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## More money to consultants for annexation

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Agenda Item 15

MEETING PREVIEW

By

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Staff Reporter  
May 19, 2009

Despite reports concluding that two proposed annexations do not make financial sense, on Wednesday the City Council will decide whether to spend an additional \$50,000 in consultancy fees to "prepare the required California Environmental Quality Act (CEQA) document necessary to accompany the formal Local Agency Formation Commission (LAFCO) application" for two proposed annexations—North Pacheco and large swaths of Alhambra Valley—into the City of Martinez.

Released last week, the two reports were prepared by Economic & Planning Systems, Inc., a Berkeley-based consultant firm, and cost the City an estimated \$30,000, according to EPS principle Richard Berkson.

"Following annexation, General Fund expenditures required to serve the Alhambra

Valley/Stonehurst area will exceed the revenues generated from this area," wrote Berkson and other EPS principle staff members in a report prepared for the City dated May 13. "Net revenues generated from the annexation area would not be sufficient to fund additional public services. The shortfall for the Alhambra Valley/Stonehurst area is \$147,000. The Alhambra Valley/Stonehurst area includes a high number of road miles per population in low-density, semi-rural areas that will be expensive to maintain and will result in relatively high Public Works expenditures. In addition, the area has no commercial base and will not generate any sales tax to the City. The current County share of property tax is relatively low; therefore, the City's share will not be a significant contributor to fiscal viability."

The report goes into significant detail regarding the balance of City expenditures versus revenue as a result of an Alhambra Valley/Stonehurst annexation, such as how the annual cost estimate for the Public Works Department alone would be \$347,201, while expected revenue would be \$16,458.

Similarly, EPS's companion report on a North Pacheco annexation states, "Following annexation, General Fund expenditures required to serve the North Pacheco area will exceed the revenues generated from this area. Net revenues generated from the annexation area would not be sufficient to fund additional public services. The shortfall for the North Pacheco area is \$33,000 after allocating a portion of a new police hire to the balance of the City, since only a portion of the officer's time is likely to be required in the annexation area. The North Pacheco area has a commercial base; however, sales tax revenues have declined significantly in recent years from \$190,000 annually to the 2008 amount of approximately \$50,000. The area also has a large number of calls for police service."

Last summer, Councilman Michael Menesini strongly urged his fellow Council members to move forward on the City's annexation of a triangle grouping of properties bordered by North Pacheco Boulevard, Blum Road and Interstate 680, and a large area in Alhambra Valley, including two high-end subdivisions there, Stonehurst and Alhambra Valley Ranch, slated for annexation since the developments were built in the 1980s. 65 residents signed pre-annexation agreements with the City when they bought their homes.

Water Conservation [APPLY SUBHED STYLE]

At the April 15 Council meeting, during public comment, dozens of residents approached the podium stridently questioning a resolution—spearheaded by City Engineer Tim Tucker—regarding 'Establishing Water Conservation Measures and Reducing the Use of Water Furnished by the Martinez Water System During the 2009 Water Shortage Emergency.'

"It was mentioned at the meeting that Contra Costa Water District (CCWD) allocations were being increased. Staff has contacted CCWD. They indicate the increase in allocation is not sufficient to abandon the need for conservation. CCWD indicated they are maintaining their drought regulations initially adopted by their Board. These regulations encourage retailers and water customers to conserve water usage by 15 percent. CCWD's plan continues to provide for penalties for water usage that exceeds historic use equal to four times the regular rate," said Tucker in a report to Council dated May 12. "At the previous City Council meeting, the

public generally supported the less restrictive plan currently proposed by staff. The primary concern voiced by the public was how to accommodate an increase in household size. The revised resolution specifically states that an additional 75 gallons per day will be allocated through an appeals process irregardless of original household size. Based on past records staff believes Martinez water customers will meet the 15 percent conservation goal without implementing drastic penalties. Staff continues to recommend that the City Council adopt regulations similar to those imposed by CCWD but include the provision regarding household size increases. Customers who meet the conservation goals under the drought program will save money due to their reduced usage. Water use from 2005, 2006 and 2007 will be averaged to create a historical water usage average. The proposed penalty will be four times the quantity charge rate for water used above the historical average except landscape irrigation metered areas. It is proposed that the four times rate be applied for all water metered landscape irrigation used above 85 percent of their historical average. The current quantity charge for the City's treated water customers is \$0.386 per hundred gallons. Staff does not propose changing this rate. If a penalty charge is approved, it will become effective on June 1."

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