

**LAFCO**

**Meeting Date:** 05/26/2022

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**Information**

**SUBJECT**

Consider approving **Resolution 2022-03** adopting findings as a responsible agency for the subsequent environmental Impact report addendum and statement of overriding considerations pursuant to CEQA (California Environmental Quality Act) Guidelines Section 15096 and adopting **Resolution 2022-04** to amend the City of Davis Sphere of Influence (SOI) for the Davis Innovation and Sustainability Campus (DiSC 2022) Project (LAFCo No. 22-02)

**RECOMMENDED ACTION**

1. Receive staff presentation and hold a public hearing to receive public comments on this item.
2. Consider approval of Resolution 2022-03 adopting findings as a Responsible Agency for the the Subsequent Environmental Impact Report and Addendum (EIR) for the DiSC 2022 Project and Statement of Overriding Considerations (Att. A).
3. Consider adoption of Resolution 2022-04 approving the City of Davis SOI Amendment for 118.5 acres comprised of the DiSC 2022 Project and the Mace Triangle (Att. B).

**FISCAL IMPACT**

No fiscal impact. The Project applicant submitted an application deposit and will reimburse LAFCo for all processing costs.

**REASONS FOR RECOMMENDED ACTION**

On February 1, 2022, the City of Davis approved placing the DiSC 2022 Project on the ballot for the June 7, 2022 election to allow the voters to consider the General Plan Amendment and the Baseline Project Features for the Project. LAFCo is responsible for developing the City's Sphere of Influence (SOI), which is "a plan for the probable physical boundaries and service area of a local agency, as determined by the commission." (Government Code §56076.) LAFCo requested the SOI Amendment application for consideration before the election, rather than after, because an unincorporated area cannot be annexed into a city unless that area is within its SOI and considering the SOI amendment before annexation follows good planning principles. Approval of the SOI Amendment would lay the groundwork for a potential future annexation and conversion of Prime Farmland to urban uses for the northern 102 acres of the Project. Annexation would be considered as a subsequent application to LAFCo if the City of Davis Measure H is approved by the voters at the June 7, 2022 primary election, which is required because Davis's Measure J requires voter approval for any change in the General Plan land use designation from agricultural or open space to non-agricultural/open space. But it is important to underscore that, if the SOI Amendment is approved but the voters reject the project, the area would remain in the City's SOI. Therefore, the decision before LAFCo is not necessarily weighing solely the merits of the DiSC 2022 project but a decision on how best to manage orderly development and balancing that development with potentially competing interests of discouraging urban sprawl, preserving prime agricultural lands, and efficiently extending government services.

Staff recommends the SOI Amendment request is an appropriate expansion of the City's future boundary. It would result in orderly development and an efficient extension of City services. There are competing interests regarding the protection of prime agricultural land because approval would result in the loss of 102 acres of Prime Farmland. However, with the Mace Boulevard interchange there will be

ongoing development pressure at this location and urbanization would be appropriate to take advantage of this freeway access and visibility. The City of Davis has not grown significantly in the last 20 years, and growth at the SOI Amendment area would be relatively controlled because the site is surrounded to the north and east by land in dedicated conservation easements (excepting the 85 acre parcel to the immediate north that was part of the original DISC project).

Ordinarily, a city's SOI is amended in coordination with General Plan updates as part of the city's long-term planning process, or in conjunction with LAFCo's municipal service reviews, typically conducted every five years. The City of Davis has not completed a comprehensive General Plan Update since 2001 and LAFCo last updated the City's SOI in 2008. Ideally, LAFCo would not approve SOI Amendments in reaction to developer application requests and instead work with the cities on comprehensive updates, although there is no legal prohibition for LAFCo considering an SOI amendment for a specific project. However in this case, the Project was originally solicited by the City for an innovation park use which would benefit from freeway access/transportation hubs not available in existing SOI land in other areas. The City solicited requests for locations to site an innovation park in 2014 and four were submitted. The other three sites are either not available or no longer available for consideration (Nishi, Bretton Woods Active Adult Community, and the PG&E Corporation Yard). The other undeveloped areas within the SOI are not conducive to the innovation park use and do not have the location, access, and visibility that this location does with the I-80 interchange. Therefore, staff recommends that it is appropriate to consider the SOI Amendment now rather than waiting for the General Plan update process to conclude.

## **BACKGROUND**

### **Application Description**

This application is a request to amend the City of Davis' Sphere of Influence ("SOI") to include the properties at APNs 033-630-006, -009, -011, -012 (the Area). This request is solely for a SOI Amendment and does not include the final annexation, which would come before LAFCo if the voters approve the project at the June 7 election.

The Area to be added to the SOI is located to the north and east of the City of Davis and borders the City on two sides. The Area is approximately 118.5 acres in size. The northern 102 acres represent the project site for the proposed DiSC 2022 project ("Project"), while the southern 16.5 acres encompasses the "Mace Triangle," which is included in this request in order to avoid the creation of an island of unincorporated land. The northern 102 acres is currently agricultural land and the southern 16.5 acre "Mace Triangle" includes Ikeda's Market, the City's water tank and a park-and-ride lot. Surrounding land uses include the Mace Drainage Channel and agricultural land beyond that to the north, I-80 to the south, agricultural land to the east and developed urban uses within the City to the west.

### **LAFCo Considerations**

LAFCo policies indicate a strong preference for developing vacant land already within the City's existing SOI first and steering growth towards non-Prime Farmland. Protecting agricultural land and open space, and discouraging urban sprawl are among the core of LAFCo's state-mandated mission. LAFCo can consider a future annexation which will result in the conversion of prime agricultural land only if the Commission finds that the proposal will lead to planned, orderly, and efficient development. The Commission would also need to find that other existing land within the sphere of influence is not available and/or suitable to accommodate this type of innovation park use.

### **Written Statement Required by Government Code Section 56425(e)**

In accordance with Government Code Section 56425(e), in determining the SOI of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to each of the following:

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

Yolo LAFCo's Project Policies elaborate on these state mandated factors with the following additional standards:

### 6.3 Determining the Sphere of Influence

In determining the SOI of each local agency, LAFCo will consider and prepare a written statement of its determinations required under Government Code §56425. LAFCo will consider the following criteria when studying and determining the SOI for the cities and special districts within the County of Yolo:

- a. Retention and strengthening of community identities, as well as increasing efficiency and conserving resources, by providing essential services within a framework of controlled growth;
- b. Identification of the county's prime agricultural land and protection of this land through all available devices, such as including controlling the provision of services, requiring infill development first, and preferring non-prime land for growth. Other open-space resources such as stream banks, flood plains, and present and future recreation areas should also be protected for public benefit;
- c. Creation of realistic and controlled, yet flexible, planning areas into which anticipated services can be expanded as growth requires and as the communities' resources provide;
- d. Provision of infrastructure systems such as streets, sewers, water, open space for parks and recreation as a product of growth, rather than growth inducing;
- e. Encouragement of city annexation or incorporation as a means of supplying the full range of urban services as required; and
- f. Evaluation of the availability and need for basic services in each community and forecast these to meet anticipated population growth, and recommend creation, expansion, consolidation and/or reorganization of districts when need for such change is indicated.

### SOI Amendment Determinations

#### ***The present and planned land uses in the area, including agricultural and open space lands***

The Area is surrounded to the west and south by urban land uses within City limits. Land to the north and east are zoned and currently used for agricultural production. The land to the east is under a conservation easement, and therefore will remain in agricultural use. The land to the north is also under a conservation easement, except for the 85 acre parcel that was part of the original DISC Project that was denied by the voters in 2020 and that has been removed from the Project. Considering the I-80 interchange, it is probable that development pressure will continue on the subject property but additional growth inducing impacts are limited due to the existence of surrounding conservation easements. LAFCo policies indicate a strong preference for developing vacant land already within the City's SOI first and steering growth towards non-Prime Farmland. The EIR determined the Project would not be growth inducing, but it would still result in the significant loss of 102 acres of Prime Farmland. The Mitigation and Monitoring Program requires conservation easements to be provided at a 2:1 ratio, but it would not make up for this loss and remains a significant and unavoidable impact.

#### ***The present and probable need for public facilities and services in the area***

The subject property is partially developed already with Ikeda's Market, City water tank, and a Park and Ride lot. The City provides public facilities and services in this area, which would be extended to the Area by the DiSC 2022 Project.

#### ***The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide***

The capacity of public facilities and adequacy of public services to provide for future urbanization of this property has been thoroughly analyzed by the City's CEQA documentation for the original DISC and DiSC 2022 Project. The EIR has determined the City has capacity of its public facilities (i.e. police, fire, water and sewer, parks, roads, etc.) to serve the Project.

***The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency***

The subject property is vacant and does not include any communities of interest.

***For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence***

Analysis provided by the California Association of LAFcos indicates that UC Davis is a disadvantaged unincorporated community (DUC) as defined by statute, based on the presence of students who likely have a low income. Although the Davis Creek Mobile Home Park was not highlighted as a DUC possibly due to census block boundaries, it might be. Regardless, both of these areas within the City's SOI already receive municipal sewer, water and fire protection services and, therefore, there is no need to expand those boundaries, public facilities and services to the DUCs in the SOI.

6.5 Sphere of Influence Analysis for Cities and Municipal-Like Special Districts

Yolo LAFCo's policies provide guidance to LAFCo staff regarding the information needed to analyze and establish SOIs. The policy is intended for a comprehensive SOI update that would happen in conjunction with a municipal service review and many of the considerations are not as relevant for a project-specific SOI Amendment. Notwithstanding, the policy is listed below with staff discussion for each item.

The information needed to establish the boundaries for SOIs for cities and municipal-like districts is as follows:

- a. Land Demand for Growth - The data necessary to establish the amount of land (beyond existing boundaries) needed to accommodate the growth projected. While this will furnish the net bulk requirement, additional studies, such as histories of subdivisions, developments, and annexations, and the location and importance of existing open space and agricultural lands, will be needed to indicate the probable location and direction of growth. Subtraction of existing undeveloped land capable of development which is already within the city will furnish a net requirement for "new" land. Spot maps and density factors, when available, will assist in interpreting growth data.

*Analysis: The City's existing residential, commercial, and industrial areas appear to be falling short of overall demand. The full analysis of the City's needs should be performed as part of the City's General Plan update. This SOI Amendment is in response to the City soliciting interest for an innovation park. The undeveloped areas in the City's existing SOI are not well-suited for such a use.*

- b. Water and Sewer Availability - The ability of each community to provide water and sewer to its service area will be a controlling factor for sphere of influence boundaries. Any agency proposing new development must show the availability of water supplies adequate for projected needs into the future. Sphere of Influence revisions and amendments will need to review water availability before including new territory in a city or municipal special district. Services will not be required to be immediately available for any of the area. An examination of plans for future capital expenditures by the responsible agency will furnish evidence for decisions on whether the service can reasonably be expected to be extended to the area.

*Analysis: The CEQA analysis indicates water and sewer capacity is available and services can be extended to the area.*

- c. Willingness and Ability to Extend Community Services - The willingness and capability of the community to provide services as growth proceeds are two of the factors determining the urban area's future. The ability to provide extension of services should include sufficient revenue for the services required following the proposed boundary change. Data involving police and fire protection, educational facilities, drainage, libraries, health services, solid waste management and other urban-type services which might be needed by the different communities should be analyzed. The study should determine present and projected fire protection, the efficiency and ability for expansion; the flood control effectiveness and its extension to the service and boundary areas; provision for parks and recreation to the expansion area; elementary and high schools and community colleges, existing and planned; solid waste disposal; and any other needed services of a specialized nature to meet individual community needs.

*Analysis: The City adopted resolutions approving the Project subject to the Measure H election. The CEQA documentation analyzed fire protection, flood issues, parks and recreation, solid waste, school issues and any other needed services.*

- d. Regional Housing Needs - The sphere study should also consider the agency's policies and approaches to meet its fair share of regional housing needs, if applicable. The agency under review should provide information supporting and explaining how it intends to accommodate and provide necessary governmental services for persons and families of all incomes in the most efficient and effective manner. This information is especially important if the agency proposes or is anticipated to have additional growth through the expansion of its present boundaries.

*Analysis: A May 5, 2022 technical memorandum was submitted by the applicant, providing additional information regarding the SOI Amendment's effect on the City of Davis meeting its regional housing needs. The DiSC 2022 Project includes 460 for sale and rental housing units, including 85 affordable housing units. 300 multi-family units will range from studios to 2 bedroom units and 160 single family residential units are expected to be 3-bedroom homes at an overall density of 15-20 units per acre. Therefore, the Project intends to accommodate housing for persons and families of all incomes. The City is working with state Housing and Community Development (HCD) to certify the City's Housing Element which does not rely on the subject Project to provide zoned land to accommodate the RHNA allocation. The Project may help the City will its allocation targets and also exceeds the City's affordable housing requirements, but may also generate additional housing demand in the future.*

- e. Growth Incentives and Obstructions - Positive or negative factors regarding growth must be cataloged. Agency policies, expectations, and commitments, involving such factors as existing or planned freeway, road, or public transportation systems, shopping centers, educational facilities, industrial locations, and state and regional park acquisition and development plans that normally affect the amount and direction of growth should be included in the study.

*Analysis: Positive economic factors have been quantified by the DiSC 2022 Project economic analysis provided by EPS dated December 6, 2021. Negative factors regarding development of this Project have been cataloged by the City's CEQA documentation. Long-term planning of the amount and direction of growth will be conducted as part of the City's General Plan Update.*

- f. Natural obstacles to growth, including flood plains, unsuitable soils, waterways, etc. restrict expansion into certain areas - "Man-made" obstructions such as roads and highways, Williamson Act preserves, present and planned open-space areas for recreation and parks or buffer zones, need to be analyzed and mapped. If surface supply or ground water safe yield appear not adequate, the service cannot reasonably be expected to be extended. Further, it may be local policy not to extend such services or otherwise to control or deter growth. This and other possible "development [line]" or growth control policies must be examined as limiting factors.

*Analysis: There are no natural obstacles to growth in the Project area.*

- g. Information from Planning Departments - Land use designations and maps, special district maps, and school locations must be collected and organized and related to the study areas. The history of annexations to cities and special districts demonstrate when and where growth has already occurred and should be referred to as available.

*Analysis: This SOI Amendment would not change the land use designations, special district boundaries, or school locations. The City has pre-zoned the property contingent on voter approval and annexation.*

- h. Agricultural Land and Open Space - All spheres will be written with full review and consideration of the adopted Agricultural Conservation Policy and the LESA Model as appropriate.

*Analysis: Approval of the SOI Amendment would lay the groundwork for a potential future annexation and conversion of Prime Farmland to urban uses for the northern 102 acres of the Area. LAFCo policies at the state and local level have a strong preference for first developing vacant land already within the City's SOI and steering growth towards non-Prime Farmland. Protecting agricultural land and open space, and discouraging urban sprawl is among the core state-mandated mission of LAFCos statewide and should be considered seriously. LAFCo can consider a future annexation which will result in the conversion of Prime Farmland only if the Commission finds that the proposal will lead to planned, orderly, and efficient development. It would also need to find that other existing land within the sphere of influence is not available and/or suitable to accommodate this type of innovation park use. The City solicited requests for locations to cite an innovation park in 2014 and four were submitted. The other three sites are either not or no longer available for consideration (Nishi, Bretton Woods Active Adult Community, and the PG&E Corporation Yard). The other undeveloped areas within the SOI do not have the location, access, and visibility that this location does with the I-80 interchange. The Area also represents a sensible place for growth that does not extend beyond the eastern-most and northern-most portions of the City (i.e. the El Macero Estates neighborhood is further east, and the Wildhorse and North Davis neighborhoods are further north). Nonetheless, the potential loss of 102 acres of Prime Farmland from the Project are a significant consideration.*

- i. Availability of Services - An assessment must be made of the willingness and feasibility of present and future agencies to extend services by agency, for example water capacity and availability, sewers and wastewater treatment facilities, as well as fire, police, drainage, recreation, landscaping maintenance, public utilities, and any other identified requirements within the projected boundary.

*Analysis: See item b and c above.*

- j. Compatibility of Present Legal Boundaries - Existing legal boundaries in and around each community are to be mapped and analyzed as an aid to drawing lines. Special district boundaries, assessor parcels, city boundaries, and any other appropriate legal boundaries should be reviewed. Any planned extension of these areas, including planned capital expansions, should be noted.

*Analysis: This SOI Amendment is compatible with existing legal boundaries.*

- k. Boundaries - The current agency limits should be included in the sphere; however, if circumstance exist that make development of, or provision of services to certain areas unlikely, analysis of removing that area from the agency should be prepared. *[Not applicable.]*
- l. Census Districts - Census information is important for all these analyses. Agency boundaries can

often be used in conjunction with the census lines in order to provide a firm statistical base for each community. [Not applicable.]

- m. Socioeconomic Interdependency - When information is available from field trips, county planning department, other county agencies and local leaders, the extent of economic, social and political influence of the community upon its surrounding area should be evaluated.

*Analysis: The City exercises a certain amount of influence on the Area being considered for the SOI. The Area is within the City's General Plan planning area and is part of the Pass-Through Agreement with the County, which affords the City input on certain land-use decisions.*

### **Public and Agency Outreach**

Staff routed the project application materials to all affected agencies on April 4, 2022 for comment and no comments were received. A public hearing notice was published in the Davis Enterprise on May 4, 2022 and notices were mailed to all landowners and registered voters within a 300' radius and no comments have been received.

### **CEQA**

The SOI Amendment is a discretionary action subject to CEQA. The City of Davis certified the Environmental Impact Report for an earlier version of the Project, on September 19, 2017. After the project was put on hold, the applicant modified the Project and the City adopted a Subsequent EIR for the Project that was eventually rejected by the voters in 2020. The City then adopted an Addendum to tailor the Subsequent EIR for the DiSC 2022 Project. These environmental documents are each relevant to the environmental analysis of the Project and are collectively referred to as "the EIR," for ease of use.

The City's EIR identified significant and unavoidable Project impacts in the following areas: visual character; conversion of Prime Farmland and agricultural land; air quality; greenhouse gas emissions and global climate change; circulation; vehicle miles traveled; pedestrian and bicycle facilities; and transit services. Significant and unavoidable cumulative impacts include: visual character; agricultural land; pollutants; greenhouse gas emissions and global climate change; fire protection services; circulation; vehicle miles traveled; and pedestrian, bicycle and transit facilities. The City's CEQA documents have not been attached due to size considerations, but can be found here:

<https://cityofdavis.org/city-hall/community-development-and-sustainability/development-projects/disc-2022>. Staff provided comments to the Notice of Preparation to ensure the EIR was consistent with LAFCo policy.

LAFCo is considered a "responsible agency" under CEQA, i.e., a public agency, other than the "lead agency" (i.e. the City) that has responsibility for carrying out or approving a project. In this case, LAFCo is a responsible agency because its approval of the SOI Amendment and annexation is required for the development of the Project. Pursuant to Government Code Section 15096, LAFCo as a responsible agency complies with CEQA by considering the EIR prepared by the City and reaching its own conclusions on whether and how to approve the SOI Amendment. LAFCo is required to make findings for each significant environmental effect of the Project. CEQA requires LAFCo to balance the economic, legal, social, technological, or other benefits of the Project against its unavoidable environmental effects when determining whether to approve the Project. If the benefits outweigh the adverse effects, they may be considered "acceptable". These findings are reflected in Attachment A.

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### **Attachments**

ATT A-Reso 2022-03 CEQA City of Davis SOI Amendment DiSC 2022

ATT B-Reso 2022-04 Davis SOI Amendment DiSC 2022

ATT C-Correspondence

ATT D-City of Davis Innovation Center Study July 2012

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### **Form Review**

Inbox

Reviewed By

Date

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