



Merced County LAFCo  
c/o William Nicholson, Executive Director  
2222 North M Street  
Merced, CA 95341

Re: April 16<sup>th</sup> Commission Meeting on AB3312

Mr. Nicholson and LAFCo Commissioners:

Thank you for bringing AB3312 to the Merced County LAFCo for discussion. It is important legislation that will enable the Merced community to finally realize the vision and promise made almost 25 years ago when the State made the decision to locate the newest University of California Campus in Merced. The Vision and Promise were created when the Virginia Smith Trust (VST) donated approximately 2,000-acres of its property to the University of California. The remaining VST and Cyril Smith Trust (CST) properties were to be developed as a mixed-use community to support the university. The Vision and Promise has evolved through the years; however, it has always included the development of the UC campus along with an adjoining mixed-use university community. The physical development concepts for the university community are embodied in the County's General Plan and the County-adopted University Community Plan (UCP), the City's General Plan, and LAFCO's Sphere of Influence and annexation policies. The "Promise" includes developing programs and financial resources to increase access to higher education for the youth of Merced County. This legislation enables the Merced community, and County in general, to realize these benefits sooner than later and we at the Virginia Smith Trust (VST) urge that you recommend its approval by the State legislature.

The City and County General Plans each recognize the benefits of having the UC campus and the University Community area in the city limits of the City of Merced. Both have "agreed", in conformance with LAFCo policies, that the UC and UCP areas should be annexed to the city at the earliest feasible date. City Urban Expansion Policy 1.4, for example, is clear **that "[t]he University Community should be incorporated into the City of Merced, and should not be part of the unincorporated County, or a separate City. It is in the public interest that the University Community's development not result in the creation of a new city or other jurisdiction. Multiplication of jurisdictions can lead to conflicts, which should be avoided. A separate city on Merced's border is inherently undesirable.... The City is already serving the University of California campus, and it is logical for the City to serve the adjacent area as well."** Toward this end, the City, County and VST have been working cooperatively for the past 15 years to plan, annex and develop the University Community property to fulfill that requirement, including the development of the University Community Plan, planning and implementation of the Campus Parkway and the Atwater-Merced Expressway, and other matters. Merced County LAFCo has amended the City of Merced's Sphere of Influence and SUDP to include the UC and UCP properties with the expectation of annexation.

The City, County, VST and UC have worked to facilitate the annexation of the UC and UCP properties to the City. UC is already committed to annexation, at the City's discretion, through its Pre-

Annexation Development Agreement and LAFCo-approved Out of Boundary Service Agreements (OBSA) with the City of Merced. Likewise, VST has committed to annex to the City of Merced at the earliest feasible date and is authorized and able to formalize that commitment. All parties recognize that in a perfect world unencumbered by existing land use patterns and past policies that an “organic”, contiguous annexation would be theoretically preferred. **However, a traditional annexation approach is not feasible or desirable in this case for the following reasons:**

**First**, the UC was developed five miles distant from the City center, and it would take many decades for the city to grow out to it from the city center. An organic, contiguous annexation would delay the benefits of annexation for many years.

**Second**, there are a significant number of rural residential properties east of Hatch Road that may effectively block a contiguous annexation. As demonstrated by the City’s findings in the North Merced Annexation Study, a “contiguous” annexation that includes these properties is not feasible.

**Third**, utilizing a “corridor annexation” along Bellevue Road is also not feasible in the near term because those properties are not ready for development, nor is there environmental documentation that would permit these properties to be annexed soon. **By comparison, the VST property and UC property have comprehensive and adopted plans with certified EIS/EIRs with full mitigation and clearance for most environmental impact issues, including Clean Water Act Section 404 and 401 authorization and Federal and State Endangered Species take permits, and are now poised for annexation and development now.** Annexation of the properties on Bellevue Road between G Street and Lake Road will require five to ten years’ worth of additional planning, entitlement and environmental work before they could be in the same position as VST to develop and annex, assuming close cooperation by the several property owners.

The VST property is now in the process of developing and submitting a suite of entitlements to implement the UCP, including a Specific Plan, Development Agreement, Community Facilities District and Tentative Map to facilitate actual development in the next three to five years. If the development of the VST property is made dependent on a “corridor annexation” or a “contiguous annexation” it will substantially delay the project and the ensuing environmental and financial benefits to the community.

**Fourth**, the current jurisdictional split leads to jurisdictional and planning conflicts where, for example, the City and county are each responsible for providing some portion of the facilities and services necessary, but not all. Waiting another decade to resolve the above issues unreasonably delays the benefits from the projects to the community.

Annexation, as provided by AB3312, benefits the community needs sooner rather than later. Several of these benefits are:

**A. Creating a vibrant mixed-use community to serve the university.**

The VST property and the adjacent balance of the UCP will provide a robust and vibrant mixed-use community with bike trails that are integrated with UC’s, a mix of commercial uses to serve the residents and UC staff’s daily shopping needs, a mixed use Town Center similar to UCLA’s Westwood Village,

a range of housing types from estate lots to smaller lot single family detached “cluster” units, townhomes, and apartments for families and students. The project will include park and recreation space that are integrated into each neighborhood, sports facilities, a public elementary school and a charter “university” school. The VST project would also include financial mechanisms to ensure that needed infrastructure and services are provided and maintained.

The features planned for the VST project site meet and exceed the requirements of the University Community Plan adopted in 2005. In addition, there are community benefits that are to be provided such as affordable housing, providing incentives to UC Campus staff, providing added environmental mitigations, and establishment of Community Educational Enhancement Fund to fund scholarships which are not now eligible under the Smith Trust, and to provide funding for MCE Foundation’s STEM program, MCE Foundation’s Camp Green Meadows program, performing arts program, funding for the MCOE “University” charter schools. The project also includes completion of a substantial portion of Campus Parkway.

AB3312 will ensure that the UC and UCP properties are included in the City of Merced in the timeliest manner. The benefits of annexing and developing the UC and UCP properties are succinctly stated in the City’s Urban Expansion policies noted above. Developing the UCP properties sooner than later is of significant benefit to the community in a many ways. First, reducing vehicle miles travelled (VMT) in a community is recognized as the single most impactful strategy to reduce greenhouse gas emissions. Locating UC staff and students closer to the UC will improve air quality and reduce impacts on the city and county streets and intersections. It will also result in a mode shift to more active forms of transportation from private vehicles. At present enrollment and onsite employment levels, development of VST will reduce existing VMT by 8.9 million miles per year at the buildout of Phase 1.

#### **B. Greatly enhance community scholarships for area children**

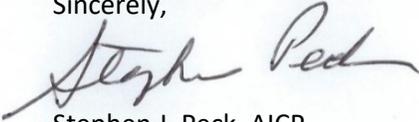
The development of the VST property will result in a 30-fold increase the scholarships available for local youth. All of the net revenue from the development of the project will go into the Smith Trust for scholarship. By current estimates, development of the VST property will create a permanent educational endowment of \$80-\$100 million, enabling VST to increase its annual scholarship allocations from \$150,000 per year to \$5,000,000 per year. At this increased level, the Smith Trust could provide scholarships to students throughout the county, rather than limiting them to graduates of Merced High Schools. As noted above, the project will also include the establishment of a Community Educational Enhancement Fund to fund scholarships countywide which are not now eligible under the Smith Trust, and to provide funding for MCOE’s countywide Foundation programs. These programs include the Science, Technology, Engineering and Mathematics (STEM) program, the Camp Green Meadows program, performing arts program, and funding for MCOE’s “University” charter schools.

Whereas, the legislation may grant a special status to the UCP and VST properties, this status is commensurate with the substantial community benefits associated with the VST property. As noted by in the Executive Officer’s staff report, allowing direct annexation would avoid the requirement that annexation of UC and VST properties require the annexation of properties that are yet ready

for annexation and development. Annexation and development of housing, shopping and business park uses adjacent to the UC will help the university compete with other universities to retain and attract students and skilled faculty. The provisions of AB3312 are not without precedent. Government Code Section 56742, 56743 and 56747 (the latter as referenced in the staff report) allow for annexation of large public facilities and adjoining land.

AB3312 will enable the community to deliver on the “Merced Promise” that was made 25 years ago by delivering a top-quality university with an adjacent vibrant university community with high development standards. It will also enable VST to expand its scholarship offerings (both quantitatively and geographically), to fund early childhood education and enrichment programs, and to make a great university campus even better. AB3312 allows the community to make good on that Promise sooner than later, and without further delay.

Sincerely,



Stephen J. Peck, AICP

Project Manager

VST Development Project

Cc: Dr. Steve M. Tietjen, VST Executive Officer