

**LOCATION MAP:**



**BACKGROUND:**

The subject site is represented by the approximately 48 acre area outlined in yellow on the above map and consists of 11 parcels. Seven (7) of the 11 parcels (highlighted in orange) are located within the City.

The subject site was part of a larger project called the, "Monterey-South of Watsonville Project" that included 17 parcels totaling approximately 67.4 acres. That project was comprised of three sets of General Plan Amendment, Zoning Amendment, and Urban Service Area Amendment applications as follows:

- GPA-07-02/ZA-08-09/USA-06-01: Watsonville-Royal Oaks Enterprises (6 parcels)
- GPA-08-08/ZA-08-08/USA-08-08: Monterey-Morgan Hill Bible Church (2 parcels)
- GPA-08-09/ZA-08-10/USA-08-09: Monterey-City of Morgan Hill (9 parcels)

The three General Plan Amendment and Urban Service Area Amendment applications were approved by City Council resolutions on December 7, 2011 (Resolution Nos. 6501 and 6502, respectively). The three Zoning Amendments were approved by City Council adopting Ordinance No. 2028 N.S. on January 18, 2012.

**URBAN SERVICE AREA AMENDMENT, USA-15-01: MONTEREY-CITY OF MORGAN HILL**  
**Planning Commission August 11, 2015**

**Page 2**

Santa Clara County LAFCO approved an Urban Service Area Amendment that only included a portion of the Watsonville-Royal Oaks Enterprises project site consisting of four (4) out of the six (6) parcels located closest to the intersection of Watsonville and Monterey Roads.

The remaining two (2) parcels from the Watsonville-Royal Oaks Enterprises project and all 11 parcels from the Monterey-Morgan Hill Bible Church and Monterey-City of Morgan Hill projects remain outside of the Urban Service Area.

This Urban Service Area Amendment application (USA-15-01) combines the former Monterey-Morgan Hill Bible Church (USA-08-08) and former Monterey-City of Morgan Hill (USA-08-09) applications. The two (2) parcels from the Watsonville-Royal Oaks project are currently being processed under a separate, privately initiated Urban Service Area Amendment application.

**Project Area Parcel Details**

PARCEL NUMBER	ACRES	EXISTING BUSINESS / LAND USE	GENERAL PLAN	ZONING or PRE-ZONING (if not in City)	IN URBAN GROWTH BOUNDARY?	IN CITY?
779-04-005	0.37	Y&J Tool Supply; A. Cortez Bail Bonds; Galvan & Son Concrete	Non-Retail Commercial	CLR PD	Y	Y
779-04-030	0.57	single-family home	Non-Retail Commercial	CLR PD	Y	Y
779-04-072	5.02	single-family home	Non-Retail Commercial	CLR PD	Y	Y
779-04-074	6.12	undeveloped	Non-Retail Commercial	CLR PD	Y	Y
779-04-032	0.53	Sheila's Vanity Hair Salon; Rapunzel's Hair	Non-Retail Commercial	CLR PD	Y	Y
779-04-033	0.23	single-family home	Non-Retail Commercial	CLR PD	Y	Y
779-04-073	24.59	Oakwood School	Single Family Medium	R1 9,000	Y	Y
779-04-010	1.38	Walton & Sons Masonry, Inc.	Non-Retail Commercial	CLR PD	Y	N
779-04-015	0.42	Bay Area Chrysanthemum Growers' Co-op	Non-Retail Commercial	CLR PD	Y	N
779-04-016	3.93	Morgan Hill Bible Church	Public Facilities	Public Facilities	Y	N
779-04-061	4.76	Morgan Hill Bible Church	Public Facilities	Public Facilities	Y	N

**ANALYSIS:**

The proposed Urban Service Area Amendment has been evaluated for consistency with the General Plan, Zoning Ordinance and City Council Policy CP 94-02.

**General Plan**

The proposed Urban Service Area Amendment is consistent with General Plan Policy regarding the relationship between the Urban Service Area and the Urban Growth Boundary (UGB).

**Policy 3b.** Allow Urban Service Area expansions only within the long-term Urban Growth Boundary and for lands with urban designations; the timing and extent of Urban Service Area expansion shall remain consistent with established Urban Service Area expansion policies and ordinances.

The subject site is located entirely within the UGB and each of the parcels have urban land use designations (Non-Retail Commercial, Single Family Medium, and Public Facilities).

**Zoning Ordinance and City Council Policy CP 94-02**

Section 18.78.070, Urban Service Area Restrictions, of the Zoning Code reads:

- A. The city shall neither apply to LAFCO, nor otherwise request or support, the addition of any land to its urban service area, until such time as the city council finds that the amount of undeveloped, residentially developable land within the existing urban service area is insufficient to accommodate five years' worth of residential growth beyond that required to accommodate the number of development allotments available in the next competition. The projected rate of growth for purposes of this determination shall be the rate of growth provided for by the general plan and the RDCS, set out in Parts 2 and 3 of this chapter. After making such a finding of space insufficiency, the city may support the addition of land to the urban service area only to the extent necessary to support approximately five or fewer years of growth beyond that required to accommodate the number of development allotments available in the next competition.
- B. The city council may formulate standards by which it may make exceptions to subsection A of this section for desirable infill..."

Council Policy CP 94-02 establishes the Desirable Infill Criteria. The Policy is mainly directed at applications with a residential land use designation; however, the Policy also addresses properties with commercial or industrial designations and public and quasi-public land uses. The most restrictive criteria apply to residentially planned properties.

Of the 11 parcels within the Monterey-City of Morgan Hill project, eight (8) parcels have a designation of Non-Retail Commercial, one (1) parcel has a Single Family Medium residential designation, and two (2) parcels have a Public Facilities designation. The residential parcel is evaluated below against the "residentially planned properties" criteria, and the two Public Facilities parcels are evaluated against the "public and quasi-public land use" criteria. The Non-Retail Commercial designation is identified as a non-residential land use in the General Plan; however, residential uses may be allowed as part of a mixed-use development. For the purposes of this report, Staff has evaluated the 8 (eight) Non-Retail Commercial parcels using the evaluation criteria for both residentially planned properties and commercially planned properties. While the Non-Retail Commercial-designated parcels are not technically required to meet the criteria for "residentially planned properties", the analysis is provided below to identify how the parcels would

fare against the most restrictive evaluation criteria. It is important to note that strict adherence to the Desirable Infill Criteria would require that only the one parcel with a residential land use designation (APN 779-04-073) would be subject to this criteria.

### **Residentially Planned Properties (1 Residential and 8 Non-Retail Commercial lands)**

For residentially planned properties, CP 94-02 requires the following three criteria be met for a property to be added to the USA: physical characteristics of the property, provision of services to the property, and benefits to the City from inclusion of the property.

#### Physical Criteria

In order to meet the physical criteria, the total acreage of land to be added to the USA cannot exceed 20 acres, the properties must be within the Urban Limit Line, and must meet contiguity requirements.

With the exception of the Oakwood School, each individual parcel is less than 20 acres, as shown in the attached Project Table. The Oakwood School is approximately 25 acres in size and has a residential land use designation; however, the school is already within the Morgan Hill City limits. Council Policy CP 94-02 is, and has been, interpreted to apply only to unincorporated County lands since inclusion within the USA is generally a pre-requisite for annexation. The entire project area is located within the Urban Limit Line and meets the contiguity requirements. The Monterey-City of Morgan Hill project is abutted at least 50 percent on each of two sides by property within either the City limits or the Urban Service Area.

#### City Service Criteria

The subject parcels have been evaluated and would receive a passing score under Part 1 of the Residential Development Control System.

#### Beneficial Criteria

Only lands that would beneficially affect the general welfare of Morgan Hill citizens may be added to the USA. Beneficially affecting citizens includes providing needed infrastructure or allowing the establishment of public facilities.

Seven of the 11 parcels are already within the Morgan Hill City limits and receive city services, including utilities, and police and fire services. Inclusion of these parcels within the USA would beneficially affect the citizens of Morgan Hill as it would clean-up the City's boundaries, and in turn help to facilitate more logical development patterns within the City. Adjustment of the USA boundary to include the project area would result in an orderly and logical boundary. Adjustment of the City's Urban Service Area boundary to include the Morgan Hill Bible Church would also be beneficial in that it would directly promote increased health and safety by allowing the discontinuation of septic system use in an area prone to flooding.

### **Commercially Planned Properties (8 Non-Retail Commercial lands)**

Commercially planned properties must have a commercial land use designation and meet contiguity requirements for inclusion in the USA. The 8 parcels designated Non-Retail Commercial within the project area are contiguous to the USA boundary on the north. Therefore, the eight (8) Non-Retail Commercial parcels satisfy the criteria for inclusion in the USA.

### **Public and Quasi-Public Land Uses (2 Public Facilities lands)**

For public and quasi-public land uses, the evaluation criteria consists primarily of having contiguity on at least a portion of one side to the USA boundary and having a General Plan land use designation of Public Facilities or Public/Quasi-Public Use. The two, Public Facilities parcels covering the Morgan Hill Bible Church facility (APNs 779-04-016 & -061) meet the evaluation criteria. The overall project area is contiguous to the USA boundary to the north. Also, the parcels have a land use designation of Public Facilities.

### **Community Engagement**

Public notices were mailed to property owners within 300 feet of the project pursuant to Government Code Sections 65090-65096.

### **Conclusion**

As described in the September 30, 2013 letter to LAFCO (attached), the intent of the boundary adjustment is not to add to the City's land inventory; the intent is to regularize the City's boundaries, improve service delivery efficiencies and implement the goals of the City's General Plan.

Additional facts supporting the proposed Urban Service Area Amendment:

- All 11 parcels are located within the City's Urban Growth Boundary (UGB)
- All 11 parcels have urban General Plan Land Use designations
- All 11 parcels are zoned or pre-zoned with urban City Zoning Districts
- Seven (7) of the 11 parcels are located within the existing City Limits
- Nine (9) of the 11 parcels are developed with urban land uses
- The project site is adjacent to existing City Limits to the north and east along and across Monterey Road
- The proposal was previously determined to be consistent with the City's General Plan, Zoning Ordinance, and Council Policy CP 94-02

### **CEQA (California Environmental Quality Act):**

Project, Description of CEQA requirements

Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program adopted December 7, 2011.

### **LINKS/ATTACHMENTS:**

Letter to Santa Clara County LAFCO Commissioners – September 30, 2013

City Council Staff Report – December 7, 2011

City Council Resolution No. 6501 (General Plan Amendments)

City Council Resolution No. 6502 (Urban Service Area Amendments)

City Council Ordinance No. 2028 (Zoning Amendments)