



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JULY 28, 2015

FROM: COMMUNITY & ECONOMIC DEVELOPMENT WARD: 2
DEPARTMENT

SUBJECT: ANNEXATION 118 (CENTRAL/SYCAMORE CANYON) – PLANNING CASES P14-0246 (ANNEXATION), P14-1059 (GENERAL PLAN AMENDMENT), AND P14-0901 (PRE-ZONING) ON BEHALF OF ERIC FLODINE, STRATA CREST, LLC.

ISSUE:

The issue for City Council consideration is a request on behalf of Eric Flodine of Strata Crest, LLC for the consideration of Annexation 118 – Central/Sycamore Canyon, including the annexation report, plan for services, CG (Commercial General) pre-zoning, and a General Plan Amendment to realign City boundaries to include the annexation of approximately 16.6 acres, comprised of a 9.7-acre undeveloped property (APN 256-050-012) and adjacent right-of-way, generally located easterly of, and adjacent to, the City of Riverside Municipal Boundary, northerly of Central Avenue and southwesterly of the State Route 60, Interstate 215 freeway.

RECOMMENDATIONS:

That the City Council:

1. Determine that this proposed project will not have a significant effect on the environment based on the findings set forth in the case record and adopt a Negative Declaration;
2. Approve Planning Cases P14-0246 (Annexation), P14-1059 (General Plan Amendment), P14-0901 (Pre-Zoning) based on the description in the staff report and findings provided in Attachment 1;
3. Adopt a resolution making application to the Local Agency Formation Commission (LAFCO) for the annexation of the territory known as Annexation 118 – Strata, and the detachment from the Riverside County Waste Resource Management District;
4. Adopt a resolution modifying the General Plan, including amendments to Figure LU-10 – Land Use Policy Map, Figure LU-9 – Neighborhoods, Figure PS-8 – Neighborhood Policing Centers, and other necessary changes throughout General Plan 2025 to reflect the new City boundaries and inclusion of the site in the Canyon Crest Neighborhood; and
5. Introduce and subsequently adopt an ordinance to Pre-Zone the subject site as CG – Commercial General Zone, based upon the findings and descriptions in the staff report provided in Attachment 1, and illustrated there within as Figure 5 of Exhibit 3.

STAFF/PLANNING COMMISSION RECOMMENDATIONS:

Staff recommended approval of all three cases (Annexation, General Plan Amendment, and Pre-Zoning) subject to the recommended conditions of approval. On May 21, 2015, the City planning Commission approved Planning Cases P14-0246 (Annexation), P14-1059 (General Plan Amendment), and P14-0901 (Pre-Zoning) by a vote of 8 ayes, 0 noes, and 0 abstentions, subject to the staff recommended conditions.

BACKGROUND:

On July 8, 2014, the City Council authorized staff to commence the preliminary processing necessary to file an annexation application with LAFCO. The annexation application integrates into the City of Riverside the vacant land located at the northwestern corner of Central Avenue and Sycamore Canyon Boulevard (project site). No development is proposed in conjunction with this annexation.

The annexation application to LAFCO requires the City to pre-zone the 9.7-acre parcel for future development consideration. The areas of the annexation that are within the public right of way (Sycamore Canyon Boulevard and the centerline of Central Avenue) are not developable, and therefore do not warrant pre-zoning. Staff recommends that the developable 9.7-acre parcel be placed in the Commercial General (CG) zone, which is intended for service, commercial retail, office and repair uses (Exhibit 6). Because of the site's intersection and freeway adjacent location, and its current commercial zoning designation in the County, the City's Commercial General Zone (CG) appears to be the most appropriate designation. Furthermore, the CG zoning is consistent with the existing General Plan 2025 land use designation of Commercial (C).

The remainder of the 16.6-acre annexation area under the ownership and responsibility of Caltrans is considered right-of-way. It is anticipated that Caltrans will dispose of the excess right-of-way in the future, although a timeframe has not yet been identified. Of specific interest is a +/- 2-acre triangularly shaped property on the east side of Sycamore Canyon Boulevard. Because their plans for disposition are unknown, staff will continue to recognize the property as right-of-way until such time as Caltrans relinquishes the property.

Please refer to the May 21, 2015 Planning Commission staff report, Plan for Services, recommended conditions and minutes for additional project details.

FISCAL IMPACT:

There is no impact to the General Fund, all costs are paid by the applicant.

| | |
|------------------------|---|
| Prepared by: | Emilio Ramirez, Interim Community & Economic Development Director |
| Certified as to | |
| availability of funds: | Brent A. Mason, Finance Director/Treasurer |
| Approved by: | Al Zelinka, FAICP, Assistant City Manager |
| Approved as to form: | Gary G. Geuss, City Attorney |

Attachments:

1. City Planning Commission Staff Report, Including Annexation Plan for Providing Service – May 21, 2015
2. City Planning Commission Minutes – May 21, 2015

3. Resolution Making Application to LAFCO
4. Resolution Amending the General Plan 2025 to Add Annexation 118 to City Boundaries
5. Ordinance Establishing Pre-Zoning for Annexation 118



Community & Economic Development Department

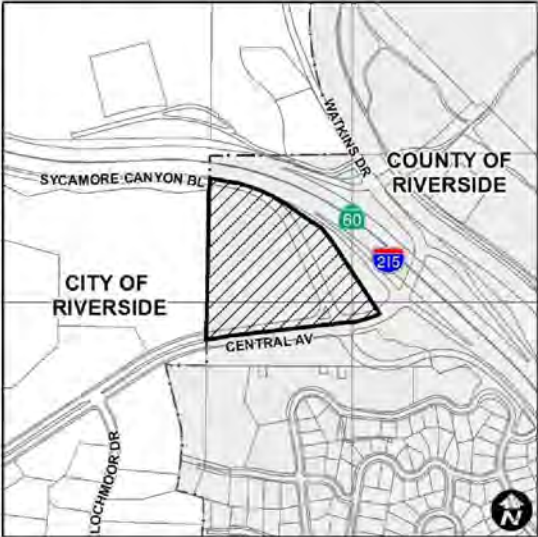
Planning Division

3900 Main Street, Riverside, CA 92522 | Phone: (951) 826-5371 | RiversideCA.gov

PLANNING COMMISSION HEARING DATE: MAY 21, 2015

AGENDA ITEM NO.: #8

PROPOSED PROJECT

| | | |
|------------------------------------|---|---|
| Case Numbers | P14-0246 (ANX), P14-1059 (GPA), P14-0901 (Pre-Zoning) | |
| Request | Annexation, Pre-Zoning and General Plan Amendment of approximately 16.6 acres comprised of a 9.7 acre undeveloped property and adjacent right-of-way. | |
| Applicant | Eric Flodine, Director Strata Equity Group, Inc. Real Estate Investments 4370 La Jolla Village Dr. Suite 960 San Diego, CA 92122 | |
| Project Location | Northwest corner of Sycamore Canyon Boulevard and Central Avenue, just west of the State Route 60, I-215 freeway (APN 256-050-012) | |
| Project area | Approximately 16.6 acres |  |
| Ward | 2 (proposed) | |
| Neighborhood | Canyon Crest (proposed) | |
| Specific Plan | N/A | |
| General Plan Designation(s) | City: C – Commercial County: CR – Commercial Retail | |
| Zoning Designation(s) | City: CG – Commercial General (proposed) County: C-P-S – Scenic Highway Commercial | |
| Staff Planner | David Murray, Senior Planner; 951-826-5773; dmurray@riversideca.gov | |

RECOMMENDATIONS

Pursuant to Riverside Municipal Code Chapters 2.40 and Sec. 19.050.030.B, the Planning Commission is responsible for reviewing the proposed project and approving or making a recommendation to the City Council.

The City's procedure for adopting an annexation is established by Riverside Municipal Code sec. 19.840.020. This Code section requires the Planning Commission to consider the desirability of annexing a territory at a public hearing, and make a report and recommendation to the City Council. This section of the Code stipulates that the annexation shall be considered concurrent with a zone change (pre-zoning).

Municipal Code Sec. 19.810.030 establishes the City's procedures for approving a Zoning Code amendment. The Pre-Zoning request associated with this proposal requires an affirmative vote of at least four (4) Planning Commissioners or a majority of the Commission, whichever is greater. A Pre-Zoning approval by the Planning Commission shall be forwarded on to the City Council for final approval.

Municipal Code Sec. 19.800.040 and State law require the Planning Commission to approve or deny proposed General Plan Amendments. To be approved, a proposed General Plan Amendment requires at least an affirmative vote by no less than a majority of the total membership of the Commission (Gov't Code 65354). An approval by the Planning Commission shall be forwarded on to the City Council for final approval.

Staff Recommends that the City Planning Commission:

1. **RECOMMEND** that the City Council **DETERMINE** that this proposed project will not have a significant effect on the environment based on the findings set forth in the case record and recommend City Council adoption of a Negative Declaration;
2. **RECOMMEND APPROVAL** of Planning Cases P14-0246 (Annexation), P14-1059 (General Plan Amendment), P14-0901 (Pre-Zoning) subject to the recommended conditions of approval, and based on the description in the staff report and findings provided in Exhibit 1.
3. **RECOMMEND** that the City Council **ADOPT** a resolution making application to the Local Agency Formation Commission (LAFCO) for the annexation of the territory known as Annexation 118 – Strata, and the detachment from the Riverside County Waste Resource Management District; and
4. **RECOMMEND** that the City Council **ADOPT** a resolution modifying the General Plan, including amendments to Figure LU-10 – Land Use Policy Map, Figure LU-9 – Neighborhoods, Figure PS-8 – Neighborhood Policing Centers and other necessary changes throughout the General Plan 2025 figures to reflect the new boundaries and inclusion in the Canyon Crest Neighborhood; and
5. **RECOMMEND** that the City Council **INTRODUCE** and subsequently **ADOPT** an ordinance to Pre-Zone the subject site as CG – Commercial General Zone, based upon the findings and descriptions in this report and Exhibit 1, and illustrated in Figure 5 of Exhibit 3; and

6. **RECOMMEND** that the City Council **INTRODUCE** and subsequently **ADOPT** an ordinance amending Section 1.12.070 of the Riverside Municipal Code to add Annexation 118 to Ward 2; and
7. **RECOMMEND** that the City Council **ADOPT** a resolution determining the amount of property tax revenue to be exchanged between the County and the City of Riverside.

BACKGROUND/PROPOSAL

The Planning Division has received a request by Eric Flodine, on behalf of Strata Equity Group, Inc., to annex a total of approximately 16.6 acres, comprised of a 9.7 acre parcel (APN 256-050-012) with the balance comprised of existing right-of-way. The 9.7 acre parcel is undeveloped, but has been largely disturbed as a result of previous grading activities. There is no development proposed in conjunction with this annexation, and staff is not currently in receipt of an application for development on the site. The purpose for the proposed annexation is to provide City services for the property when a development application is proposed in the future.

Prior to the I-215/SR-60 freeway widening project, the 9.7-acre parcel was larger (approximately 13.3 acres), incorporating portions of what is now the new alignment of Sycamore Canyon Boulevard. Following the construction of the freeway ramps and realignment of Sycamore Canyon Boulevard, the parcel was reduced in size to its current area. As a result, the existing General Plan 2025 land use designation still reflects the former parcel dimensions, as does the County General Plan and Zoning. This is described in more detail below.

ANNEXATION PROCEDURE

On July 8, 2014, the City Council authorized staff to commence the preliminary processing necessary to file an annexation application with the Local Agency Formation Commission (LAFCO). The annexation application integrates into the City of Riverside the vacant land located at the northwestern corner of Central Avenue and Sycamore Canyon Boulevard (project site).

This annexation is being processed under the guidelines of the Cortese-Knox-Hertzberg Local Government Act of 2000. To complete the annexation and sphere of influence boundary change processing requirements, the Local Agency Formation Commission (LAFCO) requires a Plan for Services, environmental documentation, a Resolution of Tax Exchange, and a Pre-Zoning Ordinance. These items are included as part of this analysis.

LAFCO is the approving authority for the annexation if authorized by the City's Planning Commission and City Council. Since there are fewer than 12 registered voters within the proposed annexation area, LAFCO considers the proposal an "uninhabited annexation", and will process it accordingly. In addition, this annexation is being processed at the property owner's request, so no further notices, hearings, or elections are required. If the annexation is approved by LAFCO, the City Council will be required to accept the annexation and add the area to City Council Ward 2 (by Council resolution). This will enable recordation of the annexation immediately upon approval by the City Council and payment of applicable State Board of Equalization fees by the applicant.

This proposal will also include detachment from the Riverside County Waste Resource Management District.

LOCATION AND SURROUNDING LAND USES

The proposed 16.6-acre annexation area is located on the northwest corner of Central Avenue and Sycamore Canyon Boulevard as well as a trapezoidal piece of land located between Sycamore Canyon Boulevard, Interstate 215/State Route 60 (I-215/SR60) and Central Avenue. The site is bounded by the Riverside City Limits to the north and east and is located west of Sycamore Canyon Boulevard, and north of Central Avenue. The site is located within Section 33, Township 2 South, Range 4 West, San Bernardino Base Meridian, on the U.S.G.S. Riverside East, California, 7.5' quadrangle. The affected Assessor Parcel Number is 256-050-012.

| | Existing Land Use <i>Exhibit 4</i> | General Plan Designation <i>City – Exhibit 5</i> <i>County – Exhibit 3 – Figure 2</i> | Zoning Designation <i>City – Exhibit 6</i> <i>County – Exhibit 3 – Figure 3</i> |
|---------------------|--|--|---|
| Project Site | Vacant | County: CR – Commercial Retail City: C – Commercial | County: C-P-S – Scenic Highway Commercial City: CG – Commercial General (proposed) |
| North | I-215/SR-60 freeway Open space north of freeway | HR – Hillside Residential (north of freeway) | RC – Residential Conservation (north of freeway) |
| East | I-215/SR-60 freeway Open space east of freeway | HR – Hillside Residential (east of freeway) | (County) A-1-1 – Light Agriculture; SP – Specific Plan Area (Gateway) |
| South | Open space and single-family residential | P – Park and LDR – Low Density Residential | (County) C-P-S – Scenic Highway Commercial; W-1-9 – Watercourse Conservation; R-1 – Single-Family Residential |
| West | Open space | OS – Open Space | RC – Residential Conservation |

RIVERSIDE COUNTY GENERAL PLAN AND ZONING

Land uses in the annexation area are currently subject to the policies outlined in the Riverside County Comprehensive General Plan. The 2003 Riverside County General Plan land use designation within the annexation area, including the 9.7-acre parcel, is Commercial Retail (CR) (Figure 2 of Exhibit 3). This land use designation allows for local and regional serving retail and service uses.

The County regulates zoning pursuant to Ordinance No. 348 (Land Use). The County zoning designation for the proposed annexation area is currently Scenic Highway Commercial (C-S-P) (Figure 3 of Exhibit 3). This classification allows by right hotel uses and specific wholesale and retail commercial uses, and limited commercial uses with an approved Conditional Use Permit.

City of Riverside General Plan 2025

Although currently located in the County, the proposed annexation area is within the City of Riverside's Sphere of Influence, and therefore included within General Plan 2025. As discussed above, prior to the I-215/SR-60 freeway widening project, the privately held property was larger in size, and extended nearly to the I-215/AR-60 corridor (Sycamore Canyon Boulevard was freeway adjacent). However, the I-215/SR-60 widening realigned Sycamore Canyon Boulevard to its current configuration, which reduced the developable property to the existing 9.7-acres. As such, the existing General Plan 2025 land use designation reflects the former parcel configuration, which now includes Sycamore Canyon Boulevard and residual Caltrans right of way. Because residual properties associated with the Caltrans widening project have not been disposed of by the State, the applications before the City only include the properties indicated in the attached exhibits.

The General Plan 2025 land use designation of the project site is Commercial (C), which allows for a variety of retail shops, services and other similar commercial developments (Exhibit 5). The General Plan land use designation is not proposed to change as part of the annexation.

However, to implement the annexation, a number of minor amendments to the General Plan will be required to reflect the new boundaries and service areas (i.e., changes to map and figures). If approved, the following changes shall occur with the finalization of the annexation:

- 1) The Land Use and Urban Design Element will be amended to modify Figure LU-10 – Land Use Policy Map to reflect the revised land use designations as well as the revised City boundaries; and Figure LU-9 – Neighborhoods will be updated to add the annexation area to the Canyon Crest Neighborhood. With the assignment of neighborhoods, the graphics within the General Plan 2025 Land Use and Urban Design Element highlighting the affected neighborhood area will be updated.
- 2) The Public Safety Element will be amended to modify Figure PS-8 – Neighborhood Policing Centers, to add the subject property into the East Neighborhood Policing Center (NPC) and to revise the City boundaries (Figure 7 of Exhibit 3).
- 3) Adding the annexation area to the City of Riverside changes the City boundaries, which requires figures throughout General Plan 2025 to be updated. If approved, these figures will be systematically revised to be concurrent with the effective date of the annexation

City of Riverside Zoning

The annexation application to LAFCO requires the City to pre-zone the 9.7-acre parcel for future development consideration. The areas of the annexation that are within the public right of way (Sycamore Canyon Boulevard and the centerline of Central Avenue) are not developable, and therefore do not require pre-zoning. Staff recommends that the developable 9.7-acre parcel be placed in the Commercial General (CG) zone, which is intended for service, commercial retail, office and repair uses (Exhibit 6). Because of the site's intersection and freeway adjacent location, and its current commercial zoning designation in the County, the City's Commercial General zone (CG) appears to be the most appropriate designation. Furthermore, the CG zoning is consistent with the existing General Plan 2025 land use designation of Commercial (C).

The remainder of the 16.6-acre annexation area under the ownership and responsibility of Caltrans is considered right-of-way. It is anticipated that Caltrans will dispose of the excess right-of-way in the future, although a timeframe has not yet identified. Of specific interest to the City is a +/- 2-acre triangularly shaped property on the east side of Sycamore Canyon Boulevard. Because their plans for disposition are unknown, staff will continue to recognize the property as right-of-way until which time Caltrans relinquishes the property.

PUBLIC NOTICES AND COMMENTS

Senate Bill 18 (SB 18) requires the City to consult with California Native American tribes when processing General Plan amendments. The intent of SB 18 is to provide California Native American tribes an opportunity to participate in local land use decisions at an early planning stage. This allows for the consideration of cultural places in the context of broad local land use policy, before individual site-specific, project-level land use decisions are made by a local jurisdiction.

Thirty-one local California Native American tribes were given notice and provided the opportunity to consult on this proposal. As of the writing of this report, 5 letters of response indicating "no comment" have been received, and one local Native American tribe, Pechanga – Temecula Band of Luiseño Mission Indians (Pechanga Tribe), has requested consultation. Staff will continue to coordinate with the Pechanga Tribe throughout the public hearing process to ensure their concerns are adequately addressed.

Pursuant to Section 19.670.040 (Notice of Hearing for Legislative Actions) of the Zoning Code, a notice of hearing was mailed to all property owners within 300 feet of the proposed annexation area.

EXHIBITS LIST

1. Staff Recommended Findings
2. Staff Recommended Conditions of Approval
3. Plan of Services – Annexation 118 (Central & Sycamore Canyon)
4. Annexation 118 Location Map and Proposed Boundary
5. Annexation 118 General Plan 2025 Land Use (Existing)
6. Annexation 118 Staff Recommended Zoning (Pre-Zoning)

Report Prepared by:
Report Reviewed by:
Report Approved by:

David Murray, Senior Planner
Jay Eastman, AICP, Principal Planner
Emilio Ramirez,
Interim Community & Economic
Development Director



City of Arts & Innovation

COMMUNITY DEVELOPMENT DEPARTMENT

Planning Division

EXHIBIT 1- STAFF RECOMMENDED FINDINGS

PLANNING CASES: **P14-0246** (Annexation)
 P14-1059 (General Plan Amendment)
 P14-0901 (Pre-Zoning)

STAFF RECOMMENDED FINDINGS

- a) The proposed annexation lies within the sphere of influence that has been designated by the City Council, Planning Commission and the Riverside County Local Agency Formation Commission as being potentially suitable for service by the City of Riverside through annexation.
- b) The proposed annexation would not adversely impact the City of Riverside by extending needed infrastructure and services. This annexation would also give the City control in approving development proposals and provide protection for the area through planning and zoning.
- c) The City of Riverside would provide a higher level of municipal services to the anticipated residents and/or users of the annexation area. Such services include fire, paramedic, law enforcement, code enforcement, local parks, and recreation programs.
- d) The staff recommended zoning of Commercial General (CG) will provide for the logical expansion of the City in a manner that is consistent with the long term planning for this area.
- e) The staff recommended zoning of Commercial General (CG) is generally consistent with the goals, policies, and objectives of the General Plan.
- f) The staff recommended zoning of Commercial General (CG) will not adversely affect surrounding properties.
- g) The staff recommended zoning of Commercial General (CG) promotes health, safety, and general welfare and serves the goals and purposes of the Zoning Code.



City of Arts & Innovation

COMMUNITY DEVELOPMENT DEPARTMENT Planning Division

EXHIBIT 2 - STAFF RECOMMENDED CONDITIONS OF APPROVAL

RECOMMENDED CONDITIONS & GENERAL INFORMATION NOTES

Case Number: **P14-0246** (Annexation)/**P14-0901** (Pre-Zoning)

CONDITIONS

Case Specific

- **Planning**

1. Prior to the scheduling of a City Council hearing, the applicant shall prepare a metes and bounds legal description of the annexation area per LAFCO standards for approval by the City of Riverside Public Works Department.

GENERAL INFORMATION NOTES

Appeal Information

- a. Actions by the City Planning Commission, including any environmental finding, may be appealed to the City Council within ten calendar days after the decision.
- b. Appeal filing and processing information may be obtained from the Community & Economic Development Department, Planning Division, Public Information Section, 3rd Floor, City Hall.

RECOMMENDED CONDITIONS & GENERAL INFORMATION NOTES

Case Number: **P14-1059** (General Plan Amendment)

CONDITIONS

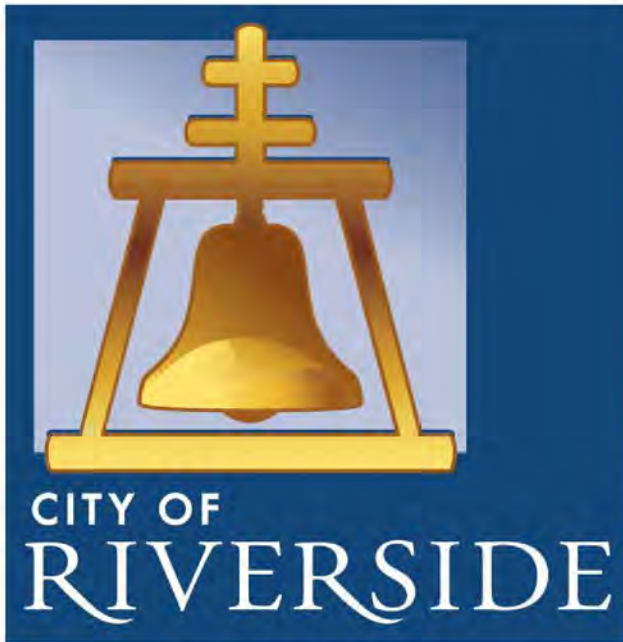
Case Specific

1. N/A

GENERAL INFORMATION NOTES

Appeal Information:

- a. Actions by the City Planning Commission, including any environmental finding, may be appealed to the City Council within ten calendar days after the decision.
- b. Appeal filing and processing information may be obtained from the Community & Economic Development Department, Planning Division, Public Information Section, 3rd Floor, City Hall.



Annexation Report and Plan of Service

Annexation 118 - Central & Sycamore Canyon

City of Riverside
Community and Economic
Development Department
Planning Division

May 2015

Plan of Service

Annexation 118 – Central Avenue & Sycamore Canyon Boulevard

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Annexation 118 Report and Plan of Service

1. INTRODUCTION

This Plan of Services describes government functions, services and revenues in order to facilitate discussion and decision-making by the City of Riverside, affected property owners, the Riverside County Local Agency Formation Commission (LAFCO), and other interested parties related to the proposed annexation of 16.6 acres to the City of Riverside. It has been prepared pursuant to Riverside County LAFCO policies regarding annexation proposals. Included in this report is a brief description of the area, City annexation policy, a comparison of the current level of services and facilities with those that would be provided should the area be annexed, and estimates of revenues as of April 2015.

The proposed annexation includes application for Pre-Zoning and environmental clearance in compliance with the California Environmental Quality Act (CEQA). No specific development proposal has been submitted for approval in conjunction with this annexation application.

The following services have been evaluated within this report:

- Animal Control Services
- Code Enforcement
- Electric Services
- Fire Services
- General Government Services
- Law Enforcement Services
- Library Services
- Open Space, Parks and Recreation
- Schools
- Solid Waste Collection
- Storm Water Services
- Streets
- Street Lights
- Water Services
- Wastewater/Sanitary Sewer Services

2. FINDINGS

There are a number of advantages associated with the proposed annexation and comparatively few disadvantages. In this particular case, the advantages outweigh the disadvantages as described in Section 5 of this report and summarized below:

Advantages

- The proposed annexation area lies within the City of Riverside Sphere of Influence as designated by the City of Riverside City Council and Planning Commission, and as accepted by the Riverside County Local Agency Formation Commission as being potentially suitable for service by the City of Riverside through annexation;

- Annexation would not adversely impact the City of Riverside by requiring the extension of infrastructure and services, since the site is located immediately adjacent to the City boundary.
- Because the annexation area abuts the City boundaries, the City of Riverside is already providing road maintenance and emergency services (through mutual aid agreements) to the project site without receiving property taxes to defray the cost of service. The proposed annexation would correct this condition.
- While the annexation may generate demand for services, the future commercial uses facilitated by the pre-zoning will generate very little, if any, demand for library, parks and recreation services while generating property and sales taxes for the City.
- Comparable commercial development of the site could occur under existing County land use designations. The annexation site would give the City control over the development and protection of the area through planning and zoning.

Disadvantages

- The City of Riverside will become responsible for providing all municipal services to the project site.

3. DESCRIPTION

Strata Crest LLC, has requested that the City of Riverside annex a vacant parcel located on the northwest corner of Central Avenue and Sycamore Canyon Boulevard as well as a trapezoidal piece of land located between Sycamore Canyon Boulevard, Interstate 215/State Route 60 (I-215/SR60) and Central Avenue. The project would also result in detachment from the County of Riverside.

The site is an undeveloped vacant parcel sloping to the southwest. The site is located on the USGS Riverside East, California quadrangle. It consists of 16.6 acres of which 9.7 acres are designated Assessor's Parcel Number (APN): 256-050-012. The balance of the area is within ownership of public agencies. The site is bounded by the Riverside City Limits to the north and east and is located west of Sycamore Canyon Boulevard, and north of Central Avenue. The proposed annexation boundary will allow the City of Riverside to assume maintenance responsibility of Sycamore Canyon Boulevard north of the intersection at Central Avenue thereby reducing the ambiguity of the current City boundary lines (Figure 1).

Table 1.0 – Demographic Information

| | County | City |
|---|---------------|------------|
| Population (2013) ¹ | 2,292,507 | 316,619 |
| Area (square miles) (2010) ² | 7,207 sq. mi. | 81 sq. mi. |
| Area (Acres) | 4,612,480 | 51,929 |
| Proposed Change (Acres) | (16.6) | 16.6 |
| % Change | 0.0004% | 0.03% |

4. GOVERNANCE AND LAND USE

LAFCO

LAFCO is empowered by State law to review, approve or deny boundary changes, city annexations, consolidations, special district formations, incorporations for cities and special districts and to establish local "spheres of influence". Prior to accepting an application for annexation, LAFCO requires pre-zoning by the affected agency and an environmental review.

Further, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires that the City submit to LAFCO a plan for providing services to the annexation area. This report will satisfy that requirement.

As identified in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, if an area contains fewer than 12 registered voters, the area is defined as uninhabited. A review of the precinct data reveals that there are three property owners (Strata Crest LLC, the City of Riverside, and Caltrans) and no registered voters within the annexation area, therefore the proposed annexation area is uninhabited.

Initial public hearings on an annexation proposal are held by LAFCO where the matter is approved, denied, or modified. After reviewing the annexation application, LAFCO may determine if the annexation process should continue, LAFCO will be designated the conducting authority. According to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 for uninhabited territory, if written protests are filed and not withdrawn by owners of land who own less than 50 percent of the total assessed value of land within the affected territory, then the annexation question will be called by LAFCO to be decided at a protest hearing. A protest by property owners whose holdings constitute 50 percent or more of the assessed value of the land and improvements in the annexation area would terminate annexation hearings.

If the annexation passes, a City of Riverside resolution accepting the annexation and an ordinance will be required to finalize the process.

¹ U.S. Census, State and County QuickFacts

² U.S. Census, State and County QuickFacts

Annexation Fees

The City of Riverside has no annexation fees in conjunction with annexations. There is a LAFCO processing fee of \$5,750 and the State Board of Equalization annexation-processing fee is \$800. These fees are to be paid by the applicant, Strata Crest LLC, along with any other fees determined to be necessary in order to complete the annexation.

Sphere of Influence and Pre-Zoning

The proposed annexation lies in an area identified for possible annexation in the City of Riverside's Sphere of Influence as adopted by the Riverside County Local Agency Formation Commission (LAFCO) and reaffirmed as part of the Municipal Service Review conducted in 2005 and updated in conjunction with a 2007 Sphere of Influence (SOI) review (LAFCO case #2005-17-1).

Riverside's Municipal Code and LAFCO's policies call for "pre-zoning" areas before annexation. This alerts property owners and other concerned parties to the planned future City zoning prior to finalization of any proposed annexation. Discussion of proposed zoning is included below.

COUNTY

County General Plan

The land use in the annexation area is subject to the policies outlined in the Riverside County Comprehensive General Plan. The 2003 Riverside County General Plan land use designation within the annexation area is shown on Figure 2 and summarized in Table 2.0 below.

Table 2.0 – Riverside County General Plan Land Use Designation

| Foundation Component | Land Use Designation | Building Intensity Range | Comments |
|-----------------------|------------------------|--------------------------|--|
| Community Development | Commercial Retail (CR) | 0.20-0.35 FAR | Local and regional serving retail and service uses. The amount of land designated for Commercial Retail exceeds the amount anticipated to be necessary to serve the County's population at build out. Once build out of CR reached the 40% level within the Area Plan, additional studies will be required before CR development beyond the 40% will be permitted. |

County Zoning

The existing County zoning for the annexation area is Scenic Highway Commercial (C-P-S) (Figure 3). This classification allows specific wholesale and retail commercial uses with approved Plot Plan pursuant to Section 9.5 and limited commercial uses with approved Conditional Use Permit.

CITY

City General Plan

The City of Riverside General Plan 2025 establishes a Commercial (C) land use designation for the annexation area as shown in Figure 4 and summarized in Table 3.0 below.

Table 3.0 – City of Riverside General Plan Land Use Designation

| Foundation Component | Land Use Designation | Maximum Building Intensity | Comments |
|----------------------|----------------------|----------------------------|---|
| Land Use Element | Commercial (C) | 0.5 FAR | Retail shops, services and other similar commercial development |

City Zoning

The annexation area is located within the City's adopted Sphere of Influence. The annexation application to LAFCO requires the City to apply pre-zoning to parcel(s) for consideration. It is staff's recommendation to pre-zone the proposed annexation area for consistency with the General Plan designation (Figure 5) by assigning the Commercial General (CG) zoning designation to the 9.7-acre privately owned parcel within the annexation area.

Commercial General Zone (CG)

The Commercial General Zone (CG) is intended to allow for more intense service commercial retail, office, and repair uses. The CG Zone allows for some outdoor retail uses.

Because of the site location, the Commercial General Zone (CG) appears to be the most appropriate pre-zoning designation for this site. The following analysis assumes that future development and operation of the project site would be compatible with the land uses permitted under the CG Zoning designation.

MISCELLANEOUS DISTRICTS

Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP)

The annexation includes several areas identified as sensitive wildlife habitat and linkages that are protected under the Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP). The MSHCP is a multi-jurisdictional effort that provides a regional conservation solution for species and their habitats, and addresses biological diversity within pre-determined areas known as criteria cells. Both the County and the City are committed to maintain consistency with the MSHCP. The site falls within criteria Cell 721 of the MSHCP. The parcel is privately owned and is subject to a

HANS (Habitat Evaluation and Acquisition Negotiation Strategy) and land conservation prior to the future development based on subunit criteria of the MSHCP.

5. SERVICES AND FACILITIES

The Local Agency Formation Commission (LAFCO) is responsible for determining that that an agency is reasonably capable of providing needed resources and basic infrastructure to serve areas within the proposed annexation area. Table 4.0 illustrates the existing and proposed service providers for the annexation area and the location of nearest City service provider.

Table 4.0 – Service Providers

| Service | Existing Service Provider | Future Service Provider | Location of Nearest City Service Provider |
|------------------------------------|--|--|--|
| Animal Control Services | Riverside County | Riverside County | 6851 Van Buren Blvd, Riverside, CA 92509 |
| Code Enforcement | Riverside County | City of Riverside | 3900 Main Street, 3rd Floor, Riverside, CA 92501 |
| Electric Services | Southern California Edison | Riverside Public Utilities | 3460 Orange Street, Riverside, CA 92522 |
| Fire Protection | California Department of Forestry | City of Riverside Fire Department | Station 14 - 725 Central Ave, Riverside, CA 92507 |
| Flood Control- Local | Riverside County Flood Control & Water Conservation District | City of Riverside | |
| Flood Control- Regional | Riverside County Flood Control & Water Conservation District | Riverside County Flood Control & Water Conservation District | 1995 Market Street, Riverside, CA 92501 |
| General Government Services | Riverside County | City of Riverside | 3900 Main Street, Riverside, CA 92522 |
| Law Enforcement | Riverside County Sheriffs Department | City of Riverside Police Department | 4102 Orange Street, Riverside, CA 92501 |
| Library | Riverside County Library System | City of Riverside | 4033-C Chicago Ave, Riverside, CA 92501 |
| Parks and Recreation | Riverside County | City of Riverside | Sycamore Canyon Wilderness Park - 400 Central Ave, Riverside, CA 92507 |
| Solid Waste | Riverside County (Contract) | City of Riverside Contracts with Athens, Burtec or CR&R | 3900 Main Street, Riverside, CA 92522 |
| Streets (Public Works) | Riverside County | City of Riverside | 3900 Main Street, 44 th Floor, Riverside, CA 92522 |
| Street Lights | Riverside County | City of Riverside | 3900 Main Street, 44 th Floor, Riverside, CA 92522 |

| Service | Existing Service Provider | Future Service Provider | Location of Nearest City Service Provider |
|---------------------------|----------------------------|----------------------------|---|
| Transit | Riverside Transit Agency | Riverside Transit Agency | Bus Route 16 at 375 Quail View Apartments- Central Ave, Riverside, CA |
| Water | Riverside Public Utilities | Riverside Public Utilities | 3460 Orange Street, Riverside, CA 92501 |
| Wastewater/Sanitary Sewer | N/A | City of Riverside | 3900 Main Street, Riverside, CA 92522 |

Animal Control Services

The Riverside County Department of Animal Services currently provides animal control services to the proposed annexation site. Upon annexation, animal control services would be administered through the County Public Works Department in conjunction with the Riverside County Department of Animal Services with the nearest facility located at 6851 Van Buren Blvd in Riverside. Residents will be required to adhere to Title 8-Animals of the Riverside Municipal Code upon annexation. The annexation would not alter the existing animal control services to the site.

Code Enforcement

Code Enforcement services are affected as the City boundaries are expanded through annexation. The immediate affect of the proposed annexation upon these services will be minimal. The costs to provide these services are funded through General Fund sources. Revenues expected from the properties within the proposed annexation area should offset the impact on the General Fund. Because the proposed annexation would result in an increase of 0.03% in City land area, it is not expected that the annexation area to place an undue burden on code enforcement services

Electric Services

Southern California Edison is the current provider of electric service for the annexation area. However, the site is vacant so there is no service to the site. Upon annexation, Riverside Public Utilities (RPU) will take responsibility for serving new construction that occurs on the land. It is expected that rates and charges will adequately cover the incremental increase in service costs to the RPU.

Fire Protection

Fire protection services are currently provided by the Riverside County Fire Department under contract with the California Department of Forestry. Local service response is currently delivered from the Towngate Fire Station (County Station 6), located at 22250 Eucalyptus Avenue in Moreno Valley, which is approximately 3 miles southeast of the annexation area. Current response time is estimated to be approximately two minutes per mile. County Station 6 houses two four-person and paramedic personnel.

The County also maintains a mutual aid agreement with the City of Riverside. Under this agreement, the City and County share responsibility for responding to calls for emergency services.

Upon annexation, fire protection to this proposed annexation area would be served by the City's Canyon Crest Fire Station (Station 14) located at 725 Central Avenue, approximately one mile from the annexation boundary. Furthermore, Sycamore Canyon Fire Station (Station 13), located at 6490 Sycamore Canyon Boulevard is approximately two miles away (see Figure 7). Given these fire station locations, response times will meet the City's response time standard of five minutes to the proposed annexation area. This annexation, in and of itself, does not constitute a need for additional service personnel, but incrementally, further justifies the value of the two new fire stations to provide Life and Fire Safety response, Fire Prevention Inspections, and Advanced Life Safety services for the general area.

The City of Riverside has a dedicated Public-Safety Communications Center located at 4102 Orange Street. Public Safety Dispatchers are responsible for receiving, prioritizing and sending appropriate assistance to citizens of the City of Riverside and are trained to handle a variety of police, fire and medical emergencies.

The 2014-2015 budget for the City of Riverside Fire Department is approximately \$42.9 million and includes approximately 255 uniformed personnel as well as civilian support staff. The Fire Department is divided into the following three functions:

- 1) Administration, which includes the Prevention and Special Services Divisions;
- 2) Operations, which includes the Training Division; and
- 3) Urban Search & Rescue. Major facilities include 14 fire stations strategically placed throughout the City and a fire-training tower used in the advanced training of the City's employees. The Citywide Emergency Operations Center is located at the training facility and is operated and maintained by the Fire Department.

Special programs within the Fire Department include the Arson Investigation Team; F.R.I.E.N.D.S., a juvenile arson intervention program; Advanced Life Support provided by the Paramedic Program; Emergency Services; Hazardous Materials Team; and the Certified Unified Program Agency (CUPA) program to regulate hazardous materials in cooperation with the County of Riverside. The Fire Department responds to more than 28,000 calls for service annually. The Operations Division staffs and maintains a Federal Urban Search and Rescue (USAR) Team (California Task Force-6) that provides highly trained rescue personnel and equipment to disaster incidents anywhere in the nation. This is one of eight specialized rescue teams strategically located throughout California.

The Fire Department also stores and operates two State of California Office of Emergency Services fire units (one structure unit and one wildland unit), which are deployed to assist other communities requesting aid.

Because the City currently responds to emergencies in the proposed annexation area through mutual aid, the proposed annexation would not substantially alter the demand for fire services and would create revenue sources to defray City service costs.

General Government Services

The annexation area is currently served by the County of Riverside operating out of the Riverside County Administrative Center located at 4080 Lemon Street in the City of Riverside. The Transportation and Land Management Agency (TLMA) is responsible for the majority of development related functions with Environmental Health, Riverside County Flood Control & Water Conservation District, and Fire providing additional assistance.

Upon annexation, property owners will process development-related projects through the City of Riverside Planning Division and Building and Safety Division under the administration of the Community and Economic Development Department. These divisions operate on the third floor of Riverside City Hall located at 3900 Main Street in Riverside.

Because the proposed annexation would result in an increase of 0.03% in City land area, we do not expect the annexation area to place an undue burden on general government services.

Law Enforcement

The Riverside County Sheriffs Department, operates from the City of Moreno Valley Police Station, located at 22850 Calle San Juan De Los Lagos in Moreno Valley, provides law enforcement service to this unincorporated area. Funding for these services typically comes from property tax revenue. The station is located approximately five miles away from the annexation site.

The County also maintains a mutual aid agreement with the City of Riverside. Under this agreement, the City and County share responsibility for responding to calls for emergency services.

Upon annexation, police protection to this proposed annexation area would be placed within the East Neighborhood Policing Center and served by the City's Police Department located at 4102 Orange Street in Riverside (see Figure 8). The station is located approximately six miles away from the annexation site. The 2014-2015 budget for the City of Riverside Police Department is approximately \$88.4 million and includes approximately 554 uniformed personnel as well as civilian support staff.

The Office of the Chief of Police includes department administration, which provides policy development and leadership direction. The Chief's Office also includes the Intelligence Unit, which gathers and disseminates criminal intelligence information, and the Community Services Bureau.

The Community Services Bureau was established to strengthen the relationship between the community and the Police Department by providing a proactive and innovative approach to problem solving, personal safety, and crime prevention. Programs included are Citizen's Academy, Crime Free Multi-Housing, Police Explorer Post 714, Neighborhood and Business Watch, Opportunity with Education (OWE), Teen 2 Teen, Traffic Education, the Volunteer Unit, the Police Activities League, and Youth Court.

The Public Safety Communications Center is the primary answering point for all 9-1-1 emergency calls for the City of Riverside. Communications personnel are responsible for answering emergency and non-emergency calls and dispatching resources for Police, Fire, and Emergency Medical Services. Additional services include maintenance and administration of all radio system's infrastructure, emergency telephone communications, and FCC radio licenses.

Because the City currently responds to emergencies in the proposed annexation area through mutual aid, the proposed annexation would not substantially alter the demand for police services and would create revenue sources to defray City service costs.

Library Services

The County of Riverside provides library facilities located at the Highgrove Branch 530 W. Center Street), which is seven miles away. This is a full service library. Other nearby locations include, but are not limited to, the Rubidoux Library (six miles away), or the Woodcrest Library (eleven miles away).

The City of Riverside Library Department, has charter responsibility for providing library services to City residents, boasts over 391,000 volumes in eight library branches totaling over 130,000 square feet. The City General Plan 2025 calls for convenient library service within a three-mile travel distance. The Eastside Library is three miles away and features over 23,000 volumes in a 10,800 square-foot facility. The City Main Library on Mission Inn Avenue is five miles away from the annexation area and houses over 184,000 volumes in a 60,000 square-foot facility.

The future commercial land uses facilitated by the proposed CG zoning are not likely to generate much, if any, demand for library services.

Open Space, Parks, and Recreation

There are currently no County-operated developed local parks that serve the annexation area. The nearest County-operated and maintained, developed park facility addressed in the County of Riverside General Plan is the Norton Younglove Community Center located behind the Highgrove Fire Station at 459 Center Street in Highgrove, approximately five miles north of the annexation area.

Upon annexation, the City of Riverside Parks, Recreation, and Community Services Department would assume provision of park and recreation services. There are two active City parks near the annexation area. Sycamore Canyon Wilderness Park, a 1,550-acre, regional open space and nature park with an extensive trail system, located along the west boundary line of the annexation area. Moreover, Sycamore Highlands Park, a 10.46-acre neighborhood park located at 5777 Fair Isle Drive is approximately one mile to the south. It includes playground, picnic tables, covered picnic area, barbeques, ball field, butterfly garden and water spray feature. Figure 9 illustrates the location of these park and open space facilities in relation to the annexation area.

The future commercial land uses facilitated by the proposed CG zoning are not likely to generate much, if any, demand for parks and recreation services.

Schools

The site is currently within the boundaries of the Moreno Valley Unified School District (see Figure 10). The serving schools will be the following:

- Seneca Elementary School located at 11615 Wordworth Road, Moreno Valley;
- Vista Heights Middle School located at 23049 Old Lake Drive, Moreno Valley; and
- Canyon Springs High School located at 23100 Cougar Canyon Drive, Moreno Valley.

No school district boundary changes are proposed as part of this annexation, and future commercial land uses facilitated by the proposed CG zoning are not likely to generate much, if any, demand for school services.

Solid Waste Collection

Although there is no current solid waste collection for the annexation area, the nearest landfill available is the Badlands Sanitary Landfill located at 31125 Ironwood Avenue in Moreno Valley.

Following annexation, and upon development of the site, a private company under contract with the City, Athens Services, Burrtec Waste Industries, or CR&R Waste and

Recycling Services will perform solid waste collection. The cost for collection services will be recovered through user fees with no impact on the City's General Fund.

It is expected that rates and charges will adequately cover the incremental increase in service costs for waste collection.

Storm Water Services

The proposed annexation is not included within any Riverside County Flood Control and Water Conservation District's Master Drainage Plan areas. A series of inlets along Central Avenue collect surface flows from the street and convey it through existing drainage courses to a Riverside County Flood Control District detention basin.

New development within the annexation area will be required to meet on-site best management practices for storm water management and non-point source pollution prevention. Local storm drains may be necessary within the proposed annexation area to safely convey storm flows. Capital costs for any necessary local storm drains will be the responsibility of the property owner(s). Operation and maintenance costs for the facilities will be the responsibility of the City, funded through General Fund sources. The impact on the General Fund for these maintenance costs should be minimal, and be offset by expected revenues from the properties within the annexation area.

Because the proposed annexation would result in an increase of 0.03% in City land area, it is not expected that the annexation will place an undue burden on storm water services.

Streets

The annexation area abuts, and has convenient access to Sycamore Canyon Boulevard and Central Avenue. The Master Plan of Roadways within the General Plan 2025 shows two roadways adjacent to the project area.

1. Central Avenue, a 110-foot four lane arterial; and
2. Sycamore Canyon Boulevard, a 66-foot two-lane collector.

Both of these roads are currently developed and no new road construction would be needed to serve the annexation area.

Street Lights

There are currently limited streetlights on the roadways within the annexation area. Annexation of this area would result in property owners being placed into the City of Riverside Street Lighting Assessment District. The responsibility of providing additional new streetlights, if necessary, would be the responsibility of new development, subject

to Riverside Public Utilities standards, at no cost to the City. The cost to power the streetlights will be assumed by the Riverside Street lighting Assessment District.

Water Services

The proposed annexation area is within the retail service boundary of the City of Riverside Public Utilities (see Figure 11). Riverside is prepared to provide water service to this currently vacant land. If the annexation takes place, the properties would be subject to the 6.5% Utility User Tax.

Wastewater/Sanitary Sewer Services

The County currently provides no sanitary sewer service within the annexation area, nor are there any existing sewer lines within the proposed annexation area.

An existing City trunk sewer is located along Central Avenue. In order to serve the annexation area, the construction of new sewer lines from the existing trunk sewer in Central Avenue may be required. Costs associated with the construction of this new line will be the responsibility of the property owner(s) within the annexation area. Maintenance of these facilities will be the responsibility of the City and paid through a monthly user fee with no impact to the General Fund.

6. REVENUE CONSIDERATIONS

Following annexation to the City, the annexation area would begin contributing tax revenue to the City in the form of property and parcel taxes, special assessments, licenses, and fees. Once the site develops, the City would realize additional tax revenue in the form of increased property tax and possibly retail sales tax. The following analysis describes the taxing framework and typical revenue sources to the City.

The proposed commercial land use designation could accommodate a variety of commercial activity. The General Plan land use designation would allow an FAR of up to 50% of the lot area, or up to 212,790 square feet of retail, lodging and/or office uses.

Property Tax: According to the County of Riverside Assessor's records, the largest parcel within the annexation area contains approximately 9.77 acres, is valued at \$2,099,810 and is subject to property taxes equaling 1% of the assessed value (\$20,998 a year). Table 5.0 indicates how that property tax is currently apportioned between the County and the City.

Table 5.0: Property Tax Allocation (Existing Pre-Development Conditions)

| TRA 080-034 | Pre-Annexation | | | |
|-------------------------|----------------|------------|----------------|--------------|
| | County Share | City Share | County Revenue | City Revenue |
| Property Value | \$2,099,810 | | | |
| Property Tax | \$20,998 | | | |
| Property Tax Allocation | 17.83% | 0% | \$3,743 | \$0.00 |
| Library | 1.82% | 0% | \$382 | \$0.00 |
| Fire | 7.44% | 0% | \$1,562 | \$0.00 |
| Total | 26.60% | 0.00% | \$5,687 | \$0.00 |

Other land within the annexation area is owned by government entities and is tax exempt. At present, approximately 27% of the property tax (\$5,687 a year) is paid to the County to defray cost of services. The City of Riverside currently receives no property tax from the annexation area.

Prior to annexation, the City and County of Riverside will negotiate to determine the portion of the property tax the City will receive. Assuming the apportionment will be consistent with the existing Master Agreement with the County Auditor, approximately 13% of the property taxes generated for the annexation area (\$2,879 a year) will be paid to the City.

When annexed to the City, the property taxes would be re-allocated as shown in Table 6.0. The City will realize a \$2,879 increase in property tax revenue from annexation of the property.

Table 6.0: Property Tax Allocation (Post Annexation Pre-Development Conditions)

| TRA 080-034 | Post Annexation | | | |
|-------------------------|-----------------|------------|----------------|--------------|
| | County Share | City Share | County Revenue | City Revenue |
| Property Value | \$2,099,810 | | | |
| Property Tax | \$20,998 | | | |
| Property Tax Allocation | 13.37% | 4.46% | \$2,807 | \$936 |
| Library | 0.00% | 1.82% | \$0 | \$382 |
| Fire | 0.00% | 7.44% | \$0 | \$1,562 |
| Total | 13.37% | 13.72% | \$2,807 | \$2,879 |

With development at the site, property values will increase and the project site would be assessed at a higher rate, which would generate more taxes in addition to. Based on experience with commercial development, the assessed property value for this site, and related property tax, could increase four or five times over current assessed property

value following development. This additional revenue to the City can assist in funding services to the property.

Sales Tax: Retail uses are common on properties that have convenient highway access. The project site is located adjacent to I-215/SR60 off Central Avenue, which could attract retail business. Table 7.0 below identifies different retail business types and indicates how much sales per square-foot each business generates, according to *bizstats.com* (an on-line business industry performance tracking service). Neighborhood Shopping Centers are typically less than 100,000 square feet. Community Shopping Centers range from 100,000 to 300,000 square feet. Given the size of the annexation area, retail activity will most likely mimic a Neighborhood Shopping Center.

Table 7.0- Sales per Square-Foot

| Type of Business | Neighborhood Shopping Center | Community Shopping Center |
|---------------------|------------------------------|---------------------------|
| General Merchandise | \$ 100.00 | \$ 133.00 |
| Food Service | \$ 183.00 | \$ 229.00 |
| Other Retail | \$ 143.00 | \$ 172.00 |

The sales tax rate in Riverside County is 8% of sales, of which 1% is paid to the City.

Utility Users Tax (UUT): The City's UUT is assessed at a rate of 6.5% of cable television, electric, natural gas, refuse, sewer, telephone and water services used. Though this tax is used to defray the cost of utility services, it also contributes almost 16% of the General Fund. Because it is based on level of use, it is difficult to estimate the amount of UUT future commercial development facilitated by the annexation would generate.

Fire Bond Special Tax: The City issued the Fire Tax Bond (a General Obligation Bond) that levies taxes at a rate of between \$9 and \$12 per \$100,000 of assessed valuation. The levy will run through FY 2023/24. At the current assessed value, the project would pay between \$189 and \$252 each year until the debt is retired. Commercial development facilitated by the annexation would increase revenue commensurate with the increase in property value.

Business License/Tax: All businesses operating in the City are required to pay an annual business tax that varies based on number of employees or sales volume. Depending on the type of business, the cost of a license varies. Because the rates don't tend to be high, and because there are relatively few businesses that are expected to be associated with the annexation area, this is viewed as a minor source of revenue and not estimated in this report.

Franchise Fees: In compliance with the Municipal Code, cable, trash, and natural gas services providers pay a portion of their revenue as a franchise fee. Because these services presently exist within the annexation area, we conservatively assume that the City of Riverside will receive limited revenue from Franchise Fees.

Motor Vehicle License Fees/Property Tax Backfill: Because future commercial development facilitated by the annexation will not increase the number of permanent residents, it is not expected to generate vehicle license fees for the city.

Other Fees: Street Light Assessment District (SLAD) and Transportation Revenues are based on residential development, and will have no bearing on the proposed annexation.

Summary: The cost of infrastructure serving the annexation area would be paid by the developers. Property taxes will increase as the result of annexation and subsequent development of the site. Due to the relatively small size of the annexation area and the fact that future commercial development facilitated by the annexation will result in limited demand for parks and recreation, library and school services, the anticipated costs of provided services should be offset by revenues generated by property taxes, fee charges, utility tax revenue, and possibly increased sales tax.

7. CONCLUSION

Based on the information within this report, the City of Riverside could provide an equal or higher level of service to this annexation area without the need to expand existing facilities or change current operations. Revenue to the City would be generated from fee charges to development within the annexation area as well as property, sales, and utility, tax revenue, offsetting the cost of providing services. Infrastructure costs to serve new development would be paid by the developer(s) of the annexation area.

Upon annexation, the City will begin to collect a share of the property tax revenue paid to the County Assessor. Due to the small size of the annexation area, the anticipated cost of providing City services to this area is not significant and is expected to be offset by the anticipated revenues in the long-term.

This annexation will result in a logical extension of the City boundaries and the municipal services provided by the City. The staff recommended Commercial General (CG) zoning designation will provide for the logical expansion of the City in a manner that is consistent with the General Plan 2025.

Approved by:

John Russo
City Manager

Date