers agreement creating the Ukiah Valley Water Authority (the “Water Authority”). The purpose of the Water Authority is to eventually combine the administration, operation, and maintenance of the members’ disparate water systems as a single and integrated water system, with the intent to gain access to State funding to improve and integrate the systems’ infrastructure. As of October 1, 2024, Willow County Water District (“Willow”) became a member of the Water Authority, and on March 3, 2025, Calpella County Water District (“Calpella”) also became a member. The Water Authority is currently governed by a ten-member board, comprised of two representatives from each Party.

While the primary purposes of the Water Authority are to integrate and improve the Greater Ukiah Valley’s water infrastructure and management, the joint exercise of powers agreement also contains provisions where the Water Districts agree to supporting City annexations and supporting Mendo LAFCo designating a Water District as a subsidiary district of the City or of merger with the City. On January 1st, 2025, former employees of Willow became City employees and began providing water administration and operation and maintenance services for the Parties. While the Water Authority continues to secure state funding for the improvement and integration of the members’ water systems, the Water Authority is also proving concept by the efficient administration, through the City, of water and sewer services across the footprint, and securing our collective water future.

Discussion: Given this background of existing City policy and successes, City staff have begun initial work on developing the Proposed Reorganization, which includes territory to the north, east, and south of the existing City limits. These areas comprise all or portions of Millview County Water District, Willow County Water District, and the Ukiah Valley Sanitation District. A map depicting the Proposed Reorganization is attached as Attachment #3.

Initially, Staff identified all of the territory within Millview, Willow, and the Sanitation District for annexation. This would have resulted in City boundaries extending far into the eastern foothills above the Deerwood and El Dorado neighborhoods, and into the southeastern areas of the Ukiah Valley. Such a broad extension of the City, however, presented challenges related to fire, public safety, and road maintenance. The reduced geographic scope of the Proposed Reorganization reflects these challenges while also preserving the Council’s previous policy direction. The current Proposed Reorganization also reflects Staff’s understanding of the desires of some of our neighboring agencies, including Millview and Willow.

The Proposed Reorganization: Narrative Description

The Proposed Reorganization has three components: a SOI update component, a reorganization component, and a prezone component. More specifically, the Proposed Reorganization includes an update to the City’s SOI, expanding the existing SOI shown in the 2040 General Plan to align with the southern boundaries of Willow and to encompass all of Willow’s territory.

The Proposed Reorganization also consists of several changes of organization within the City’s SOI involving several adjacent or overlapping districts and a number of parcels inside the City and in unincorporated portions of Mendocino County adjacent to the City. As part of this reorganization component, inside the City’s limits, Staff propose to detach parcels currently served by the Sanitation District within the City’s limits (the “Sanitation District City Parcels”), annex territory within the Sanitation District, and establish the Sanitation

District as a subsidiary district of the City.

As part of the reorganization component of the Proposed Reorganization, outside the City's limits, Staff proposes a reorganization involving Millview. Specifically, Staff proposes to annex territory within Millview and to establish Millview as a subsidiary district of the City. The current Proposed Reorganization does not include territory within the Pinoleville Rancheria, and Staff intend to discuss with Pinoleville Pomo Nation whether and to what extent the City may provide services to territory within Pinoleville Rancheria to maintain the existing levels of service. Additionally, Staff proposes to annex the entirety of the territory of Willow and to detach the entirety of that territory from Willow for purposes of water services, resulting in a full merger of Willow with the City.

For the prezone component, Staff proposes to prezone the unincorporated territories it proposes to annex in order to maintain the existing land use designations currently provided for in the County General Plan and Ukiah Valley Area Plan. This prezone component of the Proposed Reorganization would include an amendment to the Land Use Element within the City's General Plan to ensure the rezoning is consistent with the City's General Plan.

At this point, Staff do not anticipate any change of or in service or infrastructure would occur at any parcel, nor would any land use designations change, as a result of the Proposed Reorganization. Upon Council direction to pursue the Proposed Reorganization consistent with Staff Recommendation below, Staff will conduct the necessary analyses to, among other things, ensure impacts are or have been identified and addressed as required by law.

The Proposed Reorganization: Task Organization and Execution Concept

Task Organization:

Staff have marshaled experts in their relevant fields, including internal Staff, to prepare to this point and to be prepared to continue to execute through coordination of efforts across resources by the City Manager's office, should the Council so direct.

Execution Concept:

Staff identified five key phases associated with executing the Proposed Reorganization: Phase 1: Synchronization; Phase 2: Preparation; Phase 3: Application; Phase 4: Consideration; Phase 5: Completion. As indicated above, Staff have already performed Phase 1, Synchronization, which efforts enabled and have led Staff to develop and present the Proposed Reorganization to the Council.

Should the Council so direct, and absent direction to the contrary, Staff would continue to execute in accordance with the Execution Concept. During Phase 2, Preparation, Staff would prepare both internally and externally to present the applications and supporting documentation to the Council. Phase 2 would culminate in Council consideration and potential approval and adoption of those applications and the rezoning ordinance and General Plan Amendment. During Phase 3, Application, Staff would prepare the final applications for the City to file with Mendo LAFCo. Phase 3 would culminate with the City filing the applications with Mendo LAFCo. During Phase 4, Consideration, Staff would work with Mendo LAFCo to complete the applications and prepare and participate in the Mendo LAFCo hearing on the applications. Phase 4 culminates in Mendo LAFCo Commission's consideration and potential approval of the applications. During Phase 5, Completion, Staff would work to make the necessary filings and effect the many transfers of services, documents, and records that the Proposed Reorganization would require. This Phase 5 could continue for quite some time; the ultimate culmination may be difficult to specifically identify but would include the State Board of Equalization's approval and implementation of new Tax Rate Areas that reflect the Proposed Reorganization.

If so directed, Staff expects to provide the applications, rezoning ordinance, and General Plan amendments to the Council for its consideration no later than July 2025, which would allow the Reorganization, if approved, to be effected by the end of 2025.

Recommended Action: Direct Staff to prepare applications for reorganization and sphere of influence update, to make relevant amendments to the 2040 General, to prezone those areas subject to the reorganization and to conduct any required analyses, including any analyses required by CEQA, in support of the applications, General Plan Amendment, rezoning, and to bring these documents to the Council for consideration.

BUDGET AMENDMENT REQUIRED: N/A

CURRENT BUDGET AMOUNT: N/A

PROPOSED BUDGET AMOUNT: N/A

FINANCING SOURCE: N/A

REVENUE: Yes / No GRANT: Yes / No

PREVIOUS CONTRACT/PURCHASE ORDER NO.:N/A

COORDINATED WITH: Sage Sangiacomo, City Manager

STRATEGIC PLAN (SP): SP 1B - Provide services that support a high quality of life for all residents, including fostering diverse, inclusive, sustainable, and accessible neighborhoods.

CLIMATE INITIATIVES (CI): 5b – Protect against sprawl through completion of annexations.

GENERAL PLAN ELEMENTS (GP):GP-A1 - Land Use Element

Approved: 
Sage Sangiacomo, City Manager

Common Annexation Terms and Definitions

Annexation

Annexation is defined under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) and Government Code 56017 as the inclusion, attachment, or addition of territory to a city or district. In Mendocino County, the Mendocino LAFCo approves all applications for annexation.

Area of Interest

An Area of Interest is a geographic area beyond the sphere of influence in which land use decisions or other governmental actions of one local agency (the "Acting Agency") impact directly or indirectly upon another local agency (the "Interested Agency"). For example, approval of a housing project developed to urban densities on septic tanks outside the city limits of a city and its sphere of influence may result in the city being forced subsequently to extend sewer services to the area to deal with septic failures and improve city roads that provide access to the development. The city in such a situation would be the Interested Agency with appropriate reason to request special consideration from the Acting Agency in considering projects adjacent to the city.

Source: *Mendocino LAFCo Policies and Procedures Manual*, 11/5/18

Local Agency Formation Commission (LAFCo)

LAFCo is a regulatory agency with countywide jurisdiction, established by state law (CKH Act) to discourage urban sprawl and to encourage orderly and efficient provision of services, such as water, sewer, fire protection, etc. by review of local agency boundaries, formations and dissolutions.

Source: *this information taken directly from Mendocino LAFCo's website, under FAQs, and can be found at <https://www.mendolafco.org/faqs-a0460bd>.*

Municipal Service Review

A Municipal Service Review (MSR) is defined within the CKH Act under Government Code 56430. The MSR is used by LAFCo to prepare and to update spheres of influence and involves a review of services to be provided by an agency within its area of probable growth. For cities, the MSR is used by LAFCo to determine if the city has adequate capacity to provide future services within its Sphere of Influence.

Planning Area

The Planning Area encompasses all incorporated and unincorporated territory that bears a physical relationship to the long-term planning of the city. A general plan, pursuant to state law, must address all areas within the jurisdiction's Planning Area.

Source: *Ukiah 2040 General Plan*

Prezone

Prezoning involves the city adopting by resolution a list of all parcels' future zoning upon annexation to the city. Prezoning of the parcels to be annexed is a required condition of LAFCo's approval of an annexation application.

Sphere of Influence

The CKH Act and Government Code 56076 define a Sphere of Influence (SOI) as a plan for the probable physical boundaries and service area of a local agency, as determined by the Local Agency Formation Commission. The projection of probable physical boundaries reflect a defined time period such as 10 years or 20 years, and in the case of a city, usually relate to future land use projections within the General Plan.

RESOLUTION NO. 2020-06

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF UKIAH ADOPTING ANNEXATION POLICY

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides for the annexation of unincorporated areas within a City's sphere of influence; and

WHEREAS, on August 27, 2019, the Ukiah City Council provided direction to staff to prepare and adopt annexation policies as part of the City's long-term land use planning and City Council Strategic Plan; and

WHEREAS, the City intends, in part through the attached Annexation Policy, to avoid the consequences of continued urban sprawl in the Ukiah Valley, to ensure the efficient provision of municipal services, and to protect open space and prime agricultural land in the Ukiah Valley; and

WHEREAS, the City envisions a future of the Ukiah Valley as a thriving community that is politically, economically, environmentally, and socially sustainable; and

WHEREAS, the City desires to provide annexation policies for the City and property owners within the City's sphere of influence that promote the successful annexation of unincorporated areas.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF UKIAH DOES HEREBY RESOLVE to adopt the Annexation Policy attached as Exhibit A, which shall be endorsed to show adoption by the City Council on January 16, 2019 and made publicly available.

PASSED AND ADOPTED this 16th day of January, 2020, by the following roll call vote:

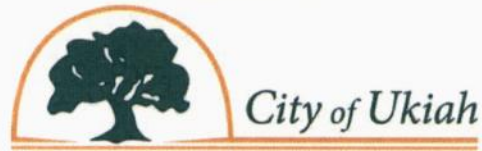
AYES: Councilmembers Mulheren, Brown, Scalmanini, and Mayor Crane
NOES: None
ABSENT: None
ABSTAIN: None


Douglas F. Crane, Mayor

ATTEST:


Kristine Lawler, City Clerk

EXHIBIT A



Annexation Policy

The City will pursue, apply for, and support the annexation of unincorporated areas to the City to avoid the negative consequences of continued urban sprawl and to ensure the efficient provision of municipal services to unincorporated areas without placing an undue financial burden on the City or its residents.

The City's Sphere of Influence reflects the City's intent and ability to apply to annex those territories within that Sphere of Influence. The City's Sphere of Influence should be updated periodically and as necessary to reflect any change in the City's intent or ability to annex unincorporated territory.

The City's Area of Interest reflects that territory outside its Sphere of Influence where the City has an interest in ensuring orderly development and the efficient provision of municipal services, and a financial interest in the implications of any such development and services. The City will consider providing services to unincorporated areas within its Area of Interest when the City and all local agencies with relevant jurisdiction, if any, arrive at an agreement ensuring the City is adequately compensated for the costs it incurs and/or will incur due to development in its Area of Interest.

The City will apply for the annexation of unincorporated areas and will support property owners who desire to annex to the City where the City determines it to be in its residents' interests to do so, to promote orderly development, to implement General Plan goals and objectives, and/or to ensure the efficient provision of municipal services.

In pursuing, applying for, or supporting annexation, the City will demonstrate that existing or planned-for facilities, infrastructure and improvements, and municipal services are or will be available, including but not limited to: vehicular and pedestrian traffic corridors, fire protection, sewer, electricity, and municipal and industrial water, in accordance with City standards and General Plan goals and objectives, to those areas proposed to be annexed.

The City will pursue, apply for, or support annexations that could affect open space and prime or unique agricultural lands, when it is satisfied that they will be adequately protected.

The City will pursue, apply for, or support annexation in those cases where significant environmental impacts have been mitigated or avoided as appropriate.

The City will develop, maintain, and make publicly-available a City of Ukiah Annexation Guide that includes an annexation applicant's responsibilities, the requirements for environmental review, requirements for development plans, and fees associated with applications for annexation.

If appropriate, and as it may be amended, the City will incorporate and include this Annexation Policy in its 2040 General Plan.

PRELIMINARY DRAFT

