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The covenant is
a new tool for
annexations in
situations where
future land uses
are an issue

A New Tool for the LAFCo Toolbox

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Context

The City of Watsonville is a Latino majority city of 50,000 people substantially surrounded by prime agricultural lands and wetlands. In 2005, the City applied for a 90-acre annexation titled "Manabe-Burgstrom" after the two long-term family partnerships that owned the land. LAFCo had previously denied municipal annexation of these lands in 1977 and 1997 because they are prime agricultural lands and LAFCo believed that there were other sites upon which the potential industrial uses could be developed or redeveloped.

On LAFCo's part, the proposed annexation area had been a purposeful "peninsula" of unannexed agricultural land bordered on 2½ sides by longstanding industrial lands and 1 side by newly developing residential lands, both within the city limits. The County of Santa Cruz adopted a growth management referendum in 1978 that prohibits the conversion of commercial agricultural lands, such as Manabe-Burgstrom, out of agricultural use. The City of Watsonville rezoned the lands for industrial and other job-development uses along with the restoration of a degraded wetland on the site. So, LAFCo's decision on this site involved a de facto land use decision.

LAFCo's denial of the annexation in 1999 led to the City re-thinking its planning process. Instead of litigating, approaching the Legislature, or re-applying, City officials joined with the agricultural, environmental, and labor opponents of the Manabe-Burgstrom annexation in a multi-year consensus project led by a non-profit entitled "Action Pajaro Valley." Action Pajaro Valley promulgated a Growth Management Strategy that proposed a 25-year urban limit line. The only "greenfield"

sites for major new employers were on the Manabe-Burgstrom properties. All the other new jobs would occur on infill development and redevelopment. This growth strategy was turned into an initiative, which the voters of Watsonville approved in 2002.

The Hearing

The LAFCo hearing was held on October 19, 2005. As a product of the Action Pajaro Valley consensus project, there was overwhelming local support for the annexation. The LAFCo Commissioners acknowledged the broad support, but also kept their "LAFCo hats" on. The Commissioners remembered the 200 acres immediately north of Manabe-Burgstrom, for which LAFCo had approved annexations for industrial development in the 1970's. This acreage hadn't found a market for industrial development, and, after rezoning, was in the process of being developed for residential uses. The Commissioners were concerned that the same scenario would happen on the Manabe



Burgstrom Property

Burgstrom site. If so, the job-creating potential of the Manabe-Burgstrom site would be lost, and the other potential "greenfield" sites are located outside the city's 25-year urban growth boundary, are farther from the urban center, and have more constraints and significant political opposition.

At the hearing, the property owners made an offer to covenant their properties to become a long-term center for job growth. This covenant had the potential to address the Commission's concerns about rezoning while avoiding a situation of directly regulating land use as prohibited by the Local Government Reorganization Act. The motion directed staff to return

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with a covenant that was acceptable to the City and property owners and was enforceable, if one could be crafted. If such a covenant could be prepared, the property owners would voluntarily record the covenant prior to the LAFCo Executive Officer recording the Certificate of Completion.

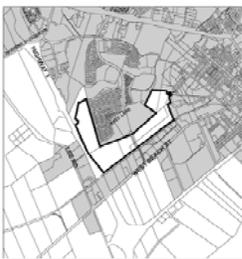


Manabe ("ma-NAH-be") Property

If no covenant could be prepared to implement the property owners' promises, then the matter would return to the Commission for further motions on the disposition of the proposed reorganization.

Covenant

The development of a covenant turned out to be a state-of-the-art exercise in California annexation practice. In order to increase the future number of parties who could enforce the covenant, two additional parties were asked to become signatories: the County of Santa Cruz and the Watsonville Wetlands Watch, a local environmental group that



Site Map

had opposed the Manabe-Burgstrom Reorganization in 1999 and had signed the Action Pajaro Valley consensus growth strategy in 2002.

Conclusion

After much hard work by representatives of all the parties in the negotiation, a covenant was successfully drafted. LAFCo unanimously found the covenant to be acceptable in March 2006. As stated in Article 3 of the covenant, through the year 2030 the principal uses of the annexed lands will be for a business park. Big boxes and auto sales are prohibited. A freshwater wetland will be restored. The covenant and reorganization were recorded on August 1, 2006. The covenant is a new tool available for use in annexations in a small number of situations where future land uses are an issue.

For more information please visit the Santa Cruz LAFCo website at: www.santacruzlafco.org

