TO: Mayor and City Council

FROM: Mark Lewis, City Manager

SUBJECT: SENATE BILL 1266 - AN ACT TO AMEND SECTION 56375.3 OF THE GOVERNMENT CODE RelATING TO ANNEXATION

RECOMMENDATION

It is recommended that the City Council adopt a resolution supporting this legislation, and 1) forward correspondence to the appropriate parties; and 2) authorize the City Manager to report the City Council's position and provide factual information regarding the Measure.

DISCUSSION

Background

In 2000, the State of California enacted Government Code Sections 56375 and 56375.3, commonly known as the Island Annexation Statute, to facilitate contiguous boundaries within jurisdictions. For the city to annex properties under this statute, the area must generally meet the following guidelines:

- Properties must be surrounded or substantially surrounded by the City
- Properties must be developed or inhabited.
- Properties must conform to the City's General Plan
- Properties must be less than 75 acres.

Currently, there are 12 islands within the city limits of Stockton. There are seven unincorporated islands surrounded by the City of Stockton that have the ability to be annexed under the current island annexation statute.

Present

SB 1266 proposed by Senator Torlakson will increase the maximum size of the area that is subject to the expedited annexation procedures from 75 acres to 150 acres. The proposed change to increase the acreage from 75 acres to 150 acres would allow the city to initiate the annexation of Boggs Tract which is 95.8 acres. There are three additional islands but the area exceeds 150 acres (Colonial Heights/Lincoln Village, 782.4 acres; Tuxedo Country Club, 1,342.0 acres, and Mosswood Park, 327.4 acres). Attached are a copy of the proposed senate bill and a list of the city islands.

Respectfully submitted,

MARK LEWIS
CITY MANAGER

ML/FL: sr

Attachments

AGENDA ITEM 6.13
SB 1266 Senate Bill - Bill Analysis

SENATE RULES COMMITTEE  
Office of Senate Floor Analysis  
1020 N Street, Suite 524  
(916) 445-6614 Fax: (916)  
327-4478

THIRD READING

Bill No: SB 1266  
Author: Torlakson (D), et al  
Amended: 5/10/04  
Vote: 21

SENATE LOCAL GOVERNMENT COMMITTEE : 6-0, 5/5/04  
AYES: Torlakson, Margett, Ackerman, Hollingsworth,  
Machado, Perata  
NO VOTE RECORDED: Soto

SUBJECT : Annexation of county islands  
SOURCE : Author

DIGEST : This bill increases the maximum size of the area that is subject to the expedited annexation procedures from 75 acres to 150 acres.

ANALYSIS : According to existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act spells out local agency formati on commissions' (LAFCOs') powers and procedures for changing boundaries of cities and special districts. A successful city annexation requires four (sometimes five) steps:

1. There must be a completed application to LAFCO, including a formal petition or resolution, an environmental review document, and a property tax exchange agreement between the county and the annexing city.

CONTINUED

http://info.sen.ca.gov/pub/bill/sen/sb_1251-1300/sb_1266_cfa_20040511_120150_sen_flo... 6/15/2004
2. LAFCO must hold a noticed public hearing, take testimony, and approve the proposed city annexation. The LAFCO can attach terms and conditions to its approval.

3. LAFCO must hold another public hearing to measure protests. If the area proposed for annexation in uninhabited (less than 12 voters), a majority landowner protest stops the annexation. If the annexation area in inhabited, the annexation goes forward if less than 25 percent of the area's voters protest. If the protests are at least 25 percent but less than 50 percent of the voters, the annexation goes forward, but an election must be held. If there is a majority voter protest, the annexation stops.

4. If there was sufficient protest, an election occurs among the voters in the proposed annexation area. A successful annexation requires majority voter approval.

5. LAFCO's staff files formal documents to complete the annexation.

The courts have consistently said that there is no constitutional right to vote on local governments' boundaries. The city annexation elections that are possible under the Cortese-Knox-Hertzberg Act are statutory privileges, but not constitutionally required.

Past boundary decisions created "islands" of unincorporated territory within some cities. Faced with residents' political resistance, cities annexed around recalcitrant neighborhoods, leaving pockets of unincorporated territory surrounded by the city limits. After Proposition 13, there is no significant difference in property tax rates on incorporated and unincorporated territory although utility user taxes and business license taxes may be higher inside cities. These county islands are expensive to serve as sheriffs' deputies travel long distances through cities to get to their patrol areas. Residents of these county islands often use city parks, libraries, and other services even though their homes lie outside the city limits.

In 1977, the Legislature created an expedited procedure for
city applies to annex an unincorporated island, LAFCO must approve the annexation if the island meets five statutory conditions. The property must: (1) be surrounded or substantially surrounded by the annexing city, or (2) the annexing city and county boundary, or the annexing city and the Pacific Ocean; (3) be substantially developed or developing; not be prime agricultural land; be designated for urban growth in the annexing city's general plan; and not be in another city's sphere of influence. At least six appellate court decisions have upheld the island annexation statute.

Another statutory provision further expedites island annexations. To qualify for this other provision, the unincorporated island must meet additional detailed statutory criteria, including a maximum size of 75 acres. If a city applies for one of these island annexations between January 1, 2000 and January 1, 2007, LAFCO must waive the protest proceedings. Without a second public hearing to measure protests, the city avoids the possibility of an election.

This bill changes the 75-acre requirement to 150 acres and deletes the restriction that the island does not constitute a part of an unincorporated territory that is more than 100 acres in area. This bill requires that when the territory proposed to be annexed is substantially surrounded by a city and another city, the city that initiated the proposal, prior to submitting the application to the commission, must notify the other of its intention to initiate the annexation proposal and specifies the contents and requirement of that notification. This bill requires the commission to consider the effect of the proposal on any urban growth boundary and permits the commission to disapprove the proposal for annexation if the other city objects in writing.

**FISCAL EFFECT** : Appropriation: No Fiscal Com.: No Local: No

**SUPPORT** : (Verified 5/11/04)

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California Building Industry Association

**OPPOSITION** : (Verified 5/11/04)

California Association of LAFCOs
Santa Cruz LAFCO
City of Antioch
ARGUMENTS IN SUPPORT: According to the California Building Industry Association, this bill provides clarity and certainty on issues, including defining substantially surrounded and applying current approval requirements to situations where the unincorporated territory is surrounded by the annexing city and another city.

ARGUMENTS IN OPPOSITION: According to the author’s office, opposition received concentrated on issues contained in prior version of this bill and deleted in the current amended form.

LB:sl 5/11/04 Senate Floor Analyses

SUPPORT/OPPOSITION: SEE ABOVE

**** END ****
County Islands within the City of Stockton

<table>
<thead>
<tr>
<th>Subdivision Name</th>
<th>Land Size</th>
<th>Land use</th>
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<tbody>
<tr>
<td>Sperry Tract</td>
<td>4.18</td>
<td>Residential</td>
</tr>
<tr>
<td>Wagner Heights</td>
<td>4.60</td>
<td>Residential</td>
</tr>
<tr>
<td>Lincoln Oaks</td>
<td>11.20</td>
<td>Residential</td>
</tr>
<tr>
<td>East Rose Terrace</td>
<td>32.90</td>
<td>Residential</td>
</tr>
<tr>
<td>Moss Garden / Sperry Tracts</td>
<td>43.90</td>
<td>Residential **</td>
</tr>
<tr>
<td>Rancho San Joaquin Unit 2</td>
<td>44.00</td>
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</tr>
<tr>
<td>Wagner Heights</td>
<td>63.30</td>
<td>Residential</td>
</tr>
<tr>
<td>Lincoln Village/West</td>
<td>63.50</td>
<td>Residential</td>
</tr>
<tr>
<td>Boggs Tract</td>
<td>96.80</td>
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</tr>
<tr>
<td>Mosswood Park</td>
<td>327.40</td>
<td>Residential</td>
</tr>
<tr>
<td>Coloniel Heights/Lincoln Village</td>
<td>782.40</td>
<td>Residential</td>
</tr>
<tr>
<td>Tuxedo Country Club</td>
<td>1,342.00</td>
<td>Residential</td>
</tr>
</tbody>
</table>

Total: 2,816.18

** Cannot be annexed under the Island Annexation Statue. Not developed
 Resolution No. ____________

STOCKTON CITY COUNCIL

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STOCKTON SUPPORTING SENATE BILL 1266 – AN ACT TO AMEND SECTION 56375.3 OF THE GOVERNMENT CODE RELATING TO ANNEXATION

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF STOCKTON AS FOLLOWS:

1. That the City Council of the City of Stockton supports Senate Bill 1266 – An act to amend section 56375.3 of the Government Code relating to annexation.

2. That the City Manager shall forward the City Council's position to the appropriate legislators.

3. That the City Manager is authorized to monitor and initiate proper follow-up communications/correspondence to reflect the City Council’s position.

PASSED, APPROVED and ADOPTED ____________________________

ATTEST: ____________________________
GARY A. PODESTO
Mayor of the City of Stockton

KATHERINE GONG MEISSNER
City Clerk of the City of Stockton

City Atty: ____________________________
Review Date: June 16, 2004