



Lou Ann Texeira
Executive Officer

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May 9, 2012 (Agenda)

**May 9, 2012
Agenda Item 7**

Contra Costa Local Agency Formation Commission (LAFCO)
 651 Pine Street, Sixth Floor
 Martinez, CA 94553

Northeast Antioch Monthly Update

Dear Commissioners:

On February 9, 2011 the Commission approved the extension of out of agency service by the City of Antioch and Delta Diablo Sanitation District to the Marsh Landing Generating Station property located in unincorporated northeast Antioch. The Commission’s approval requires that the City and County provide LAFCO with monthly updates regarding the status of the joint City/County Economic Development Strategy for northeast Antioch, the proposed annexation of the area, and the tax transfer negotiations. A subcommittee was formed to address these issues.

LAFCO representatives participated in the monthly subcommittee meetings since April 2011; and the City and County have provided LAFCO with monthly updates since that time. The subcommittee last met in October 2011; and since then, the City and the County have been engaged in the tax transfer negotiations. At the April 11th LAFCO meeting, it was reported that that the parties were refining the tax exchange agreement and a separate agreement addressing utility issues. City and County staff indicated that the process is complicated, is taking more time than expected, and will likely take another two to three months to complete.

Commissioners expressed concern with the status of the tax exchange agreement and the City’s pending annexation proposal. The Commission encourages the City and County to complete the property tax exchange agreement to facilitate the timely annexation of Northeast Antioch (Areas 1, 2a and 2b) as expressed in the attached letter.

RECOMMENDATION - Receive the monthly update, review and approve the attached letter with changes as desired, and provide further direction as appropriate.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER

Attachment – Draft letter to Contra Costa County and the City of Antioch



Lou Ann Teixeira
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DRAFT

May 9, 2012

Jim Jakel, City Manager
 City of Antioch
 200 H Street
 Antioch, CA 94509

David Twa, County Administrator
 Contra Costa County
 651 Pine Street, 10th Floor
 Martinez, CA 94553

Dear Jim and David,

The purpose of this letter is to encourage the City and County to accelerate the property tax transfer agreement for Northeast Antioch (Areas 1, 2a and 2b), and move forward with the annexation of these areas to the City of Antioch.

Over the past several months, the Commission has received monthly reports from the City and County indicating that the parties are close to reaching agreement on the property tax exchange. At both the March and April 2012 LAFCO meetings, the Commission expressed concern with the lack of progress on the tax exchange agreement.

While there has been considerable delay, we believe there is commitment by the parties to annex Northeast Antioch to the City; as well, there are various incentives to move forward with the annexation in an expeditious manner.

In August 2007, the City of Antioch submitted an application to LAFCO to annex Area 1. The proposal is currently incomplete, mainly due to the fact that the City and County have not reached agreement on the property tax transfer.

Since 2007, the City applied to and received approval from the Commission to extend out of agency water and sewer services to two industrial properties (PG&E - 2008 and GenOn Energy - 2011) located in Area 1. In accordance with State law, LAFCO granted the out of agency service approval in anticipation of and commitment from the City that it would annex Northeast Antioch. In conjunction with LAFCO's approval of the out of agency service in 2011, GenOn pledged to the City and the County that it would provide \$1 million to each party if the annexation of Northeast Antioch is complete by December 2012.

The City also declared that it would annex Northeast Antioch in 2009, in the wake of the Jaycee Dugard kidnapping.

In addition to these commitments and incentives, there is an impending deadline with critical LAFCO statutes scheduled to sunset. Area 2b is a small island that is substantially surrounded by the City of Antioch. Government Code section 56375.3 currently provides an expedited process to allow the City to annex this island without a protest proceeding provided the boundary change proposal is submitted to LAFCO by January 1, 2014.

As indicated above, to date, LAFCO had received an annexation application for Area 1, and has not yet received applications to annex Area 2a and 2b to the City.

As previously discussed with the City and County, and at the Northeast Antioch Subcommittee meetings, LAFCO staff urges the City to annex all of Northeast Antioch (Areas 1, 2a and 2b).

The Commission has broad conditioning authority. For example, the Commission could condition the annexation of Area 1 on the City annexing Area 2b, and on the completion of the annexation process for Area 2a (Government Code section 56885.5). Because the time required to prepare and process both annexation applications can be lengthy, we encourage the City to submit its applications to annex Areas 2a and 2b as soon as possible.

Again, we believe the parties are committed to the annexation of Northeast Antioch, and strongly encourage the City and the County to complete the property tax exchange agreement as soon as possible.

Sincerely,

Lou Ann Texeira
Executive Officer

c: Each Member, Contra Costa LAFCO
Supervisor Federal Glover
Supervisor Mary Piepho
Each Member, Antioch City Council