



Staff Reports

File #: 1963-2019, **Version:** 1

To: Honorable Mayor and Members of City Council

From: Vincent Smith, Community Development Director

Prepared By: Michael Allen, Senior Planner

TITLE:

Napa Pipe Project Second Phase Annexation

RECOMMENDED ACTION:

Adopt a resolution approving submittal of an application on behalf of the City of Napa to the Local Agency Formation Commission of Napa County to Initiate Proceedings for the Annexation of the Second Phase of the Napa Pipe Property into the City of Napa and determining that the actions authorized by this resolution were adequately analyzed by a previous CEQA action.

DISCUSSION:

BACKGROUND

On August 4, 2015, the Council adopted Ordinance 02015-009 establishing the Napa Pipe Master Plan zoning district for the approximately 154-acre unincorporated property located at 1025 Kaiser Road. The Napa Pipe Development Plan (approved by Napa County in December 2014) and Design Guidelines (approved by the County in February 2015) include up to 945 residential units, 150 senior housing units, a 150-room hotel, approximately 385,000 square feet of nonresidential uses, and parks and open space. In addition to approving the zoning district, the Council authorized the City Manager to execute a series of agreements with the Developer (Napa Redevelopment Partners, LLC) and the County and authorized submittal of an application to Napa County LAFCO to expand the City's Sphere of Influence (SOI) to include the property within the City's SOI and to extend municipal services to the property. The Council also authorized the phased annexation of the property. The second phase of the annexation was not expected to occur until sometime in the future, not later than December 31, 2022.

On September 22, 2015, Napa LAFCO approved the SOI amendment and outside service agreement for the entire 154-acre site and approved a phased annexation of the project area. 111 acres were annexed in September 2016 including land east of the railroad tracks and the future office/industrial and hotel blocks in the south portion of the site (the "Reverse L"). Forty-three (43) acres, generally located in the middle of the site on the west side of the railroad tracks remain in the unincorporated County. The reason for retaining the 43 acres in unincorporated County was because Napa County intended and planned to issue residential building permits, particularly associated with affordable housing development. However, after the Developer proposed a revised approach regarding the phasing and location of the residential components of the project approvals, it became clear that changes to the plan were necessary to improve development feasibility including relocating

some of the residential development to land east of the railroad tracks.

SHARED HOUSING

While the Napa Pipe Project was being processed by the County in 2015, the City and County entered into a Regional Housing Needs Allocation (RHNA) Agreement by which the City agreed to accept 80% of the County's affordable housing obligations imposed by the State through the RHNA process, starting with the sixth revision to the housing element (currently 2023-2030, or as that planning period may be adjusted by ABAG, the Department of Housing and Community Development, or statute). While the modifications to the City and County RHNA obligations are in effect, the County is committed to limit land uses in the area generally south of the City of Napa and north of the City of American Canyon, including in the Airport Industrial Area to those consistent with applicable zoning in effect in October 2013 (e.g., limiting growth and associated employment relating to hotels, wineries, destination restaurants, etc., that should be in the cities close to services), unless the changes to the zoning and specific plan are mutually agreed upon by the City and the County. Recently, the State Legislature adopted SB 235 pending final action and signature by the Governor, which allows the City to share RHNA credit with the County for the issuance of building permits for homes that will be constructed on the property that is already in the City. This would be implemented through a formal agreement between the City and County, which is currently being developed by City and County staff, and which will ultimately be the subject of review and approval by the City Council and the County Board of Supervisors.

EARLY ANNEXATION

In 2016, the Developer partnered with Catellus, a national leader in mixed use development, to manage the site remediation activities, which were recently completed, and further evaluate project feasibility. With Catellus' assistance, the Developer began to identify changes to the approved land plan, and a revised phasing plan, that would allow the project to proceed with construction of a portion of the residential housing. The development of the housing sites would usher in the infrastructure necessary for the construction of the Costco site. Therefore, the second phase annexation is being brought forward now in order to provide consistent processing of the project as a whole under one agency (City of Napa) rather than leaving part within the City limits and part within County's jurisdiction. The proposal would annex the remainder of the Napa Pipe Property and portions of railroad right-of-way; this would be the second and last annexation associated with the phased annexation of the Napa Pipe Project.

Staff requests the City Council authorize the submittal of an application to Napa LAFCO to initiate the proceedings for the annexation of the second phase of the Napa Pipe property (APN's 046-412-006 & 046-400-029) into the City. However, it will be requested that LAFCO not schedule the annexation any earlier than the month of September to allow for the final disposition of the SB 235 agreement. City staff is working collaboratively with County staff to draft a mutually acceptable agreement implementing SB 235 so that the County will support early annexation. It is anticipated that the key components of the draft agreement will be presented to the City Council and Board of Supervisors on August 20, 2019 and that SB 235 will be signed by the Governor in August.

FINANCIAL IMPACTS:

There are no immediate financial impacts resulting from the recommendations of this Agenda Report. The Developer is paying for staff costs associated with project review. Additionally, the cost of the LAFCO application will be borne by the Developer.

CEQA:

The Community Development Director recommends that the City Council determine that the potential environmental effects of the Recommended Action were adequately analyzed by: (1) the Environmental Impact Report for the Napa Pipe Project (Napa Pipe EIR), adopted January 14, 2013 by the County of Napa; and (2), the Initial Study / Addendum to the Napa Pipe EIR, adopted July 22, 2014 by the City of Napa; pursuant to California Environmental Quality Act (CEQA) Guidelines Sections 15162 and 15168(c)(2).

DOCUMENTS ATTACHED:

ATCH 1 - Resolution

EX A - Napa Pipe No. 2 Reorganization: Annexation to the City of Napa and Detachment from County Service Area No. 4

NOTIFICATION:

Napa County and LAFCO were notified of this agenda item.