# ANNEXATION

# IN THE

# GREATER AUBURN AREA

## A STUDY

Conducted by

**ANNEXATION COMMITTEE**
**City of Auburn**

WIL COSSEL
BOB METZKER
DAN SOKOL
GEORGE WILLIAMS
JESS TORRES, ALTERNATE

**STAFF ADVISOR**
WILFRED WONG
Community Development Director

January 29, 2000

# ANNEXATION IN THE GREATER AUBURN AREA

Table of Contents

Page

Table of Contents ..... i

List of Tables and Charts ..... iii

Preface ..... iv

Executive Summary ..... E-1

I. INTRODUCTION ..... 1

II. ISSUE ..... 2

III. ASSUMPTIONS ..... 2

IV. FACTORS THAT AFFECT ANNEXATION ..... 2

V. DISCUSSION OF ANNEXATION CONSIDERATIONS ..... 3

A. ANNEXATION IN THE PAST
1. The Annexation Process ..... 3
2. North Auburn/Bowman Annexation Effort ..... 5
3. Annexation Survey - 1993 ..... 7
4. Opposition to Annexation by County Employee Groups ..... 8
5. City's Growth 1989-1999 ..... 9

B. ANNEXATION IN THE AUBURN GENERAL PLAN
1. Annexation Philosophy in the General Plan ..... 10
2. Consistent Annexation Policy ..... 10

C. ANNEXATION IN THE FUTURE
1. Future Annexations ..... 10
2. Annexation as a Prospect ..... 12
3. Tax Consequences of Annexation to Taxpayers and Residents ..... 13
4. Fire Protection ..... 17
5. Ability to Address "Unmet Needs" ..... 17
6. General and Land-Use Planning and Development ..... 18

D. FACTORS SUPPORTING ANNEXATION
1. Creation of "De-facto" City Which Lacks True Representation ..... 18
2. Benefits of a Single Municipal Government Entity ..... 19
3. Tax Base Size vs. Full-Service City ..... 20
4. Increasing the Size of the City ..... 20
5. Retaining the City's Character ..... 21
6. Economies of Scale in Local Government ..... 22
7. Reliance on Sales Tax Revenue ..... 23
8. Location of Placer County Seat ..... 24

## Table of Contents (Cont'd)

Page

E. IMPEDIMENTS TO ANNEXATION
1. Revenue and Taxation Code Section 99 ..... 24
2. Tax Sharing Agreement ..... 26
3. 1994 Auburn-Placer County Tax Sharing Agreement ..... 27
4. Cost of Annexation ..... 29

F. PUBLIC PERCEPTION OF ANNEXATION
1. Approach ..... 29
2. Common Statements Made Opposing Annexation ..... 30
3. Common Statements Made Supporting Annexation ..... 31
4. Impact of Annexation on Current Conforming Statutes ..... 31

VI. ALTERNATIVE COURSES OF ACTION ..... 32

VII. COMPARISON OF ALTERNATIVE COURSES OF ACTION ..... 35

VIII. CONCLUSIONS ..... 37

IX. RECOMMENDATIONS ..... 40

APPENDICES:
A - SPECIAL TERMS AND LABELS ..... 43
B - INTRODUCTION TO ANNEXATION ..... 45
C - BACKGROUND DATA ..... 48
D - ANNEXATION OPINION SURVEY - 1993 ..... 51
E - CRITIQUE OF THE 1994 CAMPAIGN ..... 56
F - CITY RESOLUTION NO.99-64 ..... 60
G - AUBURN GENERAL PLAN EXCERPTS ..... 61
H - CITY RESOLUTION NO.97-5 ..... 63
I - CITY RESOLUTION NO.89-68 ..... 64
J - AREAS ADJACENT TO AUBURN ..... 71
K - FISCAL IMPACT REVIEW - 1994 ANNEXATION EFFORT ..... 74
L - ANNEXATION COULD LEAD TO ENHANCED LOCAL CONTROL ... 81
M - ANNEXATION PROGRAM - AN OUTLINE FORMAT ..... 83
N - ANNEXATION PROCEDURES ..... 84

EXHIBITS:
I. GREATER AUBURN AREA [MAP REFERENCE] 85
II. SPHERE OF INFLUENCE - AUBURN [MAP REFERENCE] 86

## LIST OF TABLES AND CHARTS

### BODY OF REPORT


| TABLE NUMBER | TITLE OF TABLE | PAGE |
|---|---|---|
| 1. | INCREASE IN KEY AUBURN BUDGET INDICATORS, 1989-1999 | 9 |
| 2. | SUMMARY OF MAJOR DEBT - PLACER COUNTY & CITY OF AUBURN [C.O.P.S AND GENERAL OBLIGATION BONDS] | 15 |
| 3. | CITY-COUNTY TAX SHARING AGREEMENT - 1994 | 27 |
| 4. | FISCAL IMPACT TO CITY OF PROPOSED ANNEXATION - 1994 | 28 |
| 5. | ANNEXATION ALTERNATIVE MATRIX & COURSES OF ACTION | 32 |
| 6. | ANNEXATION ALTERNATIVE MATRIX & PROPENSITY | 33 |
| 7. | ALTERNATIVE COURSES OF ACTION FOR AUBURN ANNEXATION | 35 |


### APPENDICES


| | TABLE NUMBER | TITLE OF TABLE OR CHART | PAGE |
|---|---|---|---|
| C. | CHART | DEMOGRAPHICS & INCOME FORECASTS - GREATER AUBURN | 50 |
| D. | CHART | ANNEXATION SURVEY RESULTS | 55 |
| E. | 1. | VOTE RESULTS - MEASURE H, ANNEXATION 1994 | 56 |
| E. | CHART | BALLOT RESULTS - MEASURE H, NOVEMBER 8, 1994 | 59 |
| I. | CHART | AREAS ADJACENT TO AUBURN | 73 |
| J. | 2. | 1994 CITY-COUNTY TAX SHARING AGREEMENT | 74 |
| J. | 3. | FISCAL IMPACT ON AUBURN OF PROPOSED 1994 ANNEXATION | 75 |
| J. | 4. | ESTIMATED PER-CAPITA SERVICE & INCREMENTAL COSTS | 76 |
| J. | 5. | REVENUE ESTIMATES BEFORE & AFTER ANNEXATION | 78 |
| J. | 6. | CAPITAL REQUIREMENTS LISTING | 79 |

# Preface

In October 1998, the Auburn City Council expanded its exploratory Annexation Committee to five members. The enlarged committee, absent any specific annexation target, began an unstructured review of the annexation process and how it might benefit the City. It was soon evident that the 1994 annexation effort by the City would be a pervasive factor in that review.

After several meetings over as many months, the committee realized that to accomplish its role, it had to acquire: (a) a working knowledge of the annexation process, and (b) a thorough understanding of the 1994 annexation effort. Accordingly, in May 1999 the committee decided to conduct a formal study of annexation in the Auburn area. The decision stipulated an unbiased and comprehensive study done by committee members.

Conducting an unbiased study was more difficult than the committee anticipated. In spite of the neutral position professed, the committee was widely perceived as a proponent of annexation. Suddenly, and incomprehensibly to the committee, it was being asked to respond to questions that could only be described as conclusions to the study that the committee had barely begun.[1] The questions were not improper, but they were premature and could not be addressed authoritatively by the committee in the midst of a study.

Public perception of the committee as a proponent of annexation made objectivity even more essential. Accordingly, the committee took the position that it could not address any annexation matters while engaged in a study on annexation. Although heavily criticized for its position, the committee persisted and after several weeks of distraction returned to the conduct of the study.

The study process. The limited resources of the committee coupled with its educational needs dictated a basic approach to the study. Each element of annexation was identified and examined, including the City's 1994 effort. During the study process, the committee decided to conduct public meetings in the Auburn area in an attempt to glean the public's current perception of annexation. The hearing method was selected over a survey or questionnaire. The selection was made both to conserve funds and to provide a more candid opportunity for the committee to garner the public's current thoughts and concerns on annexation. The committee wanted a grasp of not only the stated reasons, but the rationale given to support those reasons. The committee elected not to try to "inform or educate" the public on annexation before the hearings. Such action by the committee would be inconsistent with an unbiased study process. It was also felt that such efforts might be perceived as an inappropriate attempt to influence public opinion.

The conclusions and recommendations presented are the results of an earnest effort by the committee to conduct a comprehensive and unbiased study of Annexation in the Greater Auburn Area. The broad range of factors addressed was necessitated by the complex and sensitive nature of the subject.

Gratitude. The committee found the study process an excellent learning technique. Use of staff resources was limited to periodic reviews of the draft, the provision of City file materials and information, and advice and recommendation on the many technical aspects of the annexation process. The City staff never failed to help the committee when asked and the entire committee joins in extending its earnest gratitude with particular acknowledgment to Will Wong, Anne Edwards, Richard Loomis, Tom Fossum and City Manager Paul Ogden. Deborah Cubberley, LAFCO Executive Officer was extremely helpful throughout the study. The County staff was always courteous when receiving inquiries from the committee.

■ ■ ■

[1] Although the committee repeatedly stated that there were, as yet, no "intended annexations", the committee was pressed to identify the areas of "intended annexation". Others wanted to know how specific procedures (e.g., animal control, sewer service, etc.) might be affected by annexation. And some actually wanted the committee, in the midst of a study on the subject, to debate with them the benefits of annexation into the City.

# EXECUTIVE SUMMARY

The urbanized Auburn Area has grown during the second half of the 20th Century. The City Limits of the City of Auburn has failed to expand with this growth. As a result, more than half of the population of what is commonly referred to as Auburn actually resides in unincorporated Placer County.

Placer County and Special Districts have filled the void by providing municipal services to the urban areas that are not in the City. Most of the residents of unincorporated Auburn are satisfied with these services and see little or no advantage in having their area annexed into the City. Their opposition to annexation is reinforced by their misconception of the extent of the increased taxes that City residents pay.

Although most of the residents of adjacent areas to Auburn would derive little or no tangible benefit from annexation in the form of increased municipal services, they would receive intangible benefits. These benefits are an increased voice in local affairs, increased management of growth, and eventually, control in spending locally derived taxes.

The opposition of most of the residents of the unincorporated dooms any large-scale annexation effort during the next three to five years. Nevertheless, the intangible benefits of annexation are so great that the City of Auburn should be vigilant to take advantage of opportunities to expand the city limits eventually to consolidate the Auburn area into a single political entity.

The City should develop a long-range annexation policy to facilitate eventual consolidation. The policy should include a proactive public relations program to enhance the public perception of the ability of the City to manage its resources and provide services. The City should continue small owner-initiated annexations and necessary administrative City boundary adjustments. The City should continue to cooperate with Placer County on development, provide services to the Auburn Area, and pay for these services.

# ANNEXATION IN THE GREATER AUBURN AREA

## A STUDY

## I. INTRODUCTION:

Whether the City of Auburn should engage in any annexation activities is a complex and sensitive subject. Notwithstanding this sensitivity, annexation remains a major consideration in the future of the Greater Auburn area and warrants a candid and thorough analysis of its role in that future.

The City of Auburn, like every city, has a municipal responsibility to review periodically areas adjacent to its boundaries for possible inclusion by annexation into the city. This municipal responsibility to its own residents extends, in this instance, to the residents of adjacent unincorporated areas. Fulfillment of that responsibility necessitates that the City have in place viable annexation policies and procedures for current and future use. This process is consistent with general government policy, and an intrinsic part of a City's function. Accordingly, in June 1997, the Auburn City Council established an Annexation Committee (hereinafter "the committee") to explore the question of annexation in and around the City of Auburn. By subsequent action in October 1998, the committee was enlarged and, in June 1999, directed to examine the process and to determine an appropriate annexation program for the City.

This study accomplishes that examination and provides the information and direction necessary to develop the annexation policies and procedures that will constitute the city's Annexation Program. The development of that program is a separate and subsequent function of the committee performing this study.

**SCOPE AND METHODOLOGY.** The study examines those factors pertinent to annexation and their ramifications. The range of factors examined attempts to touch on all of the consequences of annexation as well as the effect of those consequences on the community's character and quality of life, both within the city and in the adjacent unincorporated areas. The Study reviews these factors within the context of what is the best course for both the City and the adjacent unincorporated areas. The study addresses these considerations within the scope of reviewing: (a) annexation in the past, (b) annexation in the Auburn General Plan, (c) annexation in the future, (d) factors supporting annexation, (e) impediments to annexation, and (f) public perceptions of annexation. The section on public perceptions is based primarily on the results of several public hearings conducted by the committee within the unincorporated areas adjacent to the City and on one hearing within the City.

The methodology and format focus the study on an appropriate course of action that is consistent with the City's vision for the future, acceptable to its residents and feasible in its concept.

**GLOSSARY.** A description of the several terms or labels used in this study can be found at **Appendix A - Special Terms and Labels**.

**MEMBERSHIP OF THE ANNEXATION COMMITTEE.** The committee members completing the report were: Wil Cossel, Bob Metzker, Dan Sokol and George Williams. Jess Torres, an alternate member, also helped complete the study. The City's Community Development Director, Will Wong, served as Staff Advisor to the committee. Others who served on the committee during the period of the study included: John Gack and Councilman O.C. Taylor.

**II. ISSUE:** The study takes a broad view of the annexation question and addresses the issue:

> WHAT IS THE PROPER ANNEXATION POLICY FOR THE CITY OF AUBURN TO PURSUE OVER THE NEXT DECADE?

## III. ASSUMPTIONS:

A. The City of Auburn must have adequate policies and procedures in place to address future annexation proposals or requests.

B. Annexation into the City of Auburn is preferable to the creation of a new city.

C. The citizens of Auburn desire to retain their own Police, Fire and Public Works Departments.

D. An acceptable tax sharing agreement can be negotiated between the city and the county.

E. Disincorporation of the City of Auburn is not a viable course of action.

## IV. FACTORS THAT AFFECT ANNEXATION:

A. The processes for existing cities to annex parts of unincorporated areas or for unincorporated areas to form new cities in California are established by statute. The processes for any annexation are administered by a Local Agency Formation Commission (LAFCO). Each county in California has its own LAFCO. The annexation process is described at Section V-A-1 and at **Appendix B - Introduction to Annexation**.

B. The demographics, population and government of both existing cities and the adjacent unincorporated area are important factors in any annexation. The cultural features of the Greater Auburn Area are depicted in **Appendix C - Background Data**.

C. Annexation will be successfully accomplished only if the public perceives that annexation would provide advantages over the existing government structure. The last survey of public perception of annexation by the City was performed in 1993, prior to an attempt by the city to annex a large part of the unincorporated area north of the city. The results of this survey are discussed at Section V-A-3, **Annexation Survey -1993** and summarized in **Appendix D - Annexation Opinion Survey - 1993**.

D. An effort, in 1994 by the City of Auburn to annex its entire Sphere of Influence to the north (North Auburn) was defeated within the area proposed for annexation by a five to one vote. The vote within the city limits reflected a 1.4 to 1 vote (a 56.5% majority) in support of the proposed annexation. The event is discussed further at **Appendix E - Critique of the 1994 Annexation Campaign.**

E. On June 14, 1999, the Auburn City Council adopted a new annexation policy (**Appendix F - Resolution No. 99-64**). The resolution establishes the following policy:

*"That the City shall actively encourage annexation; and*

*"That pre-annexation activities shall be initiated for those areas within an appropriate sphere of influence that (1) are fiscally sound additions to the City, (2) can be served by municipal facilities or an acceptable alternative, (3) are beneficial to the residents and the businesses of the City of Auburn and the area to be annexed, and (4) conform with the policies of the Auburn General Plan; and*

*"That on an annual basis in coordination with the budget review, the Annexation Committee shall present for City Council approval an Annexation Program identifying those areas considered appropriate for annexation activities, including therein an appropriate allocation of funds."*

## V. DISCUSSION OF ANNEXATION CONSIDERATIONS:

**A. ANNEXATION IN THE PAST.** Over the years the City has made several "friendly" annexations involving relatively small areas with a consensus of support within the annexed areas. The 1994 North Auburn/Bowman annexation effort, although unsuccessful, was the most recent and the largest ever attempted by the City (see **Exhibit II - Sphere of Influence**). A discussion of the annexation process necessitates a basic understanding of the processes involved in initiating and accomplishing an annexation.

1. **The Annexation Process.**[2] For purpose of discussion it is convenient to think of annexation as a three-phased process: (Phase I) the detailed planning and assessments necessary to proceed with an annexation and to complete the administrative procedures required and monitored by LAFCO, (Phase II) the political process necessary when an annexation election is required, includes the campaign and the election on the annexation ballot measure, and (Phase III) the critical transition phase (assuming a successful ballot measure) of planning and accomplishing the transition of authority and responsibility over the newly annexed area. Many of the activities required in these "three phases" are performed concurrently. For example the planning for Phase III is necessarily done concurrently with Phase I and II. The independent committee managing the political processes in Phase II, to be effective, must begin its planning early in Phase I.

a. PHASE I - Administrative Process. In the initial stages annexation is largely administrative, necessitated by the multitude of information needed to evaluate, plan and execute a successful effort, including the LAFCO prescribed processes and procedures. The LAFCO procedure has been described as a three-step process.[3]

(1) **STEP ONE - Application for Proposal.** This step may be initiated by a resolution of application by the affected local agency (§ 56800,et seq.)[4] or by petition of the landowners or registered voters (§ 56700, et seq.). The application must also include a completed application packet and filing fees.

---

[2] See also APPENDIX B - INTRODUCTION TO ANNEXATION.

[3] Cubberly, Deborah, Executive Director, Placer County LAFCO, Briefing to Auburn Area Chamber of Commerce Forum, August 31, 1999.

[4] All Section (§) citations reference the California Government Code.

(2) **STEP TWO - LAFCO Public Hearing.** After appropriate review, LAFCO staff prepares a report and recommendation on the proposal (§ 56833). LAFCO then conducts a public hearing on the proposal to consider all pertinent factors. After the hearing process is complete, LAFCO will make one of two determinations. (Section 56375[1]) LAFCO may approve the proposal (with or without conditions), designating the conducting authority and directing the conducting authority to proceed with the protest hearing. Or LAFCO may deny the proposal, in which case the proceedings are terminated.

(3) **STEP THREE - Public Hearing and Protest by Conducting Authority.** If the proposal is approved, the conducting authority must hold a public hearing within 30 days. The purpose of the hearing is to measure written protest to the proposal. At the close of the hearing the conducting authority will adopt a resolution making one of three determinations. The determination will be based upon the level of protest and will (a) order the change of organization or reorganization, (b) terminate the proceedings, or (c) order the organization or reorganization subject to an election.(Section 57050 et seq.)

b. PHASE II - Political Process. When an annexation election is required[5] and the annexation question is actually a ballot measure, public entity staffs must divorce themselves from any participation in the political aspects of the campaign. It should be noted that while public resources may not "*...be used to promote or oppose ballot measures they may be used to provide objective analysis and information concerning a proposed ballot measure*".[6] There is no hard and fast rule for judging whether a communication is promotional rather than informational. Material which exhorts voters to "vote yes" is clearly promotional; however, documents which do not contain such exhortations may nonetheless be considered promotional. The standard is a strict one: the publication must be purely informational to pass legal muster and the Fair Political Practices Committee (FPPC) has indicated an inclination to come down hard on public agencies it believes are engaged in efforts to subtly influence voters.

c. PHASE III - Transitional Process. The success of the political process is easily measured at the ballot box. However, the real measure of success of any annexation is the effectiveness of the transition of responsibility and the provision of uninterrupted essential services to the newly annexed area as well as the pre-annexation city. The accomplishment of a smooth transition requires a myriad of detail and professional planning for the provision of such services. Particularly important are security services (i.e., police and fire) and those other services which pertain to the protection of life and limb.

---

[5] Under certain conditions elections may also be required in the territory of the city to which annexation is proposed. See footnote to **Appendix B - Introduction to Annexation.**

[6] Public officials and employees have many ways to exercise their rights to promote or oppose ballot measures. The key is not to use the public time, money or other resources to do so. Public resources may, however, be used to provide objective analysis and information concerning a proposed ballot measure. However, extreme care must be taken that any analysis is "informational" and not "promotional". While a public employee, like an elected official, can support or oppose ballot measures, they cannot use public resources (including their time on the job) to advocate a particular position on a ballot measure. Local public employees may not solicit contributions from their fellow employees nor wear their uniform when engaging in political activities after hours. Public employees responding to a request for information on a public agency's analysis of, or position on, a ballot measure must provide a "fair representation of the facts." *Legal Issues Associated with City Participation in Ballot Measure Campaigns", League of California Cities, Jul 1996.*

**SUMMARY: The successful completion of the prerequisite administrative procedures, require active participation, cooperation and a professional candidness of both the City and County staff. Without this cooperation and commitment any annexation effort will be unnecessarily complicated and difficult.**

**Public officials and employees have many ways to exercise their right to promote or oppose ballot measures. The key is not to use the public's time, money or other resource to do so. Public resources may, however, be used to provide objective analysis and information concerning a proposed ballot measure.**

**The true measure of a successful annexation includes the smooth and adequate provision of all municipal services to the newly annexed area without interruption of such services to the annexing area.**

2. **North Auburn/Bowman Annexation Effort.** This unsuccessful effort, in 1994, involved the attempted annexation of a developed area of approximately 13.8 square miles with an estimated population of 12,250. The original proposal for annexation involved a two-phase approach with a much smaller initial annexation (approximately one-half) of the total area actually attempted. This final annexation plan was actively contested by some residents and members of some county employee groups (see Section V-A-4, below). To the extent records and information were available, the study reviewed the 1994 process including the City's plans for transition of responsibilities, and the provision of municipal services during the transition period. The results are summarized in the three phase annexation process mentioned above.

a. PHASE I - Auburn Administrative process. The relative size of the 1994 effort seriously taxed the capability of the City's small staff. Nevertheless, a review of the available material reflected a diligent and professional effort by the staff to compile the data and complete the necessary administrative processes required. One of the major efforts completed by the City was the required City-County Tax Sharing Agreement (see Section V-E-2 and -3, below). Another major requirement was the compilation by all departments of a pro-forma budget for the enlarged City. This process generated necessary information for both the feasibility process (Phase I) and the transitional process (Phase III). The study's review of the financial budgeting process and administrative efforts of the staff indicated a thorough and professional approach to the administrative phase of the annexation process.

b. PHASE II - Auburn Political Process. The political process itself is not within the scope of the City's responsibility and accordingly beyond the scope of this study. However, there are some after-the-fact observations that bear mentioning here. There were several items relative to the political phase which were prevalent in the general critique of the 1994 effort. These are addressed separately at **Appendix E - Critique of the 1994 Annexation Campaign.**

(1) With substantial opposition to annexation as early as March 1993 (see **Section V-A-3, Annexation Survey - 1993**), it was obvious that if the 1994 effort were to succeed there was a need for an aggressive campaign to inform and to promote annexation. The volunteer (non-profit and non-governmental) Auburn Community Consolidation

Committee (ACCC) managed the campaign to promote the annexation ballot measure. They raised non-public money, prepared promotional material and conducted public meetings in the unincorporated annexation areas and organized some door-to-door campaigning. At the time, the campaign was generally considered adequate. However, the election results make it abundantly clear that the 1994 effort was not successful in generating sufficient support within the area to be annexed.

(2) Completely separate from the A.C.C.C. promotional (political campaign) effort, the City prepared and distributed various informational material on annexation. One typical document called "*Most Commonly Asked Questions*" dealt with responses to these perceived most common questions. The piece was informational and did not urge support of the annexation ballot measure. The preparation and dissemination of such informational material with public money is allowable under the current statutes. However, there is precedent to indicate that if the city takes an official position supporting the annexation ballot measure (e.g., City Council Resolution), then any material prepared or distributed by the city might be construed as promotional rather than informational[7]. It is difficult to imagine how the proponents of a ballot measure can maintain that it is not promoting the measure with even "so-called" informational material. Improper activities in this area could put the city in conflict with the state's Fair Political Practices Committee (FPPC).

c. PHASE III - Auburn Transitional Process. The City's plan for assumption of responsibility and for the transfer of services appeared comprehensive and effective. The basis for the transitional plan was the projection made by City staff of the additional personnel and equipment needed to provide the necessary services for the broader community. The plan was separated by those areas which would be impacting departments the most: personnel acquisition and the appropriation of capital equipment. The plan starts with personnel, as the "most important element" of City organization followed by the equipment needed to do the job. It involved a phased transition over a five year period with an increasing percentage of responsibility being assumed by the City each year as the City departments increased their capability. The county would continue to provide necessary support on a fee basis pending the City's assumption of 100% responsibility. This is an accepted even traditional approach to transition, particularly for larger annexations. This particular transition plan was complicated by the large urban area being annexed and the relatively small size of the City departments at the time of the attempted annexation.

---

[7] In the Matter of County of Sacramento, FPPC No. 93/345 (July 3, 1996). *"Legal Issues Associated with City Participation in Ballot Measure Campaigns", League of California Cities, July 1996.*

SUMMARY: **The theory of annexation in its simplest form is that two adjacent areas with mutual interests and concerns agree to consolidate under a single governing entity. State statutes and local LAFCOs provide legal procedures to accomplish the annexation with minimal negative impact to entities concerned. Frequently, some element of the affected community is invariably "harmed" or perceived to be harmed by the annexation. The degree of opposition presented by this "harmed" element(s) will determine whether the effort is a harmonious affiliation or a contested political campaign.**

**The process surrounding the 1994 annexation vote confirmed that the political process is an important and essential step in the annexation effort. Those results stressed that the proponents of annexation must have a support-base within the area to be annexed that can generate the necessary majority vote.**

**While efforts were made by the City "to inform" and by the ACCC "to promote", the low level of support for annexation magnified by the high level of misconceptions about the impact of annexation on individual voters, suggest that the efforts to inform the voters and promote the annexation were less than adequate.**

**To avoid any possible conflict of interest in any future annexation efforts, the city should determine which is more beneficial to the public: the informational material that it might disseminate or an official endorsement by the City Council of the annexation ballot measure.**

**The review of the 1994 effort noted some possible shortcomings and successes relevant to the political process, although beyond the scope of this study, they are considered important to an analysis of this community process. See Appendix E - Critique of 1994 Campaign.**

**The City of Auburn had a well conceived and comprehensive plan to accomplish the transition associated with the 1994 annexation effort.**

3. **Annexation Survey - 1993.** A public opinion survey on annexation of the North Auburn area into the City of Auburn was conducted by Meta Information Services in March 1993. The survey consisted or 400 completed interviews, of which 40 respondents (10%) resided in the city and 354 respondents (88.5%) resided in North Auburn, outside the city (6 respondents were unsure whether they lived in or outside the City). Responses by City and North Auburn residents were not tabulated separately. The results of the survey are presented in **Appendix D - Annexation Opinion Survey - 1993**.

a. Perception of major issues facing the Auburn Area. The results of the survey demonstrated that the people of the Auburn Area did not believe that annexation is an important issue. Only 5.2% of those surveyed considered annexation to be the major issue compared with the 31.5% who considered excessive development and growth to be the major issue.

b. Support for annexation. Fewer than one-quarter of the respondents would have supported annexation in 1993. Thirty-one percent of the respondents could not give a specific reason for their support. Twenty two percent, of the annexation

supporters cited their expectation that services would increase as the reason for supporting annexation.

c. Opposition to annexation. Significantly, a large percentage, 62%, of the respondents opposed annexation. Thirty percent of the respondents could not give a specific reason for their opposition. The highest percentage, twenty eight percent, of the opponents cited their expectation that taxes would increase as the reason for opposing annexation.

d. Conception of the effects of annexation. The respondents were asked to agree or disagree with statements of the effects of annexation on taxes, public services, growth and development, and representative government. Some of the responses appear to be contrary to reason, suggesting that some respondents were justifying in their response, their preconceived positions against annexation. The perception that annexation would have appreciable effect on taxes, for example, can more easily be demonstrated to be a misconception than the perceptions of the effects on representative government and on growth and development. The most curious response was the belief that annexation would mean more growth and development in the annexed areas although the existing city-county planning control arrangement has done nothing to curtail growth and may have well contributed to past excessive growth.

**SUMMARY: An annexation survey in March 1993 demonstrated that the population opposed annexation by a margin of about three to one. The inconsistent and sometimes illogical responses to specific questions indicate that opposition - albeit substantive - was based more on preconceived notions and misconceptions than on any objective review of the pros and cons.**

4. **Opposition to Annexation by County Employee Groups.** Some employees from County Employee Groups actively opposed and campaigned against the 1994 annexation attempt.

a. Such opposition was apparently based on a feared loss of jurisdiction and -- with it -- the loss of positions within the employee group. A reduction in size of any agency or group is usually perceived by the members as a reduction in opportunities. The loss of jurisdiction would not occur in all departments of the county; however, it could be significant in both the sheriff and public works departments with the changes of authority and responsibility following a large annexation.

b. The basic perception is correct. The loss of police or public works responsibility for an area as large as North Auburn would almost surely require some employee reductions by those county agencies. Conversely, the opposite would be true for the city agencies required to assume these responsibilities. Because of the training and experience of county employees they could be candidates to join the pool of available new hires for the city.

c. It should be noted that because of normal attrition of county employees, growth outside any proposed annexation area, and the gradual transfer of duties from

the county to the city would not affect employees in any material manner. Although it is of some concern relative to annexation, reported inappropriate actions by individual members of the employee groups were not investigated in the study.

**SUMMARY: This opposition by members of employee groups was well organized and effective. The impact of that opposition is difficult to measure but it does appear to have been significant in the rejection of the annexation proposal. The effort apparently was not given due consideration by the ACCC and accordingly, was not effectively countered.**

5. **City's Growth 1989 - 1999.** The City's growth over the last 10-years can be seen at Table 1 comparing key budget indicators.

a. The comparison reflects a 32.2% increase in population and a 52.4% increase in the General Fund Budget. Tax revenues overall are up by 58.5%. Property tax revenue, with the continuing Proposition 13[8] restriction, is up 48.3%. Sales tax revenues increased 53.5% in the ten-year period. The most significant changes occurred in the Police Protection costs (up 118.2%) and Fire Protection, which although up by 269.5%, began this 10-year period at a minuscule $167,000 annual budget (previously, the Fire Department was almost totally volunteer). The increase in sewer service cost can be attributed to the need for capital improvement, primarily mandated to meet state standards

C:\CITYFIG.WK1

TABLE 1
Increase in Key Auburn Budget Indicators – 1989-1999

| KEY INDICATORS | 1988-89 | 1998-99 | CHANGE |
|---|---|---|---|
| Population | 8,775 (000) | 11,598 (000) | 32.2% |
| General Fund Budget | $3,625 | $5,523 | 52.4% |
| Tax Revenues | 2,273 | 3,603 | 58.5% |
| Property Tax | 826 | 1,225 | 48.3% |
| Sales Tax | 1,417 | 2,175 | 53.5% |
| Police Protection | 981 | 2,141 | 118.2% |
| Fire Protection | 167 | 617 | 269.5% |
| Sewer Services | 439 | 1,779 | 305.2% |

**CITY OF AUBURN 10-YEAR COMPARISON**

b. The change over this period is noteworthy because of the severe limitation on the City's ability to further expand its property tax base. This puts an ever increasing demand on expanding sales tax revenue to meet the inherent increase in the costs of providing municipal services.[9] While the City has shown some growth in revenues, the areas

[8] A review of the important effects of Proposition 13 are discussed under Section V-D-7, Reliance on Sales Tax Revenue

[9] There is a clear upward tendency in the cost of providing municipal services within the city. There are no indications of a reduction in this upward trend. Given the cost of living increases and the wage escalations inherent in the city's collective bargaining process coupled with the impending necessity to divert revenues from the general fund to infrastructure renovation there should be some expectation of an increase in this upward tendency.

just outside the City but within the City's Sphere of Influence, by comparison, have shown a spectacular growth in revenues.

**SUMMARY: The most significant determination gleaned from the figures at Table 1, is that the figures do not reflect any significant progress in enlarging the city's tax base or reducing the ever increasing reliance on sales tax revenue (see Section V-D-7, below). Some positive changes have occurred but nothing sufficient to suggest any real strengthening of the city's ability to weather a material economic downturn.**

B. ANNEXATION IN THE AUBURN GENERAL PLAN.[10]

1. **Annexation Philosophy in the General Plan.** **Appendix G - Auburn General Plan** presents excerpts from the plan pertinent to annexation. The plan reflects a proactive philosophy toward annexation. It lists specific goals and identifies policies to assist in attaining those goals.[11] A review of these pertinent annexation items revealed that the City's annexation policy, then in effect (**Appendix H - Resolution 97-5**), was not consistent with the annexation goals and policies set forth in the General Plan.

2. **Consistent Annexation Policy.** The prior inconsistent policy was response-based, providing that the City would take action only after receipt of an annexation proposal from an area desiring annexation. Accordingly, the goals and policies set forth in the General Plan were used to compile an appropriate annexation policy for the city consistent with these goals and policies. The policy compiled was designed to implement the spirit of action relative to annexation promulgated in the General Plan. That policy was adopted on June 14, 1999 as City Resolution No. 99-64 (copy at **Appendix F**).

**SUMMARY: The annexation philosophy set forth in the General Plan fosters annexation and the eventual consolidation of the City's entire Sphere of Influence into a single municipality. The plan anticipates[12] that the areas within the City's Sphere of Influence will be annexed into the City within the 20-year life span of the General Plan. Both the spirit and the letter of this philosophy envisage a well-conceived program designed to accomplish the intended growth and annexation.**

C. ANNEXATION IN THE FUTURE.

1. **Future Annexations.**

a. The process in the future. Although the annexation process is frequently criticized by municipal organizations,[13] it does not appear likely that the procedure

---

10 CITY OF AUBURN GENERAL PLAN 1992-2012, adopted November 1993.

11 Section I, INTRODUCTION and Section IV, LAND USE ELEMENT, Ibid.

12 Section I, Part 3 - General Plan Background, Ibid.

13 See Section V-E-1, Revenue and Taxation Code 99.

will be changed significantly in the next few years. Accordingly, annexation efforts within the next decade will probably be dealing with the current annexation process.

b. Feasibility of future annexations. The complexity of annexation requires proper planning and a sound fiscal approach. If the City attempts to annex commercial areas it will be perceived by many as a tax grab. However, to annex residential areas may be too costly to the City and strain the City's limited revenue resources. Future annexations will be difficult if past public perceptions continue (see **Appendix D - Annexation Opinion Survey - 1993**). The low-level of support by North Auburn residents for the 1994 annexation effort convinces some that annexation is not a viable alternative. The cost of annexation also contributes to the reluctance, by some, to attempt another annexation.

(1) **Three key issues:** To measure the feasibility of any annexation attempt, the city must consider three key issues:

- Is it politically viable; will residents in the annexed area and City support it?
- Will it benefit both the residents of the annexed area and the City?
- Is it fiscally sound? The City must consider the consequences of the tax sharing agreement (assuming an acceptable tax sharing agreement), the type of area (i.e., commercial, residential or industrial), the condition of infrastructure (e.g., roads, sewer and drainage) and the public works maintenance burden of the area.

(2) **Dual benefit.** Annexation will be successful only if it works to the benefit of residents in both the annexed area and the City. It must consist of and/or contribute to, a balanced economic mix of residential, commercial and/or industrial.

c. Annexation as a means to consolidation.

(1) **Difficult process.** Experience shows that annexation is a difficult and often expensive process. It should not to be pursued without adequate technical advice and support. The study recognizes the conditions imposed by LAFCO, the significant obstacle imposed on the City by the tax sharing agreement and the opposition to annexation by County Employee Groups. These are substantial difficulties that cannot be entirely avoided.

(2) **Municipal governance is City's role.** Considering the nature and the mission of County and City governments, City government has the prime responsibility to plan and govern the future of this municipal area. Although the County is currently exercising certain municipal responsibilities over parts of the City's Sphere of Influence, its mission is to deal with the County's specific area of responsibility: the courts, the jails, the welfare program and the county infrastructure necessary to support the state and municipal governments in accomplishing their missions. Within the state's governmental system, the responsibility for governing municipal areas should properly fall to city government. To exercise this leadership role and to participate in planning the future of the Greater Auburn

area, the City must consistently review the concept of consolidation with adjacent areas and consider the use of the annexation process.

d. The future without annexation. The City of Auburn can continue without annexation, but it must anticipate some erosion of services. It can continue at its current size for an indefinite period, if conditions remain the same (i.e., no major changes in the economic situation). Although the city could continue, the scope and quality of services could not be expanded or improved. With current resource levels, it would be difficult to maintain the existing scope and quality over the next decade. Considering the increases inherent in our collective bargaining and consulting agreements, and the highly probable necessity to divert additional revenues to infrastructure improvements over the coming decade, the city will find it difficult to maintain its current level and quality of services based on its current tax base. Any attempt to increase services or to address new or "Unmet Needs" could result in the need for a significant (and politically difficult) added tax/fee burden.

**SUMMARY: Whatever the perceived problems of annexation, the question of any future annexations must be addressed on a long-term basis, and in consideration of what is best for the Greater Auburn Area over that long-term. Annexation is not essential to the future. However, the benefits of annexation far outweigh any consideration of not annexing. Measured objectively and considered in terms of what is best for the community of Greater Auburn, annexation must be considered as an important and possibly a critical course of action for the future of the area.**

2. **Annexation as a Prospect.**

a. Despite the difficulties of completing a successful annexation, the city has a municipal responsibility to consider periodically the expansion of its city limits through annexation. While the county has no responsibility to discourage annexation, it does have a high propensity to protect its revenue sources (i.e., sales tax revenue in North Auburn). This urge to retain to those revenue sources conflicts directly with the city's annexation interest.

(1) In the Auburn Area, many traditional benefits of annexation (e.g., water system, sewer collection and treatment, garbage collection, recreational programs, fire protection and municipal police) are not available for the City to proffer as an incentive for adjacent areas to support annexation. The best example is the inability of the city to offer fire services to the area now served by the Consolidated Fire District. (This is discussed further at Paragraph 4 below). Absent these traditional benefits the incentives to annexation are less discernible by the public.

(2) While important advantages do exist, they are more difficult to "sell" because they are not directly affecting the individual household. These advantages are:

(a) Provision of a single community-developed vision for the future of the Auburn Area.

(b) Provision of singular land-use planning for the Auburn Area, allowing local control and coordination to manage urban sprawl, excessive traffic

and the proliferation of development.

(c) Maximizing local government's ability to enhance the area's quality of life by preserving its hometown atmosphere.

(d) Provision of a more representative and more accountable local government.

(e). Provision of certain economies of scale and the natural efficiencies attendant with a more optimally sized city.

(f) Eventual local control over locally generated revenues.

b. The study reviewed all land adjacent to the city that might at some time be considered for inclusion into the city. Eight areas were delineated for the purpose of identification and discussion. Each area has generally similar characteristics and a definitive geographic boundary. The areas have variable conditions, typical of the Auburn Area, of development, agricultural uses and assigned zoning. These areas are designated for discussion purposes only. They are not listed in any particular order and were drawn in part to include the full 360-degree review of the city limits. They are labeled by their general direction from the center of the city. The eight potential areas listed below, are described and shown graphically at **APPENDIX J - Areas Adjacent to Auburn.**

(A) Northwest & North.
(B) Extended Northwest & North.
(C) Extended Northeast & North.
(D) Northeast & North.
(E) East.
(F) South.
(G) Southwest.
(H) West.

3. **Tax Consequences of Annexation to Taxpayers and Residents.**

Based on the 1993 survey, it was clear that one perceived effect of annexation by North Auburn residents was that their tax and fee burden would increase. Accordingly, the study reviews the individual tax burden of property owners and the consequences of annexation on that tax burden.

a. Property tax bills. The basic property tax rate reflected on a property tax bill is the same for all residential or commercial buildings within the area. Certain other taxes (schools, special districts and sewer fees) also reflected on the property tax bill, may differ based on the special district(s) in which the property is located. These fees are set by procedures already in place and any impact on them would be the result of a phased transfer of

the responsibility of the activity from one entity to another. Any change in fees would be a matter of required public hearing and/or fiscal justification, just as it is now.[14] Taxes not reflected on the property tax bill (i.e., sales tax, transient occupancy tax, etc.) are identical for all of the Greater Auburn Area.

b. General Obligation Bonds. Voter-authorized General Obligation Bonds (hereinafter G.O. Bonds) are also reflected on the property tax bill. At present the City of Auburn has one G.O. bond (balance $1.74 million) which costs City residents 17 cents per $1,000 assessed property value (i.e., $100,000 assessed value would equate to $17.00 per year.)[15] Using the median assessed value of a single family residence in Placer County ($136,000) the median annual cost of the bond is $23.12. The county has no G.O. Bonds attributable to the Greater Auburn Area (See Table 2). The G.O. Bond tax rate is determined by the property within the assessed area available to pay the annual debt service on the bonds. Accordingly, the rate would be reduced proportionately if the assessed property tax base were enlarged by annexation. The entity losing the tax base would seek relief for any lost revenue through the annexation tax sharing agreement (See Sections V-E-2 & 3, below).

c. Certificates of Participation. The other significant local debt that should be discussed is Certificates of Participation (hereinafter C.O.P.s).[16] C.O.P.s have become the chosen alternative to G.O. Bonds for capital structure financing. The City has one C.O.P. (balance $2.39 million) with an annual lease payment (the equivalent of debt service including principal and interest) of $223,000.[17] Placer County has two C.O.P.s currently totaling $26.4 million with an annual lease payment[18] of approximately $2,030,000.

---

[14] A good example of these fees are the sewer service fees charged by both the County ($38.75 per month) and the city ($35.00 per month). There are two separate facilities (City's Ophir facility and the County's SMD-1) which service much of the Greater Auburn Area. Given an annexation of North Auburn that did not include the SMD-1 Facility, per se, the service would not be impacted in any way by annexation. If the plant itself were included in an annexation, the City would, by a phased and planned transition, assume the management of the SMD-1 facility. Regardless of who is responsible for the operation of the facility, the service fees charged are required by statute to be based on the actual cost of operating the facility. Accordingly, annexation would have no material impact on either the setting or collection of such fees.

[15] Property annexed into the City would, upon annexation, assume a proportionate share of that general obligation bond liability. The actual rate would be adjusted downward based on additional assessed property values, as discussed in the text.

[16] General Obligation Bonds (G.O. Bonds) are authorized by a ballot measure passed by the voters. Certificates of Participation (C.O.P.s), unlike G.O. Bonds, are **not voter approved.** They are in reality a financial lease or installment agreement secured by the project or equipment which the certificate proceeds build, buy or renovate. They typically involve an agency which issues bonds to finance a project and pays off the bonds (including fees and interest) with lease payments from the City or County. The are authorized by a simple majority vote of the Board or Council of the particular entity. Entities fund major projects using C.O.P.s because it can be done without a vote of the taxpayers. Additionally, entities's using C.O.P.s may claim to have less debt obligation because the C.O.P.s are not reflected on the property tax bill nor are they reflected as a liability on the entity's books. Nor do the C.O.P. obligations constitute indebtedness under the state constitutional debt limit. Nevertheless, the obligation does exist and must be paid, not from a special bond assessment authorized by the taxpayers (as are G.O. Bonds), but from existing general fund revenue sources that would otherwise be spend on essential services and/or the general welfare of the entity's residents.

[17] The city's C.O.P. debt was incurred to purchase and renovate the city's current Public Safety Building. The county's C.O.P.s were used to build the county Administrative Center ($15 million) and the Juvenile Hall ($13.2 million). The latter was partially a roll-over of a existing C.O.P. debt used for the jail kitchen which was combined with the new C.O.P. for the Juvenile Hall.

[18] In the discussion of C.O.P.s the study uses the term "debt service" or "debt obligation" interchangeably with the more correct terms "lease payment" or "lease obligation". It is the opinion of the study group that C.O.P.s, while technically financial leases, are, in fact, debt obligations based on the borrowing entity's credit rating and that any failure to meet that obligation would materially decrease the entity's credit rating.

Table 2
Summary of Major Debt
General Obligation Bonds and Certificates of Participation

| TYPE OF MEASURE | YEAR ADOPTED | ORIGINAL AMOUNT OF MEASURE | PURPOSE OF FINANCING | ANNUAL PAYMENT | MEASURE MATURES | CURRENT BALANCE |
|---|---|---|---|---|---|---|
| GENERAL OBLIGATION BONDS | | | | | | As of Jul 1, 1999 |
| | PLACER COUNTY | | Population: 94,405 | | | |
| | | None | | | | |
| | TOTAL: | 0 | | 0 | | 0 |
| | CITY OF AUBURN | | Population: 11,600 | | | |
| | 1987 | $2,330,000 | Acquire and Renovate Civic Center | $207,000 | Aug 2012 | $1,740,000 |
| | TOTAL: | $2,330,000 | | $207,000 | | $1,740,000 |
| | | Median annual costs per assessed parcel: | | $23.12 | | |
| CERTIFICATES of PARTICIPATION | | | | | | As of Jul 1, 1999 |
| | PLACER COUNTY | | | | | |
| | 1996 | $15,000,000 | Finance/Admin Building | $1,100,000 | Jan 2024 | |
| | 1998 | $13,200,000 | Juvenile Hall & Jail Kitchen | $93,000 | Jul 2025 | |
| | TOTAL: | $28,200,000 | | $1,193,000 | | $26,000,000 |
| | | | Per Capita Share: | $21.50 | | $280.00 |
| | CITY OF AUBURN | | | | | |
| | 1990 | $2,945,000 | Renovate Public Safety Building | $223,000 | Sep 2020 | $2,390,000 |
| | TOTAL: | $2,945,000 | | $223,000 | | $2,390,000 |
| | | | Per Capita Share: | $19.22 | | $237.00 |

C COP&BND WK1

d. C.O.P obligation. To measure the annexation consequences of C.O.P. obligations to residents, the study considered the per capita debt it represented based on current population estimates.[19] While not precisely applicable, this procedure reflects the annual lease payment (debt service) on C.O.P.s as an annual debt obligation to individual residents of the entity burdened with C.O.P.s, thereby making the debt burden comparable between the County and the City.

(1) **Annual per capita obligation.**

(a) Applying the City's annual C.O.P. obligation ($223,000) to its total population (11,600) equals $19.22 per year per resident.

[19] Based on the Sacramento Area Council Of Governments estimates as of January 1, 1998.

(b) Applying the County's annual C.O.P. obligation (2,030,000) to its total unincorporated population (94,405) equals $21.50 per resident.

(2) **Total per capita obligation.**

(a) The City's total C.O.P. debt ($2.39 million) equates to $206.00 per capita.

(b) The County's total C.O.P. debt ($26.4 million) equates to $279.65 per capita.

e. Source of C.O.P. lease payments. The real significance of C.O.P. debt, besides the fact that it is not voter-approved, is that such debt must be paid out of general fund monies received or collected by the City and County (sales tax and property tax being the major component of these revenues.)[20] While both the City and County allocate funds for these payments within their budget, it nevertheless remains that these general fund monies would otherwise be spent for essential services or for discretionary general welfare items were they not preempted for paying off the C.O.P.s.

f. Effect of annexation. The effect of an annexation on the above obligations is measurable. For example: an annexation that generated a 50% increase in population (to 17,400) would decrease the city's per capita C.O.P. debt by 33% from $223 to $148 and would reduce the annual C.O.P. per capita debt service obligation (lease payment) from $19.22 to $12.80. The relevance to annexation of these comparisons is the perception held by many residents of the adjacent unincorporated areas that they will inherit a tax debt burden by annexing into the city. These comparisons show that, with only a 50% increase in population, they would actually "disinherit" substantially more debt C.O.P. ($280) than they would inherit ($237).

**SUMMARY: The net effect of annexation on individual property taxes and fees is not material. Additionally, the perception that new residents of the city would "inherit" debt is erroneous. The figures indicate that the per capita debt is substantially higher in the County than in the City.**

**However, the preceding scenario must be qualified by the effects of both revenue sharing and the time frame imposed by the tax sharing agreement (See Section V-E-3, below). Accordingly, the net impact of annexation will be more of a phased transition due to the revenue-sharing period normally imposed by the tax sharing agreement.**

[20] If the proceeds from the C.O.P.s were actually used for a non-general fund project (e.g., an enterprise fund project), the payments (debt service) would be paid out of the appropriate enterprise or a special fund. This type of C.O.P. probably would be structured as an installment sale rather than a lease subject to abatement.

4. **Fire Protection**. Placer Consolidated Fire District (PCFD) provides fire protection and life support services to four of the eight zones in the prospective annexation areas adjacent to Auburn. The loss by PCFD of any of these zones and the revenues derived in them would jeopardize their ability to maintain the fire protection and life support services to the remainder of the district. The City of Auburn and PCFD established a boundary to define the areas served by these two entities in a Memorandum of Understanding (MOU). This MOU is presented as **Appendix I – Resolution No. 89-68 Resolution Approving Memorandum of Understanding with Consolidated Fire District.** The MOU has guided the providing of fire and life support services since its adoption in 1989. Any annexation must comply with the intent and provisions of the 1989 MOU.

5. **Ability to Address "Unmet Needs".** There have been suggestions that one result of annexation would be to produce additional revenue that could be used to address the plethora of "Unmet Needs"[21] so prevalent in local government entities since Proposition 13, and other limits on revenue generation.

a. Auburn's "Unmet Needs" are not all "nice to have;" some are really "need to have" (i.e., storm drain renovation, sewer collection system renovation, retention basins, street maintenance, support for cultural activities and a dynamic economic development policy). The City's ability to address its "Unmet Needs" is greatly reduced due to the City's heavy and increasing reliance on sales tax revenue (see Section V-D-7, below, *Reliance on Sales Tax Revenue*). Plausibly, the results of annexation will provide some net financial benefits due to the natural economies of scale and other efficiencies realized with consolidation. But the true net gain (or loss) can be calculated only after considering the similar unmet needs that will be acquired with the newly annexed area. There is no reason to conclude that the unincorporated areas of the county suitable for annexation are any less encumbered with unmet needs than the adjacent incorporated areas.

b. The ability or inability to address "Unmet Needs" relates more directly to the significant post-Proposition 13 phenomena of disappearing City revenues caused by the diversion of former City revenues to the state coffers. This diversion has resulted in an increased reliance by cities on sales tax revenue to provide essential services. The same factors that caused revenue disappearance in the incorporated areas and precipitated the City's "Unmet Needs" are replicated precisely in the unincorporated areas. The unmet needs in the unincorporated portions of the Greater Auburn Area are very significant to annexation particularly regarding the maintenance of streets and the older sections of the County's Wastewater Collection System.

---

[21] See Appendix A - SPECIAL TERMS AND LABELS, for a description of this term.

**SUMMARY: Some economies of scale can be realized with a more optimally sized municipality and there would be some natural savings intrinsic in a well-planned and forward looking local government. However, it would be a mistake to think that annexation could in any meaningful way provide the additional resources necessary to address the substantial list of "Unmet Needs" identified by the City of Auburn.**

6. **General and Land-Use Planning and Development.** Inherent in the provision of essential municipal services is the need to protect and propagate the beneficial elements of the community's character and its quality of life. To do this the municipal government must focus on the nature of development, the retention of open-space and the imposition of high-impact commercial ventures within its future boundaries or Sphere of Influence.

a. General strategic and land use planning are part of that focus. Neither can be done effectively or efficiently in small incremental parcels, but must consider the entire region affected by any particular land use scheme. Accordingly, the City must be able to influence (consistent with current law) the nature, location and the timing of developments within its Sphere of Influence. The development of areas adjacent to the city limits has long been a matter of City-County controversy. The controversy evolves around planning, development and "uncontrolled growth." Urban growth does not stop at the city limits, it goes beyond, often without compliance with local municipal planning strategy or codes. Although technically outside the City, these developments become part of the urban complex and often adversely impact important functional areas within the City. To counter this, the City must have some right to propose and negotiate suitable mitigation of these negative impacts.

b. Not the least important of these functions is traffic control and movement. The authority to plan, control and mitigate traffic impact within the area is one important function that must be done on a regional basis. Past actions or inactions have made the need for regional traffic planning and control essential in the Greater Auburn Area. These past oversights are illustrated by the Highway 49 corridor and its attendant problems. Most authorities recognize that for the future, traffic management and infrastructure planning, to be effective, must be done on a regional basis closely coordinated with intra-regional considerations.

**SUMMARY: In order to ensure the dependable and permanent provision of essential municipal services, a city must have a reasonable scope of authority to plan for the future provision of those services. This must include authority to influence the strategic planning and land use planning that impacts the provision of these essential services within its Sphere of Influence.**

## D. FACTORS SUPPORTING ANNEXATION.

1. **Creation of a "De-facto" City Which Lacks True Representation.** A "de-facto" unincorporated City has been created in the North Auburn area because of the County's policy of approving commercial and residential development and providing urban

facilities for development. Not only have new businesses located in the unincorporated part of the Auburn Area, But several existing businesses have moved from downtown Auburn to the unicorporated Auburn Area. The people in the North Auburn area rely on the Placer County Board of Supervisors for their urban facilities and local government, but can vote for only one of the five members of the board. One special consideration of annexation in the Auburn area is the proximity of county government to the City of Auburn. A large number of county government offices have moved outside the City, leaving little county government within the City, officially designated as the "county seat".

2. **Benefits of a Single Municipal Government Entity.** The benefits of a single governing body are historic and broadly recognized. A successful entity, whether municipality, district, county or state, recognizes and applies the principle of cohesive and singular government. Absent any overriding considerations, the administration of a cohesive and interrelated urban area, like Greater Auburn, should adhere to the principle and be under a single municipal and representative form of government.

a. The people of duly constituted cities vote for their own representatives who govern the cities. These representatives answer to the voters of the city, which may be in competition with other cities and unincorporated areas of the county for limited services and amenities. At present the residents of those unincorporated urban areas adjacent to the City of Auburn elect only one representative of the five who govern the unincorporated areas adjacent to the City. Members of a Board of Supervisors four of whom are less in tune with individual localities and who answer to competing constituencies are less likely to emphasize with the people of North Auburn. With a single municipal government, the citizens of the Auburn area would have the opportunity to vote for, or against, all their local representatives, and by that vote, exercise the traditional democratic influence on these representatives.

b. Some recent events dealing with land-use in the North Auburn Area have increased interest in the issue of local representation. Residents, wanting to engage their local government have been frustrated by an unresponsive majority on the governing board and by their inability, as non-constituents, to effectively engage the non-local members of the board.

c. An opinion item/guest editorial in the December 16, 1999 Auburn Journal described the benefits of consolidation of the Auburn Area into a single governing entity. This item is reprinted as **Appendix L, Annexation Could Lead to Enhanced Local Control.**

**SUMMARY: The study found not one advantage of maintaining a local government entity in which four out of five of the representatives are not elected by local residents. Conversely, there are many advantages, not the least of which is adherence to democratic principles, for local popularly elected representation.**

3. **Tax Base Size vs. Full-Service City.**[22] Approximately 11,600 people reside in the City of Auburn. They live in approximately 5,000 residences located within the City. A persuasive argument is made that a city of this size, generally speaking, has too small a tax base to provide the full spectrum of city services. This argument suggests that the city is about one-half the minimum size (in population) for a full-service city. That in general, a 25,000 population with comparable tax base is the minimum size that can -- over the long-haul -- effectively support a full-service city administration. The annexation of the area considered in 1994 (North Auburn/Bowman) would have created a city of approximately 25,000 population.

a. A counter argument states that this criterion (25,000 population) is too general to be relied upon. It counters that small cities (around 10,000 +/-) do exist with apparent success and without any apparent major fiscal problems. It would serve no particular purpose to analyze the various unique economic elements, location, or other factors that may allow some small cities to operate efficiently. Rather, the study addresses the question of what is the best course for this city and the Auburn area, based on the situation as it exists here.

b. The increasing costs of services, contrasted with the city's future anticipated revenue levels and sources, do support the argument that the city needs a larger and more varied tax base.[23] Such a tax base is required to ensure the continuous provision of minimum essential services, particularly during an unfavorable economic period when certain revenues (e.g., sales tax) can suddenly and substantially decrease.

**SUMMARY: Annexation is not the only method of expanding the city's tax base. However, given the limited area currently available within the city for acceptable and compatible development, it does appear that annexation is the obvious course of action to enlarge and vary the city's tax base. There is a key proviso here: specifically, any annexation intended to enlarge the city's tax base would have to be a predominantly commercial area where increased revenues will pay for the increased services needed. On the other hand, annexation of an area that is predominantly residential would have only a marginal impact on enlarging or varying the tax base. Accordingly, any annexation effort must be carefully analyzed for its true financial impact.**

4. **Increasing the Size of the City.**

a. For the City of Auburn and the North Auburn area, the question is not increasing the size of the city (or the urban area). In effect, the "city" is already there; the

---

22 The concept of full-service taken in the context of this discussion deals with the key essential services: public safety, public works, finance and personnel, and community and economic development. Within these individual functional areas there can be a wide disparity in the level of service provided. The study has not attempted to define either the scope or level that comprises "full-service." The term is used only to reflect the key essential services mentioned above and then only within the context of this study.

23 In analyzing the impact of various financial aspects, the study has generally omitted from the equation the significant problem of the tax sharing agreement. In any such financial analysis the affect of this agreement would be material and unavoidable. While it has been omitted for discussion and comparison purposes, it will be a key consideration in the final analysis of the fiscal impact of an annexation effort to the city and the Greater Auburn Area.

question is how to consolidate this "city" under one local municipal government, with a single vision for the future. The study examined the existing local situation and made the following determination:

(1) Existing urban areas, outside the city limits, are for all practical purposes part of the same community, comprised of Auburn and these existing urban areas.

(2) Urban areas adjacent to the city affect the city on a daily and long-term basis.

(3) Locally collected general fund taxes (primarily property and sales taxes) that should be invested for the benefit of the local community are being spent to improve and/or maintain areas outside the Auburn area.

(4) Additional development will occur in the city and adjacent areas due, in part, to the city's location astride the juncture of a major interstate and state highway.

b. There are those undeveloped areas adjacent to the city limits which are clearly suitable for development. The City must implement an annexation policy which identifies and recruits such areas before they are developed. In many ways, these areas are really what annexation is all about. Lacking an effective annexation policy in the past, the city has not always addressed the issue of annexation at the appropriate early stage. The development of such adjacent areas will unavoidably affect the city and impact its Sphere of Influence. The City has a municipal responsibility to influence the nature of any such development, to reduce its negative impacts and to maximize its beneficial effects for the City and for the community-at-large.

**SUMMARY: In the past, the City of Auburn has shown only a sporadic interest in annexation, and therefore taken little official notice of the adverse affects of development and urban sprawl around the city within its Sphere of Influence. Because of this inconsistent effort, Auburn has never assumed its leadership role as the municipal government in the Greater Auburn Area.**

5. **Retaining the City's Character.**

a. The small town ambiance enjoyed in this city is special and something both residents and visitors enjoy. There is a concern that, if the city grows through annexation, this rapid growth will deteriorate the character and charm of the community or even erode the quality of life. An opposing position suggests that the benefits realized with consolidation could generate resources to improve the scope of public services and enhance the general quality of life in the community.

b. There is no reason why an annexation of any of the potential annexation areas should adversely affect the ambiance of the City. Some of the community's charm is actually outside of the City. It is difficult to imagine how annexation of any of these areas could affect either the charm or the character of this City.

**SUMMARY: Since the larger community already exists, there is no reason that any plausible annexation (i.e., within or near the city's Sphere of Influence) would adversely affect the character and charm of the city or the adjacent areas.**

6. **Economies of Scale in Local Government.** A city, like any well-run organization, can realize economies of scale with a more optimal sized operation. However, economies of scale, require some qualification when applied to police and fire protection services. It would have a broader application for Public Works and Transit Operations.

a. Public safety programs. The need for 24-hour operations and required minimum staffing (for reliable emergency response) control the personnel staffing and costs for many public safety functions. Staffing requirements are dictated by the physical area, the structures, and the size of the population to be protected. It follows that the larger the protection area the greater the staffing needs to provide adequate protection. In the case of police and, to some degree, fire protection, being larger does not assure any broad economies of scale. However, certain areas, (e.g., administration and training) will enjoy measurable economies and should be enhanced by a larger size force. Additionally, the provision of special services such as SWAT, hazardous material handling and Advanced Life Support (ALS), if done in-house, could be more practical and cost efficient with a larger force.

b. Public Works and Transit Operations. Public Works and Transit Operations, because of their more "normal" business application, could enjoy measurable economies of scale with a larger mission and staff allocation. Unfortunately, any economies of scale that may be realized would be moderated with the annexation of relatively rural areas which would be more expensive to maintain. The primary services required would be street maintenance and storm drains which are the more poorly funded activities within the public works function.[24]

**SUMMARY: There are some measurable economies of scale that would be recognized with the provision of a single municipal government to the Auburn area. Putting aside the problems of annexation, the consolidation of North Auburn and Auburn would provide a more optimal size city that would improve public services and enhance the community's quality of life. With the more consistent and predictable economies of scale available to a larger municipality, the enlarged city could achieve some savings and apply these to the needs of the community.**

[24] Based on the current levels of revenue from GasTax and Transportation Development Act (TDA) funds, street maintenance is currently under funded by approximately $350,000 per year within the current city. Public Work managers implore that for some years, these funds have not been adequate to maintain minimum levels of maintenance on city streets. Both GasTax and TDA funds are restricted in their use. Other services, such as sewer collection and wastewater treatment would be paid by the collection of appropriate service fees.

7. **Reliance on Sales Tax Revenue**. The future of tax revenues for all cities is unpredictable. In the case of the City of Auburn the two major sources of general fund revenue are property tax (21.60%) and sales tax (38.34%)[25]. The remaining 40.06% are derived from the entire range of municipal fees, rents, and other revenues. In the past (pre-proposition 13)[26], property tax was the largest source; now sales tax is the largest and most important local source of new revenue. The significance to both cities and counties of sales tax revenue is not likely to diminish in the foreseeable future.

a. Impact of Proposition 13. This reliance on sales tax revenue is an unintended impact of Proposition 13 and subsequent state measures including Propositions 62[27] and 218[28]. In the case of the City of Auburn, the impact of these statutes combined with the shifting of property tax and other revenue sources away from the cities[29] is further exacerbated by the small, and virtually non-expandable tax base of the city. Additionally, the makeup of the area's economy (i.e., mostly small businesses oriented toward service rather than price competition) would serve to magnify the impact of any economic downturn.

b. Changing factors. Other factors becoming more prevalent in the contemporary economy can change the balance of sales tax revenue and affect the finances of any entity which relies on such revenue. These factors are: increasing competition, services not taxed and E-Commerce.

(1) **Increasing competition.** Some businesses that have located in the Auburn Area have resulted in the reduction of business and, consequently, in the

---

25 City of Auburn approved budget for Fiscal Year 1999-2000.

26 On June 6, 1978, the citizens of California amended the state constitution to incorporate a limitation on the ability of local governments to impose property taxes. That amendment added Article XIIIA of the California Constitution, commonly known as Proposition 13, which states:
***"The maximum amount of any ad valorem tax on real property (any tax derived form the value of real property) shall not exceed one percent of the full cash value of such property..."***

27 Proposition 62 - 1986 (Government Code 53720 - 53730) required general taxes to be approved by a majority of a popular vote. However, a number of appellate courts later declared the majority vote requirement for general taxes in the proposition unconstitutional, thus invalidating that portion of the initiative. Specifically, Proposition 62 requires an ordinance be approved by two-thirds of the governing body in order to raise local general taxes. The statute also specifies that the ordinance must state the type of tax, rate and method of collection. The statute clarifies that neither Article XIIIA of the Constitution (Proposition 13) nor implementing statutes contained in Article 3.5 of Division 5 of the California Government Code shall be construed to permit local taxes not otherwise authorized. The measure maintains the two-thirds popular vote for the approval of special taxes. Proposition 62 does not affect the imposition of benefit assessments, fees for service, Mello-Roos special taxes, and grants authority to transportation districts to seek voter approval of added sales taxes for transportation funding.

28 As part of the general election held on November 5, 1996, the electorate of the State of California approved Proposition 218, commonly known as the **"RIGHT TO VOTE ON TAXES ACT"**. The proposition was designed to close perceived loopholes in Proposition 13 and Proposition 62. It limits the authority of local governments to impose taxes on property related assessments, fees and charges, requiring them to be approved by property owners. It constitutionalizes the requirements of Proposition 62 concerning voter approval of all local taxes.

29 An obscure provision of Proposition 13 gave the state the authority to allocate property taxes, including the ability to take property tax revenues historically allocated to cities and allocate them to other programs. In the early 1990's, facing an unprecedented budget problem, the state shifted $3.6 billion of annual revenues away from local government including $2.8 Billion in property tax revenues. Cities throughout the state lost about $521 millions per year. Despite the return of better economic times and increases in state budget revenues, the shift mechanism remains in place. Current plans for the 1999-2000 state budget include a so-called ERAF-shift of up to 150 million back to the cities and counties to mitigate help replace this earlier shift away from the cities and counties. **California League of Cities**, *Financing Cities*, 1998.

reduction of sales tax income in the other jurisdiction. Some businesses from the City have relocated to the unincorporated part of Auburn Area also reducing sales tax income to the City.

(2) **Services not taxed.** The fact that sales tax applies only to hard goods and commodities and not to services becomes increasingly significant as the national economy shifts from product and material to services and electronic products.

(3) **E - Commerce.** The pervasive nature of E-Commerce will unavoidably affect the sales tax revenue of many local cities. The increasing amount of purchases that are being made via the internet, television and mail-order catalog sales typically do not generate any sales tax for local cities.

**SUMMARY: The increasing reliance on sales tax revenue and the vulnerability of these revenues to an economic downturn can jeopardize any government entity's ability to provide essential services during an economic downturn. The extraordinary economic growth that the country has experienced over the last seven years makes discounting a future downturn very tempting. History shows that such an economic downturn is inevitable. Ignoring it could jeopardize the continual provision of essential services. Any entity that relies on sales tax revenue must recognize its vulnerability to an economic downturn and plan ways to mitigate that contingency.**

8. **Location of Placer County Seat.** Auburn has been the county seat for more than 100 years. This is a matter of prestige to the City and carries some political advantage. By circumstance or design, the county has located most of its activities outside the current city limits, but still within the City's Sphere of Influence. This relocation along with periodic discussions of moving more county activities to the "more populated" South Placer area have generated some concern that Auburn may lose it designation as county seat. The designation is important to some residents. To the extent that this county seat designation is important to the Greater Auburn Area, then it follows that a larger more optimally sized city could encompass most of the local county offices and tend to restore the appropriate and legally constituted county seat within the City.

**SUMMARY: This matter is probably more significant on an emotional level than it is on a unemotional assessment of its significance to annexation. It does not seem to be particularly pertinent to the annexation decision although there is some real public concern about long-term retention of the county seat within the Auburn city limits.**

## E. IMPEDIMENTS TO ANNEXATION.

1. **Revenue and Taxation Code Section 99.** Perhaps the biggest impediment to annexation by cities are the provisions of Revenue and Tax Code Section 99. This informative article is reprinted to provide an introduction to the important provisions of Section 99 pertaining to annexation:

## Revenue and Taxation Code Section 99 (Reprinted[30])

### The Statute and the Problem

"Although the procedures for annexation and changes in Jurisdictional boundaries are ostensibly governed by the Cortese-Knox Local Government Reorganization Act of 1985 (Gov. Code section 56000 and following), an arcane law in another code may prevent a city from even commencing an annexation proceeding under the act. This impediment is found in Revenue and Taxation Code Section 99.

"After the passage of Proposition 13, the state legislature was obliged to adopt legislation to address a problem created by that sweeping tax revolt measure, namely, that there was no mechanism to address the division of property tax revenues following the annexation of territory to a city. That law was Revenue and Taxation Code Section 99.

"When a city annexes unincorporated territory, some of the property tax generated is shifted under a statutory formula to reflect the change in jurisdiction from the county to the city. (Rev. and Tax. Code Sections 93 -100). To the extent a county will still be providing some services within the newly incorporated area, it will continue to receive some of the property taxes collected from the area. How much of said revenue is transferred is subject to the procedures set forth in Revenue and Taxation Code Section 99.

"This law requires that upon the filing of an annexation application, certain procedures must be undertaken by the county assessor and county auditor within 30 days of filing. These duties include a notification from the auditor to both the county and the city stating how the estimated property tax revenues will be altered by the annexation. (Rev. and Tax. Code Section 99(b) (3).)

"Following receipt of the above estimates, the county and the city are required to commence negotiations:

> *'...to determine the amount of property tax revenues to be exchanged between and among the local agencies. This negotiation period shall not exceed 30 days.*[31]

"The exchange ***may*** be limited to an exchange of property tax revenues from the annual tax increment generated in the area subject to the (annexation] and attributable to the local agencies whose service area or service responsibilities will be altered by the proposed jurisdictional change (Rev. and Tax. Code Section 99 Subd. (b) (4).) [Emphasis added]

"The law further requires that following the 30-day negotiation period, the two agencies must present resolutions adopted by their respective legislative bodies whereby each agency accepts the agreed-upon exchange of property tax revenues. Failing such exchange within the statutory time period, the annexation proceedings shall be automatically terminated. (Rev. and Tax. Code section 99, Subd. (b)(7).)

---

[30] Bullard, William T. Jr., **"Revenue and Taxation Code Section 99"**. Reprinted with permission from the *March 1997* issue of *Western City* Magazine, the monthly publication of the League of California Cities. For information about subscribing to *Western City*, please call 916/658-8223 or visit the magazine's website at www.westerncity.com. Subscription information is also available by calling 1-800-572-5720 and asking for document #45.

[31] Changed from 30 to 60-days in 1999.

**How the Law Hampers Annexation**

"Certain significant problems are created by the Revenue and Taxation Code Section 99. Namely, that a city may be thwarted in its attempt to commence annexation proceedings should the county refuse to negotiate in good faith and reach an agreement for the exchange of property tax revenues within the required statutory time.

"Although the law appears to address the negotiation and agreement by and between a city and county for the exchange of property-tax revenues in an annexation, there has been wide-spread abuse by counties throughout the state. Because of severe economic conditions facing many counties, these abuses often include attempts to negotiate for other types of taxes besides property taxes, such as sales and transient occupancy tax as well as for nontaxrelated items such as land-use conditions." *[End of reprint]*

2. **Tax Sharing Agreement.**

a. A requisite step in the annexation process is the negotiation of a tax-sharing agreement between the City and County. The original purpose was, as the city annexed land and assumed the responsibility for municipal services attendant to that land, then property tax collected in the annexed area should go to the city to help pay for necessary services and support facilities. In some cases in California, the county and its cities have worked out tax sharing agreements in anticipation of future annexations, avoiding the always difficult task of case-by-case negotiations.

b. This was the situation in Placer County in the period June 1980 to September 1990. In June 1980, the County signed a master property tax sharing agreement with all its five Cities. The agreement reportedly worked well as long as the annexations involved undeveloped areas. This was changed by the impact of Proposition 13 and subsequent reliance by cities' and counties' on sales tax revenue. Accordingly, with the annexation of developed areas, the county would lose a significant portion of its revenue base. The issue of annexing developed lands became critical for the county in 1990 with efforts by the City of Auburn to annex North Auburn. If the existing property tax sharing formula[32] had been used for an annexation of North Auburn it would reportedly have been disastrous for the county precipitating deep cuts in services to overcome the revenue loss. Accordingly, the county canceled the master tax sharing agreement in September 1990. This required case by case negotiations on all subsequent annexations.

c. As counties look for additional revenues, many are demanding a higher percentage of the property tax and frequently are including in their demands the incremental tax from new development in the annexed area. Many counties also insist on a portion of the sales tax even though the code directs negotiations to concentrate on property tax. Some agreements are also including transient occupancy tax (TOT) and imposing development impact fees. Given the balance of power in the tax agreement process. This pressure for revenue is not likely to change without an amendment to the R&TC, Section 99.

---

[32] The formula (tax sharing agreement) in the 1980 Master Property Tax Sharing Agreement would have apportioned property tax in the ration of Placer County:61.1% and City of Auburn: 38.9%.

**SUMMARY:** **The Provisions of R&TC, Section 99 impose a significant obstacle to annexation for cities. In some cases, the net effect of these revenue demands by the counties makes the annexation so financially difficult and so fiscally imprudent that the cities cannot proceed.**

3. **1994 Auburn-Placer County Tax Sharing Agreement.**

a. A summary of the tax sharing agreement negotiated by the Placer County and the City of Auburn as part of the 1994 annexation effort is shown at **Table 3 - 1994 City-County Tax Sharing Agreement**. This agreement was intended to: "*...agree to the exchange of revenues set out ... on a permanent basis to mitigate the present and future service and fiscal impacts of the proposed annexation...*". The agreement is significant in three respects:

(1) It provides that sales tax from the existing areas within the pre-annexation city limits will be paid over to the county, and

(2) The agreement was intended to be "on a permanent basis..".

(3) It provides an extraordinary "pay-anyway" provision wherein if the sales tax revenue is reduced by more than 5% by court action, insufficiency of collected revenue or any other reason, than the city will pay to the county an amount equal to the reduction. The payment will come from property tax revenues collected or, if those revenues are not sufficient, from the city's general fund.[33]

c:\txshare wk1

**Table 3**
**City - County Tax Sharing Agreement - 1994**

| TAX ELEMENTS (within annexed area*) | Before Annexation | | After Annexation | |
|---|---|---|---|---|
| | County | City | County | City |
| Property Tax | 100.0% | 0.0% | 75.0% | 25.0% |
| Incremental Property Tax | 100.0% | 0.0% | 75.0% | 25.0% |
| Sales and Use Tax * | 100.0% | 0.0% | 48.67% | 51.33% |
| Transient Occupancy Tax (TOT) | 100.0% | 0.0% | 0.0% | 100.0% |
| Facility Impact Fee (County) | Yes | No | Yes | Yes |

* This provision of the agreement allocates to the county 48.67% of the sales tax normally recieved by the City. This provision applies to both the annexed area and the area within the existing city limits

[33] Section 8(b), North Auburn Annexation Property Tax Sharing Agreement, May 17, 1994.

b. Fiscal impact of the tax sharing agreement. **Table 4 - Fiscal Impact of the Tax Sharing Agreement**, reflects the projected annexation costs and offsetting revenues which the city would have received with the 1994 tax sharing agreement had that annexation effort succeeded. The disparity between the final estimated costs and revenues that would have been received by the City commensurate with the annexation are material. The figures would lead a prudent person to wonder whether such an annexation was really feasible.

**Table 4**
**Fiscal Impact to City of Proposed Annexation - 1994**

| PROJECTED ANNEXATION COSTS / REVENUES | TOTAL | Annual Amount | CUMULATIVE COSTS | SURPLUS or (DEFICIT) |
|---|---|---|---|---|
| **COSTS FOR ANNEXATION** | | | | |
| **Incremental costs for annexation:** (Based on per capita projections) | 3,207,130 | 3,207,130 | 3,207,130 | |
| **Projected capital equipment needs:** (Projected needs @ 20% per year over 5 years) | 1,030,285 | 206,057 | 3,413,187 | |
| **Start-up costs:** (Estimated at 10% of Incremental Costs): | 320,713 | 320,713 | | |
| **TOTAL COSTS FOR ANNEXATION:** | | | 3,733,900 | |
| **OFFSET BY:** | | | | |
| **PROJECTED REVENUES FROM ANNEXATION:** | | | 2,525,579 | |
| (Based upon Dec 9, '93 Vernazza Wolfe Assoc., Study and projections by 1994 City Finance Director and final tax sharing agreement (Placer County Resolution 93-9). | | | | |
| **EXPENSES IN EXCESS OF REVENUE:** | | | | ($1,208,321) |

c:\ANXFIN4
WK1

c. Backup data. **Appendix K, Fiscal Impact of 1994 Proposed Annexation,** sets out the total fiscal impact of the proposed annexation. In four tables, it sets out the estimated per capita service costs and incremental costs (Attachment 2, Appendix K), and the revenue estimates before and after annexation (Attachment 3, Appendix K).

**SUMMARY: The necessity to negotiate tax sharing with the county from a virtually powerless bargaining position tends to ensure that the agreement will favor the county. The 1994 agreement supports this analysis. The calculated shortfall reflected at Table 4 - Fiscal Impact Review of Proposed 1994 Annexation, would make the proposed annexation impossible for the City. The amount of property tax and sales tax revenue that such a permanent agreement would divert from the Greater Auburn area over the years would be staggering. The ability of the city to operate effectively under the deficit funding provided for in the agreement is extremely doubtful.**

**The tax sharing process is clearly the most important element of the annexation process. This is particularly true for the City. The analysis of incremental costs and revenue related to any annexation requires a detailed professional analysis for accuracy and financial viability before a city proceeds with annexation.**

4. **Cost of Annexation.** The cost to the City of the 1994 annexation effort is difficult to determine with any accuracy.

a. Referring back to the three-phase annexation process (discussed above at Section V-A-1), Phase I-Administration and Phase III-Transitional, are the responsibility of the City. Phase II-Political, of course, can not use city (public) funds. Measuring the true costs of the two phases upon which the City is responsible is complicated, particularly in Phase III, where certain costs actually are to meet the new service responsibilities rather than a cost related to the annexation process, per se.

b. Apparently, there was no separate recording of the annexation costs in 1994, particularly staff time consumed in annexation activities. General consensus is that the actual cost was approximately $100,000. Efforts to ascertain a more accurate figure met with limited success. The total cost may have been limited by the fact that the ballot measure did not pass and all annexation attendant expenses were truncated. The study concluded that the actual costs were in the magnitude of $150,000.

**SUMMARY: Under current rules and procedures the cost of a contested large annexation involving environmental impact protest could range up to $300,000. Conversely, the cost of an uncontested annexation, even a large one, could be less than $100,000. Obviously, the cost of the annexation process, excluding the political aspects, is a material factor that requires consideration in any effort at annexation.**

## F. PUBLIC PERCEPTION OF ANNEXATION.

1. **Approach.** The subject of annexation is ripe with emotion and clouded by misinformation, nevertheless, public opinion will play a substantial part in any future annexation. Given the strong opposition to annexation expressed by voters in the 1994 annexation effort, the study was compelled to try to determine the current public perception of annexation.

a. Public meetings. To provide the public a platform to speak about annexation and to present their thoughts and opinions on it, five public forums were conducted. Four, at different locations within the unincorporated area and one within the City at City Hall. The stated purpose of the hearings was to provide any interested persons an opportunity to present their opposition to, or support of, annexation and their reasons or arguments therefore. It was made clear to those attending that the purpose of the forums was to learn and that no attempt would be made to change anyone's mind, to argue with their reasons for supporting or opposing, or to debate the pros and cons of annexation.

(1) The persons who attended the forums obviously were those interested in annexation and those who hold strong feelings either for or against annexation. Disinterested persons or those with minimal interest in annexation were not expected to attend and they were not in evidence at any of the forums. Therefore, the number of persons who attended the Public Forums was too small and was insufficient to be considered a statistically representative group of the Auburn Area population.

(2) However, the geographic distribution of the forums resulted in different themes for discussion. Furthermore, the persons attending each forum reflected diverse opinions on annexation. This resulted in a wide range of opinions, concerns, misgivings, and agreements of the attendees. Thus the comments and questions raised at the forums undoubtedly represented most, if not all, the opinions of residents in the Auburn Area even if the opinions cannot be tabulated quantitatively as a statistically valid sample.

b. Methodology. The methodology employed at these public forums was to present a hypothetical annexation which would encompass their home, business or farm, as appropriate. The hypothetical situation provided basic information relative to the "annexation". This basic information was set out as realistically as possible and questions were invited and answered on the basic information at the beginning of each forum. Every attempt was made to present an accurate prognosis of a real annexation proposal. The public comments and reasons for opposing or supporting annexation are summarized below. Also included is a summary synthesizing public comments as they were perceived by the study group.

## 2. Common Statements Made Opposing Annexation:

TAXES WILL INCREASE ON MY PROPERTY.
SATISFIED WITH COUNTY SERVICES.
LIKE COUNTY SHERIFF'S DEPARTMENT
CITY WILL FORCE ME TO HOOK-UP TO SEWER AND CHARGE ME.
LIKE MY ANIMALS AS THEY ARE.
AFRAID OF CONSTRAINTS ON AGRICULTURE, I.E., SPRAYING, FARM ANIMALS, ETC.
AFRAID OF CITY REZONING OF LAND-USE PURPOSES.
COUNTY LAND-USE MORE DESIRABLE THAN ANNEXATION WOULD ALLOW.
DON'T WANT INFRASTRUCTURE IMPROVEMENT (CURBS, SIDEWALKS, ETC.)
FIRE PROTECTION IS VERY GOOD IN COUNTY.

CITY WOULD WANT TO RUN THE WHOLE SHOW.
AFRAID CITY WOULD TAKE OUR TAX MONEY AND NOT IMPROVE OUR SITUATION.

### 3. Common Statements Made Supporting Annexation:

BETTER LOCAL REPRESENTATION (5 LOCALLY ELECTED REPRESENTATIVES VS. 1 WITH COUNTY.
EVERY MEETING OF LOCAL (CITY) GOVERNMENT ALLOWS REAL CITIZEN PARTICIPATION.
BETTER LOCAL INFLUENCE ON LOCAL BUDGET EXPENDITURES.
RETAIN LOCALLY COLLECTED TAXES FOR USE IN LOCAL AREA.
CITY HAS NO FIRE PROTECTION FEE.
EASY ACCESSIBILITY TO CITY STAFF FOR MUNICIPAL SERVICES.

**SUMMARY: Annexation is quite sensitive with many voters in the area. It appears generally to be an unpopular option. A broad perception of annexation is that the City wants to grab the tax revenues collected in the developed areas of North Auburn.**

**The public is generally not aware of the stringent tax sharing aspects that must precede any annexation. Additionally, many members of the public are of the opinion that local government can simply impose additional taxes as it chooses.**

### 4. Impact of Annexation on Current Conforming Statutes

a. Annexation fees imposed. Certain fees set-out in the Auburn Municipal Code [Title 9, Chapter 8, Article 4] impose a "treatment plant capacity" fee on any property annexed into the City which is subsequently hooked-up to the City Wastewater Collection and Treatment System.

(1) This treatment capacity fee (currently $3,609 per dwelling unit) is in addition to the regular hook-up fee (currently $3,500.). This means that any residential property annexed into the city which subsequently hooks-up to the city's sewer system would pay substantially more than a parcel not annexed. There is a similar treatment plant capacity fee for commercial and industrial property: Commercially zoned: $1,816. per acre or portion thereof; Industrially zoned: $4,541 per acre or portion thereof.

(2) A sewer "annexation fee" (currently $419) is imposed by the city's Schedule of Mitigation Fees on annexed property at the time of annexation.

b. No current basis for annexation fees. A review of the history of these fees with city staff and an attempt to ascertain the purpose and/or legislative intent of these fees (originally established in 1989) developed no current basis for either the treatment plant capacity fee or the sewer mitigation fee.

**SUMMARY: Although either a purpose or a need for such fees must have existed at some time, the fee now must be judged as without clear purpose and arbitrary. Such arbitrary fees should be reviewed for possible deletion from both the Auburn Municipal Code and Schedule of Mitigation fees.**

## VI. ALTERNATIVE COURSES OF ACTION:

**A. TO ANNEX OR NOT TO ANNEX - THAT IS THE QUESTION.** The City has a virtual spectrum of alternatives that would address the issue of this study:

**"What is the proper policy relative to annexation for the City of Auburn to follow over the next decade."**

1. **Annexation.** At one end of the spectral range is the adoption of a course of proactive and aggressive annexation that would initiate annexation procedures at every and any reasonable opportunity.

2. **No Annexation.** The other end of this spectral range is a course of virtually total suspension of annexation efforts by the city. Such a course would allow only selected special annexation efforts which are determined to be in the best interest of the city.[34]

3. **Betwixt and Between.** Between these two extremes of the annexation activity spectrum is a wide range providing an almost infinite number of alternatives that can deviate in as many ways as there are conditions to consider on any particular annexation.

a. The matrix of annexation courses. **Table 5 - Annexation Matrix** portrays in a two dimensional graph the factors that contribute to the selection of any specific annexation course of action. The lack of a third dimension restricts the true portrayal of all considerations but it does allow an elementary view of the range of annexation activity spectrum. The shaded areas of Table 5 reflect the most probable range for any course of action for the city within this wide range.

[34] A course of action of "no annexation" would clearly involve some selected mitigation efforts to address the city's narrow tax-base and in vulnerability to an economic downturn. Additionally, the adoption of this course of action would require an amendment to the current Auburn General Plan (see Section V-B).

**Table 5**
**Annexation Alternative Matrix & Courses of Action**

| ANTICIPATED CORELATION / CITY ACTIVITY | SELECTED LOTS UNDEVEL | SELECTED LOTS DEVEL | SMALL PARCELS UNDEVEL | SMALL PARCELS DEVEL | MULTIPLE PARCELS UNDEVEL | MULTIPLE PARCELS DEVEL | MULTIPLE ACRES UNDEVEL | MULTIPLE ACRES DEVEL | LARGE ACRES UNDEVEL | LARGE ACRES DEVEL |
|---|---|---|---|---|---|---|---|---|---|---|
| PROACTIVE HIGH-KEY | | | | | | | | | ■ | ■ |
| MID-HIGH | | | | | | | ■ | ■ | | |
| MODERATE ACTIVE | | | | | ■ | ■ | | | | |
| MID-LOW | | | ■ | ■ | | | | | | |
| LOW-KEY REACTIVE | ■ | ■ | | | | | | | | |

SIZE OF AREA ANNEXED

C:ANNXMATR.WK1

b. Range of annexation courses. **Table 6 - Annexation Matrix & Propensity**, below, reflects the propensity of occurrence within the various ranges of the annexation matrix. The shaded areas tend to delineate that course of action which best addresses the issue for the City of Auburn.

**Table 6**
**Annexation Alternative Matrix & Propensity**

ANTICIPATED CORELATION

| CITY ACTIVITY | UNDEVEL | DEVEL | UNDEVEL | DEVEL | UNDEVEL | DEVEL | UNDEVEL | DEVEL | UNDEVEL | DEVEL |
|---|---|---|---|---|---|---|---|---|---|---|
| PROACTIVE HIGH-KEY | | | | | | | | | | |
| MID-HIGH | | | | | | | | | | |
| MODERATE ACTIVE | | | | | | | | | | |
| MID-LOW | | | | | | | | | | |
| LOW-KEY REACTIVE | | | | | | | | | | |
| | SELECTED LOTS | | SMALL PARCELS | | MULTIPLE PARCELS | | MULTIPLE ACRES | | LARGE ACRES | |
| | UNDEVEL | DEVEL | UNDEVEL | DEVEL | UNDEVEL | DEVEL | UNDEVEL | DEVEL | UNDEVEL | DEVEL |

SIZE OF AREA ANNEXED

RARE SITUATIONS
OCCASIONAL SITUATIONS
LIKELY ANNEXATION COURSES
OCCASIONAL SITUATIONS
RARE SITUATIONS

C:ANNXMATR.WK1

4. **Education and Informational Program.** Underlying this whole spectrum of annexation courses is one additional and significant element: the informational and educational program which must "sell" the concept of annexation to the residents of both the target area and the city. The materiality of this informational program to any successful annexation effort is magnified significantly in the Auburn area because of the past history of annexation activity.

a. Subtle and accurate. The need of such an informational program can hardly be understated; however, it must be recognized that an obvious and highly-visible program (e.g., like a political campaign) may not be successful except as part of a actual political campaign. Any attempt to present obviously biased information or opinions disguised as an objective educational process could be disastrous to any goal intended. Even the perception -- albeit erroneous -- of an attempt to "propagandize" the electorate could strengthen opposition to any proposed annexation effort.

b. Scope and approach. The program must be designed to promote the city as a competent and concerned governing entity. To the degree possible, the program must encourage impartial observers (e.g., news media, outside consultants,

personnel from other entities, etc.) to make positive judgements on the important areas of municipal government that will convince people that joining with the city is worthwhile and even desirable. The process will not be easy. It should not be rushed, mistakes will be difficult to reverse and open the program to criticism of double-speak. Past annexation activities will greatly dictate the direction that the program must take. Notwithstanding the difficulty, such an information program, fully compatible with the specific course of action pursued, should be an essential part of any future course of annexation activity by the city.

### B. STATEMENT OF THE COURSES OF ACTION.

1. **Course of Action #1 - Initiate Annexation Effort(s).** Involves the early identification of annexation areas and initiation of one or more annexation efforts.

2. **Course of Action #2 - Suspend Annexation Efforts.** Involves a policy of essentially no annexations. Any annexation conducted would be overridingly beneficial to the city and would be undertaken only upon a well-supported request emanating from within the area to be annexed.

3. **Course of Action #3 - Initiate Low-Key Initiatives, Implement a Subtle / Pervasive Information Program, Be Prepared to Respond to any Suitors**. Pursuing any annexation deemed suitable involves the implementation of pre-annexation activities to identify and fix suitable annexation areas. Simultaneously exercising an information program (really a city public relations effort) to inform residents of the target area of the benefits and desirability of annexation with the city.

## VII. COMPARISON OF ALTERNATIVE COURSES OF ACTION:

### A. COMPARISON OF THE EXTREME ALTERNATIVES.

In reviewing the courses of action, it was appropriate to do a relative comparison of the two extreme alternates against the various factors that the study has recognized as important to the annexation question. The comparison is summarized at **Table 7, Alternative Courses of Action for Auburn Annexation.**

C:ANXCRSE2.WK1

**Table 7**

Alternate Courses of Action for Auburn Annexation

| IMPACT AREAS FOR COMPARISON | | PROACTIVE COURSE GO WITH ANNEXATION | | REACTIVE COURSE NO ANNEXATION |
|---|---|---|---|---|
| CONSISTENT WITH AUBURN GENERAL PLAN | + | CONSISTENT | - | NOT CONSISTENT |
| DESIREABLE TO CITY | + | YES | - | PROBABLY NOT |
| FEASIBLE (FINANCICAL) (TAX SHARING FACTOR) | - | DIFFICULT | + | YES - NO STRAIN |
| POLITICALLY FEASIBLE (LOCAL SPONSORSHIP) | - | PROBABLE NOT | +/- | PROBABLY W/ SOME DIFFICULTY |
| BENEFICIAL TO CITY (REVENUE = COSTS) | + / - | LONG-TERM - YES<br>SHORT TERM - DIFFICULT | - | NEGATIVE IMPACT - NO HELP TO TAX BASE |
| WORKS FOR COUNTY | - | LONG-TERM - NO<br>SHORT TERM - SOME IMPACT | + | MAINTAINS BIG REVENUE SOURCE FOR COUNTY |
| BENEFITS RESIDENTS OF ANNEXED AREA | +/- | MATTER OF DEBATE IN PROCESS | - | NO DIFFERENCE |
| LOCAL REPRESENTATIVE GOVERNMENT | + | YES - STRONGLY | +/- | NO - REMAINS SAME |
| LOCAL USE OF LOCALLY COLLECTED TAXES | + | YES W/ GUARANTEES | - | COUNTY GETS TAX - NO GURARANTEE |
| IMPACT ON ECONOMIC DEVELOPMENT | +/- | YES, COMPLICATES | +/- | NONE |
| IMPACT OF DEVELOPER'S | + | MODERATE BENEFICIAL | +/- | NO CHANGE |
| PUBLIC PERCEPTION REASONABLE | - | "DOLLAR GRAB" | - | "NO GUTS - PUBLC OPINION WINS" |
| MEETS RESPONSIBILITY TO ADJACENT AREAS | +/- | YES - BUT ONLY IF SUCCESSFUL | - | PROBABLY NOT |

## B. SELECTING THE PROPER ALTERNATIVE.

1. In determining the proper annexation alternative the study reviewed the principal variables affecting the annexation process (see **Table 5** and **6**). The information reflected on these tables considered along with the Comparison of Extreme Alternatives, above, provide the parameters within which the proper alternative must "fit". The proper annexation course of action involves variables related to:

   a. the degree of city activity,

   b. the geographical size of the proposed area to be annexed,

   c. the existing zoning of the area, and

   d. the development status of the proposed area.

2. That course of action which considers the appropriate variables and best meets the needs of the city is illustrated at **Tables 5 & 6**. It is, in fact, a broad range of action affected primarily by the two major variables:

a. the degree of annexation activity correlated with

b. the size and the development status of the area to be annexed.

3. Accordingly, the "proper course of action" is really a range of activity consistent with the city's objective. The question of the degree of action which will dictate the proper course in any specific annexation is more complicated and relates to the specific area being considered for annexation and an application of all the other variable impacting the annexation matrix. Additionally, any proposal for annexation must meet the basic criteria set forth in the current annexation policy:

a. Fiscally sound additions to the city.

b. Can be served by municipal facilities or an acceptable alternative.

c. Beneficial to the residents and businesses in the area to be annexed and those within the City of Auburn, and

d. Conforms with the goals, policies and principles of the Auburn General Plan.

### C. IMPLEMENTATION.

Standard programs and procedures consistent with the course of action are needed to implement any future annexation attempts. A proposal model format for annexation programs is presented as **Appendix L - Annexation Program - An Outline Format**. A proposed standard sequence of activities is shown in **Appendix M - Annexation Procedures.**

**SUMMARY: The "proper annexation alternative" and its parameters should describe the city's annexation policy. The range and application of the proper alternative is illustrated on the graph shown at Table 6. All things being equal, the question that needs to be answered is the size and the development status of the area to be annexed. When the area's size and status are determined the degree of city participation is adjusted accordingly.**

## VIII. CONCLUSIONS:

1. The geographic designation, Auburn (California), has at least two distinct and different meanings. A political designation is the well-defined City of Auburn. A cultural designated area includes a nebulously-defined "Auburn Area" in which residents, when asked where they live, generally respond "Auburn."

2. Most of the City of Auburn can be considered an urban area. The city includes a variety of lot sizes in residential, commercial, industrial, and mixed use districts.

3. Some of the unincorporated sections of the Auburn Area are definitely urban; other sections can clearly be considered rural.

4. The urban sections of the unincorporated Auburn Area have expanded greatly during the last 50 years to the extent that not only is the population of the urban area outside the city larger than the population of the city, but many commercial, industrial, and government facilities have moved from within the city to these unincorporated urban areas.

5. Placer County and special districts provide municipal services to the urban as well as rural sections of the Auburn Area outside the city.

6. The City of Auburn continues to provide cultural services (e.g., arts, music, theater and community events) with city resources to residents of the Auburn Area.

7. If the City of Auburn were to expand, the most logical area for expansion would be to the urban sections of the unincorporated Auburn Area and those areas most likely to become urban.

8. The City of Auburn has been caught in the wake of its own failure to appreciate the significance of the urban development of the Auburn Area. Consequently, the boundary of the City has not kept pace with the urbanization of the Auburn Area.

9. The City of Auburn is in an "annexation time warp" in which, at least for the next 3-5 years, an Expansion Annexation is not feasible.

10. The city will continue to consider smaller annexations with the participation of property owners.

11. Annexation is a complex issue and, in the Auburn Area, quite sensitive with many voters. The term "annexation" invariably conjures up visions of the 1994 North Auburn annexation attempt.

12. A broad perception of annexation is that the city wants to grab the tax revenue generated in the adjacent unincorporated areas.

13. A widely held misconception is that local government can impose additional taxes whenever and wherever it chooses.

14. In order to analyze the true effects of annexation and guide public discourse toward the genuine advantages and disadvantages of annexation, these misconceptions must be corrected.

15. The actual difficulties of annexation should not be the sole determinate factor on whether to conduct an annexation.

16. The city has a responsibility to consider periodically the expansion of its city limits through annexation.

17. Eight areas were delineated for the purpose of identification and discussion. Each area has generally similar characteristics and a definitive geographic boundary. The areas have variable conditions, typical of the Auburn Area, of development, agricultural uses and assigned zoning. These areas are designated for discussion purposes only.

18. In the Auburn Area, many traditional benefits of annexation (e.g., water system, sewer collection and treatment, garbage collection, recreational programs, fire protection and municipal police) are not available for the city to proffer as an incentive for adjacent areas to support annexation.

19. The advantages of annexation that do exist in the Auburn Area are more difficult for the general public to discern.

20. The principal advantages of annexation in the Auburn Area include:

a. Provision of a single community-developed vision for the future of the Auburn Area.

b. Provision of singular land-use planning for the Auburn Area, allowing local control and coordination to manage urban sprawl, excessive traffic and the proliferation of development.

c. Maximizing local government's ability to enhance the area's quality of life by preserving its hometown atmosphere.

d. Provision of a more representative and more accountable local government.

e. Provision of certain economies of scale and the natural efficiencies attendant with a more optimally sized city.

f. Eventual local control over locally generated revenues.

21. Annexation fees imposed under the current Auburn Municipal Code are no longer necessary. Appropriate sewer hook-up fees have been established to properly maintain and operate the wastewater treatment plant and collection system.

22. The current annexation policy of the city is fully compatible with the Auburn General Plan.

23. The City of Auburn, as the only municipal government in the Auburn Area, must assume a leadership role in the planning and eventual consolidation of Auburn Area into a single municipality.

24. The City of Auburn, in its municipal government role, must develop and maintain a comprehensive and visionary annexation program for the Auburn Area.

25. The proper annexation alternative for the City of Auburn is the full spectrum of annexation activities.

26. The City of Auburn has a responsibility to be prepared to initiate the annexation process whenever the opportunity presents itself.

27. It is difficult to estimate how long any particular annexation effort might take. Accordingly, the City of Auburn Annexation Committee should continue to operate under City Resolution No. 99-64.

28. The City of Auburn needs a consistent, low-key public information program to enhance its image.

29. Statements by the City of Auburn in direct promotion of annexation should be rigorously accurate to avoid the perception that the City is dealing propaganda.

30. The political process is an important and essential step in the annexation effort.

31. The political effort by the proponents of annexation was less than adequate in the 1994 effort.

32. Although not a function where the city can take a lead role, the political process must be adequately and appropriately accomplished to ensure a successful annexation effort.

## IX. RECOMMENDATIONS:

1. The City of Auburn should not initiate any Expansion Annexation efforts for the next 3-5 years.

2. The City of Auburn should establish and maintain an ongoing dialog with Placer County on the possibility of sharing tax revenue collected in the Auburn Area.

3. The decision to conduct an annexation should be based on its own merits rather than the perceived difficulties and/or obstacles.

4. Annexation policies and/or procedures planned or contemplated for the City of Auburn should be fully coordinated and compatible with the annexation provisions of the Auburn

General Plan.

5. The City of Auburn should develop a standard annexation program complete with budgetary requirements, designed to organize, carry out and perpetuate the city's annexation responsibility. This program should guide the city's annexation activities for the next decade. Appendix L presents a suggested format for such a plan.

6. An annexation committee shall be retained.

7. A city annexation program should provide program guidance to:

a. Ensure the periodic examinations of the City of Auburn's sphere of influence and other appropriate areas that meet the criteria set forth in the City's annexation policy, and

b. Provide the necessary resources to ensure the exercise, as appropriate, of the Pre-Annexation activities specified in **Part I - Pre-Annexation Activities to Appendix N, Annexation Procedures,** and

c. Be prepared, upon recommendation of the Annexation Committee and staff to initiate the procedures set out in **Part II - Annexation Activities to Appendix N**.

8. The City of Auburn should adopt an active public information program to enhance the city's image in the community.

9. A city public information program should sell the City of Auburn by exhorting its successes in:

a. Fiscal responsibility.

b. Visionary and farsighted planning.

c. Professional and highly competent staff.

d. Viable and broadly accepted vision for the future.

10. The City of Auburn should maintain its clear separation from any political action program designed to support a ballot measure.

11. The political process should be separate and independent, but fully supportive of the city's effort.

12. The political action program developed independently to support an annexation proposal must incorporate these key activities:

a. Generate substantial support from within the area to be annexed.

b. Employ a full-blown political campaign that includes a comprehensive promotional and informational program.

c. Utilize surveys and opinion polls to anticipate opposition issues and to discern the public perception of annexation.

d. Utilized experienced personnel to plan and conduct the campaign.

13. To avoid any possible conflict of interest, the City of Auburn should determine which is more beneficial to the public: distribution of informational material "to inform" the voters, or an endorsement of the annexation ballot measure.

14. Special annexation fees that cannot be justified should be reviewed and reduced or eliminated. Specifically,

a. The "Treatment Plant Capacity of Auburn" fees prescribed in the Auburn Municipal Code (Title 9, Chap 8, Article 4) should be expunged from the City Code.

b. The sewer mitigation fee imposed on new construction should be expunged from the Auburn Municipal Code.

14. Fees related to annexation property should be carefully reviewed for propriety and relativity to the property.

■ ■ ■

# ANNEXATION IN THE GREATER AUBURN AREA

## APPENDICES

A - SPECIAL TERMS AND LABELS ..... 43

B - INTRODUCTION TO ANNEXATION ..... 45

C - BACKGROUND DATA ..... 48

D - ANNEXATION OPINION SURVEY - 1993 ..... 51

E - CRITIQUE OF THE 1994 CAMPAIGN ..... 56

F - CITY RESOLUTION NO.99-64 ..... 60

G - AUBURN GENERAL PLAN EXCERPTS ..... 61

H - CITY RESOLUTION NO.97-5 ..... 63

I - CITY RESOLUTION NO.89-68 ..... 64

J - AREAS ADJACENT TO AUBURN ..... 71

K - FISCAL IMPACT REVIEW - 1994 ANNEXATION EFFORT ..... 74

L - ANNEXATION COULD LEAD TO ENHANCED LOCAL CONTROL .. 81

M - ANNEXATION PROGRAM - AN OUTLINE FORMAT ..... 83

N - ANNEXATION PROCEDURES ..... 84

EXHIBITS:

I. GREATER AUBURN AREA [MAP REFERENCE].....85

II. SPHERE OF INFLUENCE -AUBURN [MAP REFERENCE].....86

APPENDIX A

## GLOSSARY

### ANNEXATION STUDY
### SPECIAL TERMS AND LABELS

**ACCC** - Auburn Community Consolidation Committee. The non-government organization conducting the promotion for the 1994 North Auburn Annexation.

**Auburn Area** - A cultural designated area which is nebulously-defined as including those locations in proximity of the City of Auburn in which residents, when asked where they live, generally respond "I live in Auburn".

**C.O.P. - Certificate of Participation** - See footnotes pertinent to Section V-C-3.

**Expansion Annexation -** A relatively large annexation designed primarily to make a significant expansion of the area within the city limits of the City of Auburn.

**FPPC** - Fair Political Practices Committee. A state organization with the mission to police and enforce California's Fair Political Practices Act.

**Greater Auburn Area** - This unofficial area extends from the center of Auburn (essentially the junction of I-80 and Hwy 49) five miles outward, forming a circular area with a 5-mile radius. It encompasses all of the current Sphere of Influence and those areas within the 5-mile radius which constitute an unofficial economic impact zone for the City of Auburn. The area is geographically described at Exhibit I - Greater Auburn Area. Demographics and population information is addressed at APPENDIX C - BACKUP DATA.

**LAFCO (Local Agency Formation Commission)** - This commission essentially controls the annexation process. It has the stated purpose:

*"The discouragement of urban sprawl and the encouragement of the orderly formation and development of local agencies based upon local conditions and circumstances. Protect open space and agricultural lands."*

***Membership:*** *Two (2) County Supervisors, Two (2) City of Auburn representatives (currently: Colfax & Roseville), One (1) public member (selected by commission). LAFCO staff are employees of the Commission and paid by Placer County.*

**North Auburn -** This term is often used to describe an area that lies north and contiguous to the City of Auburn, but within its current Sphere of Influence. It is a developed (urban) area of approximately 13.8 square miles. It extends from the City limits westerly along Mt.

Vernon Road to Joeger Road, thence on a northeasterly line along Joeger Road to Dry Creek Road. Thence east along Dry Creek Road to include I-80 and the area east of I-80. Thence south to the city limits. This area was the object of the 1994 annexation effort by the City of Auburn and remains a potential annexation area. [See Exhibit III, Potential Annexation Areas]

**Placer County LAFCO** - See LAFCO, above.

**Rural** - Of, or characteristic of the country (as distinguished from cities or towns), country life, or country people; rustic: opposed to urban.[35]

**SMD-1 - Sewer Maintenance District No. 1** - The designation for the Placer County wastewater treatment plant located at Joeger Road near Highway 49 which serves the unincorporated urban areas of North Auburn.

**Sphere of Influence** - "In California, a City's 'sphere of influence' is an area officially adopted by the LAFCO and recognized as a proper extension of the city boundaries. It is an area that should become part of the cities fabric, accommodating needed and desirable growth: it should be provided with appropriate public facilities and services. These are the areas that should rightly be annexed into cities."[36] [See map at Exhibit II - Sphere of Influence].

**Unmet Needs of the City of Auburn** - This list, developed by City staff and council in open session, identifies perceived needs and desires which are considered "unmet" under current budget or resource plans. The list is extensive and relative priorities for the "needs" have not yet been set. The perceived needs range over the whole spectrum of City of Auburn services, and community projects.

**Urban** - Characteristic of the city as distinguished from the country; opposed to rural.

**WWTP** - The City of Auburn wastewater treatment plant located off of Taylor Road in the Ophir area.

---

35 Webster's New World Dictionary of the American Language; The World Publishing Co., N.Y.

36 Excerpted from a League of California Cities' Report, *"Conflicts at the City's Edge"*, April 1996.

APPENDIX B

## INTRODUCTION TO ANNEXATION

**The following article written by a California City attorney provides an excellent summary of the annexation process. It is included here as an introduction to the annexation procedure.**

### Annexation Law 101[37]

"This article describes the process for the annexation of territory to a City in California. The State of California adopted a comprehensive statutory scheme that must be followed by cities, counties and special districts concerning annexations, detachments, consolidation of public agencies and formation of cities, special districts or the disincorporation of public agencies. This is commonly referred to as the Cortese-Knox Local Government Reorganization Act of 1985 (beginning with Section 56000 of the California Government Code.) The goal of the act is to encourage orderly growth and development, which are essential to the social, fiscal and economic well-being of the state.

"The act requires that each county create a Local Agency Formation Commission (LAFCO). A LAFCO consists of two county supervisors, two City council members and one person appointed from the general public. Proposed local government changes of organization, including annexation of territory, are approved or disapproved through the LAFCO process.

**Initiating Annexation Proceedings**

"Annexation proceedings may be initiated by resolution of the annexing City. Depending on the locale, they may also be initiated by petition of 5 or 8 percent of the registered voters or property taxpayers owning property equal to 5 or 8 percent of the assessed valuation in the territory proposed to be annexed. When the petition or resolution is filed with the LAFCO, the matter is referred to the county assessor and auditor who provide estimates of the property tax changes the annexation will cause. The City and affected county have 30 days[38] from receipt of these estimates to negotiate the actual change in property taxes that will result from the annexation. Following negotiations and assuming environmental work is resolved,[39] the LAFCO holds a public hearing and either approves or disapproves the proposal.

"Property tax revenues received by cities, counties and special districts are determined by an allocation formula devised by the legislature (found in Revenue and Taxation Code sections 93 -100). Under this formula, when a City annexes unincorporated territory, a portion of the property taxes generated by the annexed area is shifted from the county to the City. Since the county will continue to provide services to the newly incorporated area, the county will continue to receive some of the property taxes collected from the area. How much of the revenue is to be transferred to the City is subject to the aforementioned agreement between the City and the county.

**Negotiating Tax Sharing**

"The county has an affirmative obligation to negotiate with the City over the property-tax revenues, but there is no obligation to agree. If agreement is not reached within 30 days, the annexation proceedings

---

37 Hargrove, Richard, "**Annexation Law 101**". Reprinted with permission from the *March 1997* issue of *Western City* magazine, the monthly publication of the League of California Cities. For information about subscribing to *Western City*, please call 916/658-8223 or visit the magazine's website at www.westerncity.com. Subscription information is also available by calling 1-800-572-5720 and asking for document # 45.

38 The time period to negotiate the tax sharing agreement has been changed to 60 days, and under certain circumstances the time period may be extended.

39 **[Footnote added]** Since this article was written, new California Environmental Quality Act (CEQA) standards (effective January 1, 1999) have significantly increased the environmental requirements of annexation.

automatically terminate. Even if an agreement is reached after the 30 days, such an agreement is void. (As a practical matter, 30 days is not adequate time to negotiate this issue, so counties and cities enter into tax-sharing agreements, which provide for distribution of property taxes in the event of annexation.)

"If the County and City present resolutions agreeing to the property tax revenue distribution within the 30-day negotiation period, the executive officer of the LAFCO must issue a certificate of filing. Following the issuance of the certificate, the executive officer must set the proposal for hearing. The date of the hearing in within 90 days after issuance of the certificate of filing or after the annexation application is deemed to have been accepted, whichever is earlier.

**Review by LAFCO**

"After the public hearing, the LAFCO must adopt within 35 days a resolution making determinations approving or disapproving the proposal, with or without conditions. The LAFCO cannot deny an annexation if:

- The annexation is initiated by resolution;
- The territory is contiguous to the City and is surrounded or substantially surrounded by the annexing City or by that City and a county boundary or the Pacific Ocean; or
- The territory is substantially developed or developing, is not prime agricultural land, is designed for urban growth by the general plan of the annexing City, and is not within the sphere of influence of another City.

"LAFCOs frequently have their own list of prerequisites, such as development being imminent (development permits being requested and pre-zoning suitable for such development is in place). If a LAFCO disapproves the annexation, no further proceedings may be taken.

**Public Hearing by City Council**

"Once the LAFCO approves the annexation, the City clerk has 35 days to set the matter for public hearing before the City council. The hearing must be held within 15 to 60 days of the date of the hearing notice.

"At the public hearing, the City council considers the LAFCO's resolution. The council must hear and receive any oral or written protests, objections or evidence presented or filed. If the council receives written protests filed by 50 percent or more of the registered voters or by property taxpayers owning 50 percent or more of the assessed valuation in the territory proposed to be annexed, then the annexation must be abandoned. In inhabited territory -- that is, territory within which reside 12 or more registered voters -- written protests have been filed by between 25 to 50 percent of the registered voters residing in the affected territory or by at least 25 percent of the number of land owners who also own at least 25 percent of the assessed value of land within the affected territory, then the council must order an annexation, subject to an election. If the requisite number of protests is not received, then the council may order the annexation without an election. If 100 percent of the voters or land-owners consent to annexation, the City's hearing and election are waived.[40]

"In uninhabited territory, the council may order the annexation if written protests have been filed and not withdrawn by owners of land who own less than 50 percent of the total assessed value of land within the affected territory.

**Election Within the Annexation Area**

"If an election must be held, the election is to be conducted only in the territory proposed to be

---

[40] Sentence should read: "If 100 percent of the voters or land-owners consent to annexation, the city's hearing election ~~are~~ **may be** waived **by LAFCO**."

annexed[41]. The annexation is approved if a majority of the votes casts favor the annexation. If a majority of votes are against the annexation, then the council must terminate the annexation proceedings.

"In any event, where annexation proceedings are an infrequent occurrence, the LAFCO executive officer must be involved prior to commencement of such proceedings. There are many practical and procedural considerations that can be realized early on to avoid unnecessary delays and misunderstandings."

*[End of reprint]*

---

41 **[Footnote added]** "When a change of organization or a reorganization includes the annexation of inhabited territory to a city and the assessed value of land within the territory equals one-half or more of the assessed value of land within the city, or the number of registered voters residing within the territory equals one-half or more of the number of registered voters residing within the city, to determine as a condition of the proposal that the change or organization or reorganization shall also be subject to confirmation by the voters in an electing to be called, held, and conducted within the territory of the city to which annexation is proposed." ***Cortese-Knox Local Government Reorganization Act of 1985, § 56375(g).***

APPENDIX C

## BACKGROUND DATA

## THE GREATER AUBURN AREA

1. **Demographics and Population:** The pertinent demographics and population for the five-mile radius which delineate the Greater Auburn Area are shown at **Attachment 1 - Demographics and Income Forecast** to this Appendix. Shown are the figures for the period 1990, 1994*, 1996, 1999* and 2001. *The years 1994 (the time of the last annexation effort) and 1999 are shown by extrapolation and must be used with some caution.*

2. **City of Auburn:** The City of Auburn occupies an area of approximately seven and one-half square miles (including two islands comprising the airport and wastewater facility). Its population is approximately 11,600 living in about 5,100 homes located in the City.

a. The City of Auburn has a 1999-2000 General Fund budget of $6,000,000. Its total budget (including all funds) approximates $15,500,000 with about $7,700,000 or 49% being provided by Federal and/or State grants or loans. About half ($8,200,000) the City's total budget is earmarked for capital improvements, primarily at the City's wastewater treatment facility, sewer collection system and the municipal airport.

b. The City of Auburn operates its own Police and Public Works Departments. The Auburn Fire Department provides fire protection throughout the City from three permanent fire houses. Primarily a volunteer force the Fire Department has three full-time and six part-time firefighters. The City of Auburn operates its own general aviation airport. Sewer service is provided by the City of Auburn through its own collection system and wastewater treatment facility. Water service is provided by the Placer County Water Agency (PCWA). Electricity and natural gas is provided by P.G.& E, telephone service by Pacific Bell and cable television by Charter Communications. Recreational facilities and services are provided by Auburn Recreation District (ARD), a county special district.

c. The City of Auburn and some surrounding areas are served by four elementary schools, one middle (junior high) school and one high school. Public library services are provided through the Auburn-Placer County Library, a joint venture directed and funded predominantly by the county.

3. **The Adjacent Unincorporated Area:** The Greater Auburn Area[42] consists of approximately three thousand businesses. The vast majority of those could be accurately described as small businesses. The typical national chains and franchises are represented in the area. No large box stores are currently within the City limits. However, three large chains are

---

[42] See **APPENDIX A - SPECIAL TERM AND LABELS**, for descriptions of the several terms and labels used in this study.

currently negotiating or building stores in the unincorporated area within the City's sphere of influence.

a. North Auburn Area. Bordering the City limits to the north, and within the City's Sphere of Influence, lies a large unincorporated urban area frequently called North Auburn. It was the target of the 1994 annexation effort by the City of Auburn. This area is further divided into two separate areas along the two major corridors. The two areas are referred to as: "Highway 49/North Auburn" and "East Auburn/I-80." The area has a population of approximately 12,250.

b. Mount Vernon Area. Extending to the West of the City, is an area of about 400 acres, identified as a potential annexation area (called "Mount Vernon Road"). It is bordered on the north by Mt. Vernon and extends westerly to a point about 2 miles beyond the City limits, thence in a southeasterly direction to the junction of Blue Grass Trail and Millertown Road, thence eastwardly to rejoin the existing City limits.

c. West Auburn/I-80. To the southwest of the City, extending along the I-80 and Taylor Road corridor is the area referenced as "West Auburn/I-80." The area includes the City's wastewater treatment facility. It consists of approximately 1040 acres, or 1.63 square miles.

4. **County Government:** The county form of government was originally created when California became a state to serve a predominantly rural population. Cities were created to serve the few urban areas that existed. As a rule, municipal governments were (and are) considered more efficient in meeting urban needs, and provides a more representative form of local government for an urban area.

a. Most counties in California remained rural in nature until after World War II. The subsequent population explosion in California, the advent of many new federal and state program mandates have placed an increasing need for revenue on these counties. Concurrent statutory measures, such a Proposition 13, served to limit the traditional sources of revenue, and changed the nature of county government financing in many counties. These changes precipitated a need for additional revenues. The logical source for these needed revenue appeared to be sales tax and incremental property tax.

b. Attempting to deal with this revenue limitation, counties soon found that property and sales tax revenues could be generated through the encouragement of "urban development" in unincorporated area. In Placer County, this has resulted in significant urban sprawl like that which has occurred in the North Auburn Area and has placed cities and counties in competition for taxpayers' dollars.

• • •

ATTACHMENT 1

TO APPENDIX C - BACKGROUND DATA

## GREATER AUBURN AREA

DEMOGRAPHICS AND INCOME FORECAST

(5-MILE RADIUS OF AUBURN)

C:DEMOGRA1.WK1

| SUMMARY | 1990 Census | 1994 * | 1996 Census | 1999 * | 2001 Forecast |
|---|---|---|---|---|---|
| Population | 31,673 | **35,331** | 37,160 | **39,871** | 41,678 |
| Households | 12,662 | **14,191** | 14,955 | **16,078** | 16,826 |
| Families | 8,744 | **9,815** | 10,351 | **11,137** | 11,661 |
| Median Age | 38.2 | **39.5** | 40.1 | **40.8** | 41.3 |
| Per Capita Income | $16,099 | **$17,156** | $17,685 | **$16,404** | $15,550 |
| Households | | | | | |
| Median Income | $31,377 | **$34,450** | $35,987 | **$32,779** | $30,640 |
| Average Income | $39,222 | **$42,119** | $43,568 | **$40,338** | $38,185 |
| Average Size | 2.43 | **2.42** | 2.42 | **2.42** | 2.42 |

ANNUAL PERCENTAGE CHANGE FOR 1996-2001

| TRENDS | AREA | STATE | NATIONAL |
|---|---|---|---|
| Population | 2.32% | 1.01% | 1.00% |
| Households | 2.39% | 1.02% | 1.01% |
| Families | 2.41% | 1.07% | 1.03% |
| Median Age | 0.59% | 0.72% | 0.82% |
| Per Capita Income | -2.54% | -2.24% | -0.69% |
| Average Household Size | 0.01% | 0.00% | 0.01% |

| | 1990 Census | | 1994 * | | 1996 Census | | 1999 * | | 2001 Forecast | |
|---|---|---|---|---|---|---|---|---|---|---|
| HOUSEHOLD BY INCOME | NUMBER | % | NUMBER | % | NUMBER | % | NUMBER | % | NUMBER | % |
| Less than $15,000 | 2,960 | 23.0% | **2,920** | 20.7% | 2,900 | 19.4% | **3,525** | **22.9%** | 3,941 | 23.4% |
| $15,000 - $24,999 | 2,128 | 16.5% | **2,204** | 15.6% | 2,242 | 15.0% | **2,242** | **14.6%** | 2,932 | 16.8% |
| $25,000 - $34,999 | 1,907 | 14.8% | **2,016** | 14.3% | 2,071 | 13.8% | **2,071** | **13.5%** | 2,565 | 15.2% |
| $35,000 - $49,999 | 2,319 | 18.0% | **2,708** | 19.2% | 2,902 | 19.4% | **2,902** | **18.9%** | 3,016 | 17.9% |
| $50,000 - $74,999 | 2,161 | 16.8% | **2,460** | 17.4% | 2,609 | 18.8% | **2,609** | **17.0%** | 2,849 | 16.9% |
| $75,000 - $99,999 | 865 | 6.7% | **1,091** | 7.7% | 1,204 | 8.1% | **1,204** | **7.8%** | 1,047 | 6.2% |
| $100,000 - $149,999 | 430 | 3.3% | **597** | 4.2% | 681 | 4.6% | **681** | **4.4%** | 463 | 2.8% |
| $150,000 + | 97 | 0.8% | **130** | 0.9% | 146 | 1.0% | **146** | **0.9%** | 113 | 0.7% |
| | 12,867 | 99.9% | **14,126** | 100.0% | 14,755 | 100.1% | **15,380** | 100.0% | 16,926 | 99.9% |
| POPULATION BY AGE | NUMBER | % | NUMBER | % | NUMBER | % | NUMBER | % | NUMBER | % |
| 0 - 4 | 2,057 | 6.5% | **2,186** | 4.9% | 2,251 | 6.1% | **2,296** | **5.8%** | 2,326 | 5.6% |
| 5 - 14 | 4,084 | 12.9% | **4,719** | 10.5% | 5,037 | 13.6% | **5,249** | **13.2%** | 5,391 | 12.9% |
| 15 - 19 | 1,770 | 5.6% | **2,069** | 4.6% | 2,218 | 6.0% | **2,514** | **6.3%** | 2,712 | 6.5% |
| 20 - 24 | 1,581 | 5.0% | **1,810** | 4.0% | 1,925 | 5.2% | **2,134** | **5.4%** | 2,274 | 5.5% |
| 25 - 34 | 4,599 | 14.5% | **4,366** | 9.7% | 4,249 | 11.4% | **4,407** | **11.1%** | 4,512 | 10.8% |
| 35 - 44 | 5,300 | 16.7% | **5,765** | 12.8% | 5,997 | 16.1% | **6,005** | **15.1%** | 6,010 | 14.4% |
| 45 - 64 | 6,367 | 20.1% | **7,946** | 17.7% | 8,735 | 23.5% | **10,134** | **25.4%** | 11,067 | 26.6% |
| 65 - 74 | 31,941 | 10.1% | **12,953** | 28.8% | 3,459 | 9.3% | **3,496** | **8.8%** | 3,520 | 8.4% |
| 75 - 84 | 2,023 | 6.4% | **2,238** | 5.0% | 2,346 | 6.3% | **2,579** | **6.5%** | 2,735 | 6.6% |
| 85 + | 701 | 2.2% | **862** | 1.9% | 943 | 2.5% | **1,056** | **2.6%** | 1,131 | 2.7% |
| | 60,423 | 100.0% | **44,914** | 100.0% | 37,160 | 100.0% | **39,871** | 100.0% | 41,678 | 100.0% |
| RACE AND ETHNICITY | NUMBER | % | NUMBER | % | NUMBER | % | NUMBER | % | NUMBER | % |
| White | 30,260 | 95.5% | **33,673** | 95.3% | 35,380 | 95.2% | **38,051** | **95.4%** | 39,832 | 94.8% |
| Black | 158 | 0.5% | **204** | 0.6% | 227 | 0.6% | **265** | **0.7%** | 291 | 0.6% |
| American Indian | 419 | 1.3% | **464** | 1.3% | 487 | 1.3% | **551** | **1.4%** | 593 | 1.2% |
| Asian/Pacific Islander | 516 | 1.6% | **645** | 1.8% | 710 | 1.9% | **803** | **2.0%** | 865 | 2.4% |
| Other Races | 320 | 1.0% | **344** | 1.0% | 356 | 1.0% | **381** | **1.0%** | 397 | 1.0% |
| | 31,673 | 99.9% | **35,331** | 100.0% | 37,160 | 100.0% | **40,051** | 100.5% | 41,978 | 100.0% |

SOURCE: Center for Economic Development, California State University, Chico.

* 1994 AND 1999 data are extrapolated from source data.

## APPENDIX D

### ANNEXATION OPINION SURVEY - 1993.

The 1993 survey (summarized at **Attachment 1 - to this Appendix**) sampled public opinion in the North Auburn area relative to annexation. The sample size was 400 completed interviews. Sample error was +/- 4.9% (at the 95% confidence level). The high-level of opposition to annexation reflected in the survey dictated that this study review those survey results, particularly as they deal with specific subject areas.

1. **Principle Issue Facing the Area.** Very few (5.2%) of the 400 voters surveyed believed annexation was the number-one issue facing the area (**Attachment 1, Box A**). Just under one-third (31.5%), believed the number-one issue was excessive development/growth. The apparent high level of concern for excessive development/growth did not carry through strongly in the reasons given for supporting or opposing annexation.

a. Annexing would curtail growth: In response to the query "What is the 'main reason you supported annexation, "not a single respondent though that annexation would curtail excessive growth/development.

b. Not annexing would curtail growth: Of those opposing annexation, 7.8% (4.8% of total respondents)[43] indicated curtailing growth/development as their "main reason" for opposing annexation.

2. **Supporting Annexation.** Less than one-quarter (22.4%) of the total sampling (**Attachment 1, Box B**) would have supported annexation. The "main reason" most frequently given for supporting annexation:

a. Services will improve = 21.6%. This was only 4.8% of the total sample but it is twice the percentage shown below (2.4%) who believed that services would decrease with annexation.

b. Prefer City police protection = 8.2%. This is 1.9% of the total sample and somewhat less than the 2.6% of the total sample who were opposed to annexation and gave "Sheriff protection preferred" as the main reason for their opposition.

3. **Opposing Annexation.** The percentage of respondents (65.1%) that "would have" voted against annexation was significant (**Attachment 1, Box B**). The "main reasons" most frequently given by the respondents who would have voted against annexation were:

---

[43] Note that response percentages cited are the percentages only of the respondents who would have "VOTED FOR" or "VOTED AGAINST" annexation. The figures are adjusted to a percentage of the total sample (shown underlined) when compared to another figure of the total sample.

a. Taxes will increase = 27.8%. This is 18.1% of the total sample and is substantially less than the 78.1% of the total sample who believed the statement that "*...annexation would cost more in taxes and fees than you are now paying.*" (**Attachment 1, Box E**).

b. Satisfied with status quo = 11.1%. This is 7.2% of the total sample. However a large majority of the total sampling (76.2%) believed that "*The county provides good services and there is no reason to switch...*".[44]

c. Curtail growth = 7.8%. This represents 5.1% of the total sample. However, a significant percentage of the total sample (69.5%) believe that "*Annexation would mean more growth and urban development in those areas.*" (**Attachment 1, Box D**).

d. Services will decrease = 3.7%. This represents 2.4% of the total sample. A much higher percentage (over 60%) did not believe that annexation would mean improved services, either in public safety or public works.

4. **Some Responses Appear Capricious.** Some responses included in the annexation survey report appeared contrary to reason. It was therefore necessary to consider whether some respondents were not using them to rationalize a pre-conceived position against annexation. There was no question as to whether the respondents were against annexation, they clearly were, but there was concern whether the reasons they gave for opposing annexation were genuine. Given such responses and the firm and early position taken by residents of North Auburn, it was necessary to consider whether there were other, unstated and more pervasive reasons underlying the low-level of support for annexation. The following are the questionable responses along with an observation on each:

a. An extraordinary 47.4% did not believe that annexation would provide better representation by local government. OBSERVATION: The question of representation is discussed further at Section V-D-1, below. Local government is the government closest to the people. It provides direct access to representatives and timely constituent pressure on local issues. It is generally conceded to be the most representative form of government. In contrast, consider a governing board in which four of the five members of the board are not elected by constituents of the district. It seems clear that a local government in which all representatives are elected by local residents would provide better, more responsive representation. That almost half of the survey respondents indicated they did not believe the above statement reflects either a serious misunderstanding of the representation issue or an inflexible opposition to annexation.

[44] Only police, public works and transit services are provided directly by both the city and county. Fire protection in the unincorporated areas is provided through special districts and in the city by the Auburn Fire Department. Other county services (i.e., courts, probation, jails, indigent defense, social services, prosecution, health and welfare) are provided to both incorporated and unincorporated areas throughout the county.

b. A high 44.5% did not believe that annexation would keep tax dollars in the community. OBSERVATION: The question of where tax dollars are spent in a municipality is quite clear. Any expenditures by the City outside the local area would generate substantial discussion. In the unincorporated areas of the county there is no way for the average citizen to obtain any correlation between monies collected and monies spent in any particular area. County general funds are dispersed over the entire county. The voters of an area that has a large tax base have no way of knowing where the locally collected tax revenue is spent. The amount of tax revenue collected in the North Auburn/Bowman area compared to money spent in the area suggest that a significant part of the monies collected in North Auburn/Bowman are being spent elsewhere.

c. A similarly high 44.5% did not believe that the property tax base would remain the same after annexation. OBSERVATION: The subject of tax and annexation is discussed further at Section V-C-3, below. Since the adoption of Proposition 13 and other tax-controlling bills, the ability of local governments to increase property tax rates have been statutorily controlled. Tax assessments and property tax bases are established and maintained the same way within the City and unincorporated areas of the county.[45] Many respondents did not understand that there is no process that would allow a City to arbitrarily change a property tax base.[46]

5. **Pattern of Opposition.** The variance between the percentage opposing and supporting annexation is dramatic, a ratio of about 3:1. However, the attempt to glean some consistent pattern of why annexation was opposed was not really successful. A review of the main reasons for opposing annexation (Box C, Attachment 1 to Appendix D) does not provide any clear consensus of the rationale for the opposition:

| % | % of Total | Main Reason for Opposing |
|---|---|---|
| 30.0 | (19.5%) | No specific information |
| 27.8 | (17.8%) | Taxes will increase. [47] |
| 11.0 | (7.2%) | Satisfied with status quo. |

6. **Public Services.** A significant percentage (61.7%) did not believe that annexation would improve public work services. There were far fewer respondents who believed it more likely that public works would improve with annexation (28.7%). Almost two-thirds (65.8%) did not believe that annexation would increase security with improved police and safety protection, only (29.5%) believed that public safety would improve with annexation.

---

[45] Some minor variances would exist on individual tax bills due to special assessments or fees put in place the special districts. These would include fire districts, water districts and sewer districts, et al. The variance would occur between property located in different special districts. Properties located in the same special districts would have the same special taxes whether they were within the city or the unincorporated area.

[46] See footnotes discussing Proposition 13, et al, referenced in Section V-D-6, Reliance on Sales Tax Revenue.

[47] A substantial number of respondents believed incorrectly that annexation would mean an increase in taxes and fees. This factor alone would tend to measurably increase opposition and may be one of the key underlying reasons even though less than 18% of the total cited it.

7. **General Obligation Bond Debt.** Forty-nine percent (49.0%) believed correctly, that annexed property owners would be obligated to pay for an existing City of Auburn general obligation bond, while 15.5% believed incorrectly that they would not be obligated. The cost of this based on the 1994 annexation attempt would have been approximately $9.00 per year for each $100,000 of assessed real property value.

## ATTACHMENT 1

### to Appendix D - Annexation Opinion Survey - 1993

### ANNEXATION SURVEY RESULTS

**A. WHAT IS THE MAJOR ISSUE FACING THE AUBURN AREA?**

| | |
|---|---|
| Excessive development & growth | 31.5% |
| No specific information | 17.5% |
| Traffic | 8.1% |
| Unemployment | 7.6% |
| Economy | 7.1% |
| Auburn Dam | 5.7% |
| Annexation | 5.2% |
| Others (less than 2.0%) | 17.3% |

**WOULD YOU VOTE "FOR" OR "AGAINST" ANNEXATION?**

| | |
|---|---|
| FOR annexation | 22.4% |
| Leaning for | 1.5% |
| AGAINST annexation | 65.1% |
| Leaning against | 1.2% |
| Undecided about annexation | 2.0% |
| Need more information to decide | 7.8% |

**B. WHAT IS THE MAIN REASON YOU WOULD VOTE FOR ANNEXATION? ***

| | |
|---|---|
| No specific information | 30.9% |
| Services will increase | 21.6% |
| Prefer city police protection | 8.2% |
| City revenues will increase | 8.2% |
| Promote city unity | 7.2% |
| Encourage growth | 7.2% |
| Government representation will imp | 5.2% |
| Consolidate government | 4.1% |
| Other (less than 3.0%) | 7.4% |

* Asked ONLY of repondents who "VOTED FOR" annexation.

**C. WHAT IS THE MAIN REASON YOU WOULD VOTE AGAINST ANNEXATION? ***

| | |
|---|---|
| No specific information | 30.0% |
| Taxes will increase | 27.8% |
| Satisfied with status quo | 11.1% |
| Curtail growth | 7.8% |
| Prefer country living | 5.9% |
| County laws are preferred | 5.2% |
| Services will decrease | 3.7% |
| Board of Supervisors preferred | 3.0% |
| Other (less than 2.0%) | 5.5% |

* Asked ONLY of repondents who "VOTED AGAINST" annexati

**D. DO YOU "BELIEVE" THIS STATEMENT OR "NOT BELIEVE" IT?**

| | BELIEVE | NOT BELIEVE | DON'T KNOW |
|---|---|---|---|
| ON TAXES AND ANNEXATION- | | | |
| Annexation will cost more in taxes and fees. | 78.1% | 10.8% | 11.1% |
| Taxes will remain the same after annexation. | 38.9% | 44.5% | 16.7% |
| Annexed property owners will be required pay for a general obligatio | 49.0% | 15.5% | 35.6% |
| Annexation would keep tax dollars in the community. | 45.0% | 44.5% | 10.6% |
| Taxes generated in annexed area would be spent elsewhere in City of | 57.7% | 27.5% | 14.7% |
| PUBLIC SERVICES AND ANNEXATION- | | | |
| Annexation would mean improved services like road maintenance and | 28.7% | 61.7% | 9.6% |
| Annexation would mean improved fire and police protection. | 29.5% | 65.8% | 4.7% |
| The county provides good services and there was no reason to switch. | 76.2% | 16.2% | 7.6% |
| GROWTH AND DEVELOPMENT- | | | |
| Annexation would mean more growth and development in the annexed | 69.5% | 24.1% | 6.4% |
| REPRESENTATIVE GOVERNMENT- | | | |
| Annexation would provide better representation on local issues. | 45.0% | 47.4% | 7.6% |

APPENDIX E

## CRITIQUE OF THE 1994 ANNEXATION CAMPAIGN

In the wake of the 1994 annexation election several critical comments were prevalent in the inevitable public discourse attempting to analyze the why and wherefore of the unsuccessful annexation effort. The study addresses those several items.

Some comments relate directly to the political phase (called Phase II in this study) and are therefore not precisely within the City's purview of responsibility. However, they are included here to ensure a comprehensive scope to the study. As indicated earlier in this study, the City is prohibited from using public funds to support or oppose any ballot measure (See footnote Page 4).

### 1. The Vote Results - Ballot Measure H.

a. Any critique of the 1994 campaign must start with the results of the campaign. Attachment 1 to this Appendix gives a breakout of the vote by precinct[48]. The tabulation shows the vote by those precincts within the City and those within the unincorporated area subject to the annexation vote. Table 1, below, summarizes the total vote by the City and those effected precincts within the unincorporated area:

**Table 1**
**Vote Results - Measure H, Annexation 1994**

| | COUNTY VOTE | | | | | | | | | CITY VOTE | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | VOTE | | | % | | | RATIO | | | VOTE | | | % | | | RATIO | | |
| | YES | NO | ABS | YES | NO | ABS | YES | : | NO | YES | NO | ABS | YES | NO | ABS | YES | : | NO |
| SUBTOTAL | 510 | 2747 | 88 | 15.2 | 82.1 | 2.6 | 1 | : | 5.4 | 2107 | 1498 | 147 | 56.2 | 39.9 | 3.9 | 1.4 | : | 1 |
| ABSENTEE | 284 | 1184 | | 19.3 | 80.7 | | | | | 789 | 585 | | 57.4 | 42.6 | | | | |
| TOTALS: | 794 | 3931 | 88 | | | | | | | 2896 | 2083 | 147 | | | | | | |
| | TOTALS %: | | | 16.5 | 81.7 | 1.8 | | | | | | | 56.5 | 40.6 | 2.9 | | | |
| | | | | RATIOS: | | | 1 | : | 5.0 | | | | | | | 1.4 | : | 1 |

C:ANXALT1.WK1

b. The vote count is material and extremely significant to an analysis of the 1994 annexation effort. In the unincorporated area (the county) annexation was opposed at a dramatic ratio of five to one (5:1). This reflects a majority of 81.7% opposing annexation to only 16.5% supporting it (1.8% not voting on the measure). Within the City, the ballot results support annexation by an unspectacular ratio of one and two/fifths to one (1.4:1), slightly over 4 to 3. This reflects 56.5% supporting and 40.6% opposing (2.9% not voting).

[48] The precincts reflected are those existing at the time of the 1994 election (November 8, 1994). Current precincts are renumbered and in many cases have reconfigured boundaries.

c. This high ratio in the unincorporated area opposing annexation suggests either an outstanding campaign opposing annexation or, conversely, a significantly unspectacular campaign supporting it. The truth probably lies somewhere between these extremes. However, the magnitude of the opposing vote in the unincorporated area sends an explicit message that the campaign to promote annexation was, to say the least, unsuccessful.

2. **Annexation Attempted in Face of Known Heavy Opposition.**

***"The City of Auburn should not have proceeded with annexation in the face of a survey indicating that most residents in North Auburn opposed to annexation".***

This criticism is cited frequently. It appears to have merit. The percentages opposing annexation reflected in the March 1993 independent survey (**Appendix D and Section V-A-3**) projected accurately the outcome of the 1994 vote.

(1) Justification for proceeding with annexation in the face of such strong opposition could be a sure knowledge that the reasons given by individuals for their opposition were wrong and a confidence that these perceived reasons could be effectively countered or neutralized and the negative opinions on annexation thereby reversed.

(2) In hindsight, it appears that neither the sure knowledge or confidence was justified. Either the strength of the opposition was underestimated, or the ability of the pro-annexation campaign to change opinion was overestimated. Perhaps some of both occurred. It is fair to say that the campaign process, once started, generates its own momentum. Such self-momentum tends to overcome objectivity and prevents the recognition and avoidance of what should have been obvious obstacles to the attainment of the intended goal of the campaign.

3. **Political Campaign Not "On Target".**

***"The campaign conducted to promote the annexation effort failed to target the perceived concerns of the electorate".***

Without a detailed analysis of the two separate campaigns, it is unfair for this study to criticize these efforts. However, the results of the election speak clearly to the failure of the pro-annexation effort **and/or** the extraordinary success of the anti-annexation effort.

(1) It could be argued - perhaps unfairly - that the principal tangible result of the unsuccessful annexation campaign was to increase, or at least firm up, the opposition to annexation. The campaign to promote annexation - given the results of the 1993 opinion survey - had to be aimed at neutralizing the significant position through an active and properly targeted promotional effort. The 1993 survey provided some opinions and/or misconceptions on which the campaign could have targeted. It appears, at this analyze that the campaign either failed to target accurately or to discern the right targets for its efforts.

(2) The completely separate and permissible "informational" effort conducted by the City of Auburn, should also have used the 1993 survey results at least as a starting point for the preparation and dissemination to the electorate of information about what annexation would mean to the community and to the individual.

4. **Excessive Size of the Targeted Annexation Area.**

***"The City of Auburn made a mistake when it tried to annex such a large area."***

a. This criticism, often directed at the City of Auburn's annexation effort, implies that annexation of a smaller area might have succeeded. The precincts vote (see **Attachment 1 - Ballot Results** to this Appendix) shows that based only on the vote results, the annexation of a smaller sized area would have made no difference in the outcome of the election. The annexation attempt was soundly rejected in every precinct within the targeted (unincorporated) area.

b. There are other considerations; however, that might have affected the outcome of the proposed annexation had there been a smaller area involved in the annexation effort. For example, a smaller sized area might:

(1) Have made the promotional campaign conducted by the committee and the informational campaign by the City more manageable and, perhaps, more effective in correcting wrong perceptions and distributing information about annexation.

(2) Have provided greater concentration and efficiency of the limited resources available, thereby improving the effectiveness of the campaign.

(3) Have caused less concern to county employee groups relative to lost positions and, accordingly, generated less organized resistance from these groups.

(4) Have been more favorably perceived by the electorate as a reasonable annexation approach and not just a dollar grab by the City of Auburn.

• • •

# ATTACHMENT 1

## to Appendix E - Critique of the 1994 Campaign

## BALLOT RESULTS

### ATTACHMENT 1 - BALLOT RESULTS - MEASURE H, NOV 8, 1994

| PREC NO. | REGR | BALLOTS CAST | TURN OUT % | NOT VOTING | COUNTY VOTE: VOTE YES | COUNTY VOTE: VOTE NO | COUNTY VOTE: VOTE ABS | COUNTY VOTE: % YES | COUNTY VOTE: % NO | COUNTY VOTE: % ABS | COUNTY VOTE: RATIO YES : NO | CITY VOTE: VOTE YES | CITY VOTE: VOTE NO | CITY VOTE: VOTE ABS | CITY VOTE: % YES | CITY VOTE: % NO | CITY VOTE: % ABS | CITY VOTE: RATIO YES : NO |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 3400 | 461 | 263 | 57.0 | 198 | | | | | | | | 156 | 90 | 17 | 59.3 | 34.2 | 6.5 | 1.7 : 1 |
| 3401 | 617 | 267 | 43.3 | 350 | | | | | | | | 134 | 124 | 9 | 50.2 | 46.4 | 3.4 | 1.1 : 1 |
| 3402 | 724 | 320 | 44.2 | 404 | | | | | | | | 180 | 130 | 10 | 56.3 | 40.6 | 3.1 | 1.4 : 1 |
| 3403 | 681 | 287 | 42.1 | 394 | | | | | | | | 154 | 114 | 19 | 53.7 | 39.7 | 6.6 | 1.4 : 1 |
| 3405 | 821 | 431 | 52.5 | 390 | | | | | | | | 251 | 161 | 19 | 58.2 | 37.4 | 4.4 | 1.6 : 1 |
| 3406 | 634 | 273 | 43.1 | 361 | | | | | | | | 148 | 118 | 7 | 54.2 | 43.2 | 2.6 | 1.3 : 1 |
| 3408 | 543 | 301 | 55.4 | 242 | | | | | | | | 205 | 91 | 5 | 68.1 | 30.2 | 1.7 | 2.3 : 1 |
| 3410 | 736 | 330 | 44.8 | 406 | | | | | | | | 159 | 157 | 14 | 48.2 | 47.6 | 4.2 | 1.0 : 1 |
| 3412 | 434 | 192 | 44.2 | 242 | | | | | | | | 96 | 89 | 7 | 50.0 | 46.4 | 3.6 | 1.1 : 1 |
| 3414 | 604 | 324 | 53.6 | 280 | | | | | | | | 181 | 133 | 10 | 55.9 | 41.0 | 3.1 | 1.4 : 1 |
| 3418 | 833 | 472 | 56.7 | 361 | | | | | | | | 297 | 155 | 20 | 62.9 | 32.8 | 4.2 | 1.9 : 1 |
| 3472 | 509 | 247 | 48.5 | 262 | 46 | 196 | 5 | 18.6 | 79.4 | 2.0 | 1 : 4.3 | | | | | | | |
| 3601 | 532 | 220 | 41.4 | 312 | 44 | 172 | 4 | 20.0 | 78.2 | 1.8 | 1 : 3.9 | | | | | | | |
| 3603 | 486 | 187 | 38.5 | 299 | 32 | 148 | 7 | 17.1 | 79.1 | 3.7 | 1 : 4.6 | | | | | | | |
| 3605 | 655 | 326 | 49.8 | 329 | 40 | 279 | 7 | 12.3 | 85.6 | 2.1 | 1 : 7.0 | | | | | | | |
| 3607 | 478 | 268 | 56.1 | 210 | 46 | 212 | 10 | 17.2 | 79.1 | 3.7 | 1 : 4.6 | | | | | | | |
| 3609 | 728 | 346 | 47.5 | 382 | 68 | 268 | 10 | 19.7 | 77.5 | 2.9 | 1 : 3.9 | | | | | | | |
| 3611 | 871 | 398 | 45.7 | 473 | 46 | 341 | 11 | 11.6 | 85.7 | 2.8 | 1 : 7.4 | | | | | | | |
| 3613 | 629 | 224 | 35.6 | 405 | 38 | 175 | 11 | 17.0 | 78.1 | 4.9 | 1 : 4.6 | | | | | | | |
| 3615 | 693 | 311 | 44.9 | 382 | 39 | 267 | 5 | 12.5 | 85.9 | 1.6 | 1 : 6.8 | | | | | | | |
| 3800 | 457 | 245 | 53.6 | 212 | 44 | 195 | 6 | 18.0 | 79.6 | 2.4 | 1 : 4.4 | | | | | | | |
| 3801 | 631 | 351 | 55.6 | 280 | 48 | 295 | 8 | 13.7 | 84.0 | 2.3 | 1 : 6.1 | | | | | | | |
| 3402 | 17 | 12 | 70.6 | 5 | | | | | | | | 6 | 6 | 0 | 50.0 | 50.0 | 0.0 | 1.0 : 1 |
| 3404 | 256 | 208 | 81.3 | 48 | | | | | | | | 105 | 98 | 5 | 50.5 | 47.1 | 2.4 | 1.1 : 1 |
| 3407 | 95 | 72 | 75.8 | 23 | | | | | | | | 35 | 32 | 5 | 48.6 | 44.4 | 6.9 | 1.1 : 1 |
| 3471 | 6 | 6 | 100.0 | 0 | 0 | 6 | 0 | 0.0 | 100.0 | 0.0 | 0 : 6.0 | | | | | | | |
| 3472 | 90 | 15 | 16.7 | 75 | 0 | 15 | 0 | 0.0 | 100.0 | 0.0 | 0 : 15.0 | | | | | | | |
| 3800 | 229 | 103 | 45.0 | 126 | 14 | 86 | 3 | 13.6 | 83.5 | 2.9 | 1 : 6.1 | | | | | | | |
| 3805 | 100 | 80 | 80.0 | 20 | 4 | 75 | 1 | 5.0 | 93.8 | 1.3 | 1 : 18.8 | | | | | | | |
| 3806 | 46 | 18 | 39.1 | 28 | 1 | 17 | 0 | 5.6 | 94.4 | 0.0 | 1 : 17.0 | | | | | | | |
| SUBTOTAL | 14596 | 7097 | | 7499 | 510 | 2747 | 88 | 15.2 | 82.1 | 2.6 | 1 : 5.4 | 2107 | 1498 | 147 | 56.2 | 39.9 | 3.9 | 1.4 : 1 |
| ABSENTEE | | 2954 | 20.2 | | 284 | 1184 | | 19.3 | 80.7 | | | 789 | 585 | | 57.4 | 42.6 | | |
| TOTALS: | 14596 | 10051 | 68.9 | 4545 | 794 | 3931 | 88 | 16.5 | 81.7 | 1.8 | 1 : 5.0 | 2896 | 2083 | 147 | 56.5 | 40.6 | 2.9 | 1.4 : 1 |
| TOTALS %: | | | | | | | | | | | | | | | | | | |
| TOTALS RATIO: | | | | | | | | | | | | | | | | | | |

APPENDIX F

RESOLUTION NO. 99-64

RESOLUTION AMENDING THE ANNEXATION POLICY
FOR THE CITY OF AUBURN

THE CITY COUNCIL OF THE CITY OF AUBURN DOES HEREBY RESOLVE:

**WHEREAS,** the City of Auburn has a current annexation policy (Resolution No. 97-5) which is inconsistent with the annexation philosophy set forth in the Auburn General Plan; and

**WHEREAS,** urban development continues to occur in unincorporated areas of Placer County which are contiguous to the City and within its sphere of influence; and

**WHEREAS,** the City of Auburn should have the ability to affect the nature of development, retention of open space and the imposition of high impact commercial ventures within its sphere of influence; and

**WHEREAS,** the governance of the greater Auburn area should be cohesive and singular; and residents should have the opportunity to elect all their local representatives; and

**WHEREAS,** the establishment of a single municipal government over the Auburn area would provide for a single coordinated economic development effort, which would facilitate business opportunities within the area; and

**WHEREAS,** the establishment of a single municipal government over the Auburn area would provide for a single coordinated land use planning effort.

**NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF AUBURN, CALIFORNIA, DOES HEREBY FIND AND RESOLVE AS FOLLOWS:**

That the City of Auburn shall actively encourage annexation; and

That pre-annexation activities shall be initiated for those areas within an appropriate sphere of influence that (1) are fiscal sound additions to the City, (2) can be served by municipal facilities or an acceptable alternative, (3) are beneficial to the residents and businesses within the City of Auburn and the area to be annexed, and (4) conform to the policies of the Auburn General Plan; and

That on an annual basis in coordination with the budget review, the Annexation Committee shall present for City Council consideration an Annexation Program identifying those areas considered appropriate for annexation activity, including therein a request of funds.

DATED: June 14, 1999

s/

---

KATHY SANDS, Mayor

APPENDIX G

## AUBURN GENERAL PLAN EXCERPTS

## ANNEXATION IN THE AUBURN GENERAL PLAN[49]

### 1. Introduction to the General Plan.

Section I, INTRODUCTION, to the General Plan states:

> "The City of Auburn General Plan sets forth the goals and policies that will guide future growth in the Auburn Area. The plan will be used by City staff, and City decision makers to review new development in order to ensure that future developments will contribute to retaining and improving the character of Auburn as a unique and readily identifiable foothill community."

At Section I, Part 3, General Plan Background, the plan states:

> "... The plan covers the area within the City of Auburn limits and within a revised sphere of influence, which includes an approximate 4,830-acre increase... Lands within the sphere of influence have been given a land use designation ***in anticipation that annexation of these lands will occur within the 20-year life span of the plan***. Limited land use information within the sphere resulted in single land use designations being applied to large areas. ***As these areas are annexed***, the City will review development plans to provide ***more specific detail as to the land use designations***." [Emphasis Added.]

### 2. Elements Pertinent to Annexation.

The Auburn General Plan shows the following items pertinent to annexation.

a. Assumptions and Issues. Section III, of the Plan reflects the following assumption and issue which were used and/or identified in the plan:

Assumption #3: *"Significant growth will occur outside of the current City of Auburn limits."*

Issue #2: The General Plan is intended to address... *"Annexation of the areas to the north, east on Interstate 80, and to the south."*

b. General Plan Goals and Policies. The following Goals and Policies, pertinent to annexation, are identified under Section IV, LAND USE ELEMENTS. Shown are Goal numbers and related Policy numbers (#). These policies constitute the official General Plan guidance promulgated on the subject of annexation policy.

---

[49] CITY OF AUBURN GENERAL PLAN 1992-2012, adopted November 1993.

Goal 2: **"Encourage maintaining the open rural character of the County areas beyond the City of Auburn Sphere of Influence so that Auburn is a distinct, readily identifiable foothill community. Encourage farmsteads, orchards, tree farms, grazing, and horse ranches."**

#2.1 "Actively promote and preserve agricultural use on lands in the regional area."

Goal 9: **"Develop a land use pattern which can be adequately served with community facilities (such a schools, libraries, and community recreation), urban services, and transportation facilities."**

#9.2 "Allow residential development only in those areas where adequate public facilities are available or will be provided with development."

Goal 10: **"Establish a rate of growth that allows public service providers to keep pace with growth."**

#10.1 "Utilize development standards and annexation to promote open space and to manage the rate, location and type of growth."

#10.2 "Annex those lands which can be developed in accordance with the Auburn General Plan, are fiscally sound additions to the City, can be adequately served by municipal (or acceptable alternative) facilities and services, and are part of a planned, orderly annexation program.

#10.3 "Pre-zone all properties for annexation in a manner consistent with the Auburn General Plan."

#10.4 "The Auburn General Plan and zoning designations for annexed land should consider the following criteria:

A. "The capaCity of Auburn of facilities and municipal services.
B. "The environmental effects that development on lands proposed for annexation may have on properties within the existing City of Auburn limits.
C. "Existing land uses, if any, on and in the vicinity of the annexed land.
D. "The extent of any natural habitats and features of the landscape which should be preserved.
E. "The demonstrated need for additional housing, retail commercial uses, other commercial uses, and industry uses".

3. **Implementation.**

Section XII, IMPLEMENTATION, compiles the Implementation Work Plan and identifies the work task intended to accomplish the General Plan policies and goals. The two work tasks specific to annexation are shown under the Land Use and Housing elements, respectively:

Land Use #6: *"Continue Annexation Program."*[Time frame: 1993-1997]

Housing #5: *"Continue to annex an appropriate amount of vacant unincorporated land."* [Time frame: Ongoing]

• • •

## APPENDIX H

RESOLUTION NO. 97-5

RESOLUTION ADOPTING AN ANNEXATION POLICY
FOR THE CITY OF AUBURN

---

**THE CITY COUNCIL OF THE CITY OF AUBURN DOES HEREBY RESOLVE:**

**WHEREAS,** the City of Auburn is dependent upon development occurring within the corporate limits of the City; and

**WHEREAS,** urban development is occurring in unincorporated areas of Placer County which lie within the City's sphere of influence; and

**WHEREAS,** it is the position of the Auburn City Council that urban development is desirable for the City of Auburn.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF AUBURN, CALIFORNIA, DOES HEREBY FIND AND RESOLVE AS FOLLOWS:**

That it is the policy of the Auburn City Council to accept proposals for annexation of property lying within the City's sphere of influence and to assist in facilitating such proposals.

DATED: January 13, 1997.

---
CHERYL MAKI, Mayor

PLACER CONSOLIDATED FIRE PROTECTION DISTRICT

RANDY SMITH
FIRE CHIEF

11645 ATWOOD ROAD
AUBURN, CALIFORNIA 95603
TELEPHONE: 530/823-4155 • FAX: 530/823-4014

January 14, 2000

Wilfred Wong
City of Auburn Community Development Director
1225 Lincoln Way
Auburn, CA 95603

RE: Administrative Draft, Annexation Study

Dear Mr. Wong,

Thank you for the opportunity to review the City's administrative draft of the annexation study. The limited timeframe in which comments are to be submitted has not allowed me ample opportunity to fully digest the large amount of information and data contained within the document. After a brief review, I am immediately concerned with the lack of data and information addressing fire and life safety issues.

Please afford me this opportunity to remind all parties involved, the Placer Consolidated Fire Protection District currently provides fire, medical and related life safety services to two areas within the City of Auburn. These areas are the Auburn City Municipal Airport/Industrial Park and the Dairy Road/Oakridge Way Annexation. In the case of the City of Auburn Airport and Industrial Park, the Fire District has responsibility for the fire, medical and related life safety services through an annexation into the District approved by the City Council with Resolution 96-50. In the case of the Dairy Road/Oakridge Way annexation, into the City of Auburn, the District maintained the responsibility for services through the Memorandum of Understanding (M.O.U.), by and between, the City of Auburn and the District. (see attached)

We understand the purpose of the study is to guide and establish City Policy surrounding future annexations and/or annexation requests. In our brief review of the study there are eight different areas the committee has identified as potential annexation areas. Though all areas identified are not subject to the

RECEIVED
JAN 24 2000
CITY OF AUBURN
Community Development Dept

terms and conditions of the M.O.U., four of the eight are. Yet, nowhere in the study is this addressed. Fire and medical service improvements are listed, in generalities, on page 21 section "a." entitled Public safety programs. Page 67, Attachment 2 to Appendix "J" # (8) states "Fire Department annexation cost assumptions reflect the need for one additional firefighter/engineer." Realizing this is a fiscal impact review of the 1994 annexation effort, we assume the addition of only 1 Fire Dept. employee would be for additional responsibility assumed by the Auburn City Fire Dept. in accordance with the M.O.U.. If this is the case, then why not make reference to the M.O.U. within the body of the study? It would prove to the District the City continues to recognize the existence of the agreement and intends to abide by the same.

Thank you for your attention to this matter.

Respectfully,

Randy Smith
Fire Chief

Cc:

City of Auburn
Annexation Committee
City Council
City Staff

Auburn Hook and Ladder Company
Harriet White, Placer County Supervisor
Don Lunsford, Placer County Executive Officer
Deborah Cubberley, Placer County LAFCO
Bud Pisarek
Nick Willick

RECORDING REQUESTED BY
AND RETURN TO:

Consolidated Fire District
11645 Atwood Rd
Auburn, CA. 95603

90-064624

Recorded
Official Records
County of
Placer
Mary Ann Hulse
Recorder
10:35am 3-Oct-90

Total .00

JE 6

RESOLUTION NO. 89-68

RESOLUTION APPROVING MEMORANDUM OF UNDERSTANDING WITH CONSOLIDATED FIRE PROTECTION DISTRICT

---

THE CITY COUNCIL OF THE CITY OF AUBURN DOES HEREBY RESOLVE:

That the City Council of the City of Auburn does hereby authorize and approve the Memorandum of Understanding between the City of Auburn and Placer Foothills Consolidated Fire Protection District regarding a service line between the two entities. A true and correct copy of said Memorandum is attached hereto as Exhibit "A" and incorporated herein by this reference.

The Mayor of the City of Auburn is authorized and directed to execute the Agreement on behalf of the City of Auburn.

DATED: May 22, 1989

Raymond L. Pisarek, Mayor

ATTEST:

Jean M. Smith, Deputy ~~City~~ Clerk

I, Jean M. Smith, Deputy City Clerk of the City of Auburn, hereby certify that the foregoing resolution was duly passed at a regular meeting of the City Council, held on the 22nd day of May 1989 the following vote on roll call:

Ayes: Bunnell, McCord and Pisarek
Noes: Higgins, Wise
Absent: None

Jean M. Smith, Deputy City Clerk

MEMORANDUM OF UNDERSTANDING

This memo of understanding is made by and between City of Auburn, a municipal corporation, of the State of California, ("City") and Placer Foothill Consolidated Fire Protection District (District).

Section 1. Purpose

The parties find and determine that it is in their mutual best interest to establish and designate which party will provide fire protection services to the areas referred to herein.

Section 2. Definitions

As used in this agreement:

(a) "City service area" means that area generally south of the service line.

(b) "District service area" means that area generally north of the service line.

(c) "Fire protection services" means those services described in items (a) through (f) of Section 13862 of the California Health and Safety Code.

(d) "Rules and ordinances" mean those rules and ordinances which the parties are empowered to enact and enforce which relate to fire protection services.

(e) "Service line" means the line separating the fire protection services of the City and the District as shown on exhibit "A" which is made a part of this agreement.

Section 3. Annexations

(a) In the event of annexation of territory to the City which is in the city service area, the territory will be detached from the District and fire protection services will be provided by the City. In the event of annexation of territory to the City which is in the District service area, the territory will not be detached from the District and fire protection services will be provided by the District. In the event of annexation of territory to the District which is in the City service area, the territory will be detached from the District upon subsequent annexation of that territory to the City.

(b) After the effective date of this agreement the District agrees that it will not take an official position opposing annexations to the City, or publicly express an official or unofficial position on behalf of the District opposing annexation to the City.

Section 4. Modifications

The service line may be adjusted by agreement of the parties, particularly where the development of property makes the property more practically serviceable by the party which would not otherwise serve the property according to the service line shown on exhibit "A". As undeveloped property located along the service line develops which has its service access on the north, it is agreed that such property is more practically served by District. If service access tosuch property is tothe south of the property, it is more practically served by City.

Section 5. Rules and Ordinances

The parties shall apply all City rules and ordinances relating to fire prevention and building in all areas within the city limits. The City shall authorize District to apply and enforce such City rules and ordinances in areas within the City limit served by District. Within one year from the date of this agreement, the parties agree to establish and enact uniform rules and ordinances for all areas within the City.

Section 6. Revenues

The parties agree that the District shall continue to receive the same portion of property tax revenues from those areas of the District which are also in the City, and that the District shall receive all other fees and assessments legally imposed by the District.

Section 7. Aid Agreements

This agreement will not affect the mutual aid agreements or automatic aid agreements between the parties or between either of the parties and any other party. Each party agrees that its fire department will not respond into the service area of the other party except within the parameters of a mutual aid or automatic aid agreement.

Section 8. Auburn Airport

Notwithstanding the service line, this agreement will not apply to those areas of the Auburn Airport which are in the City but not in the District. This agreement will apply to territory of the Auburn Airport which is annexed to the City after the effective date of this agreement.

Section 9. Effective Date of Agreement

This agreement is effective upon ratification of the parties and will continue in force until modified or terminated by mutual agreement of the parties.

Section 10. Succession

It is the intent of the parties that in the event of reorganization of either of the parties, this agreement will be binding upon the successors of the parties to the extent allowed by law.

Approved and adopted by the City Council of the City of Auburn on the 22nd day of May, 1989.

Raymond L. Pisarek, Mayor

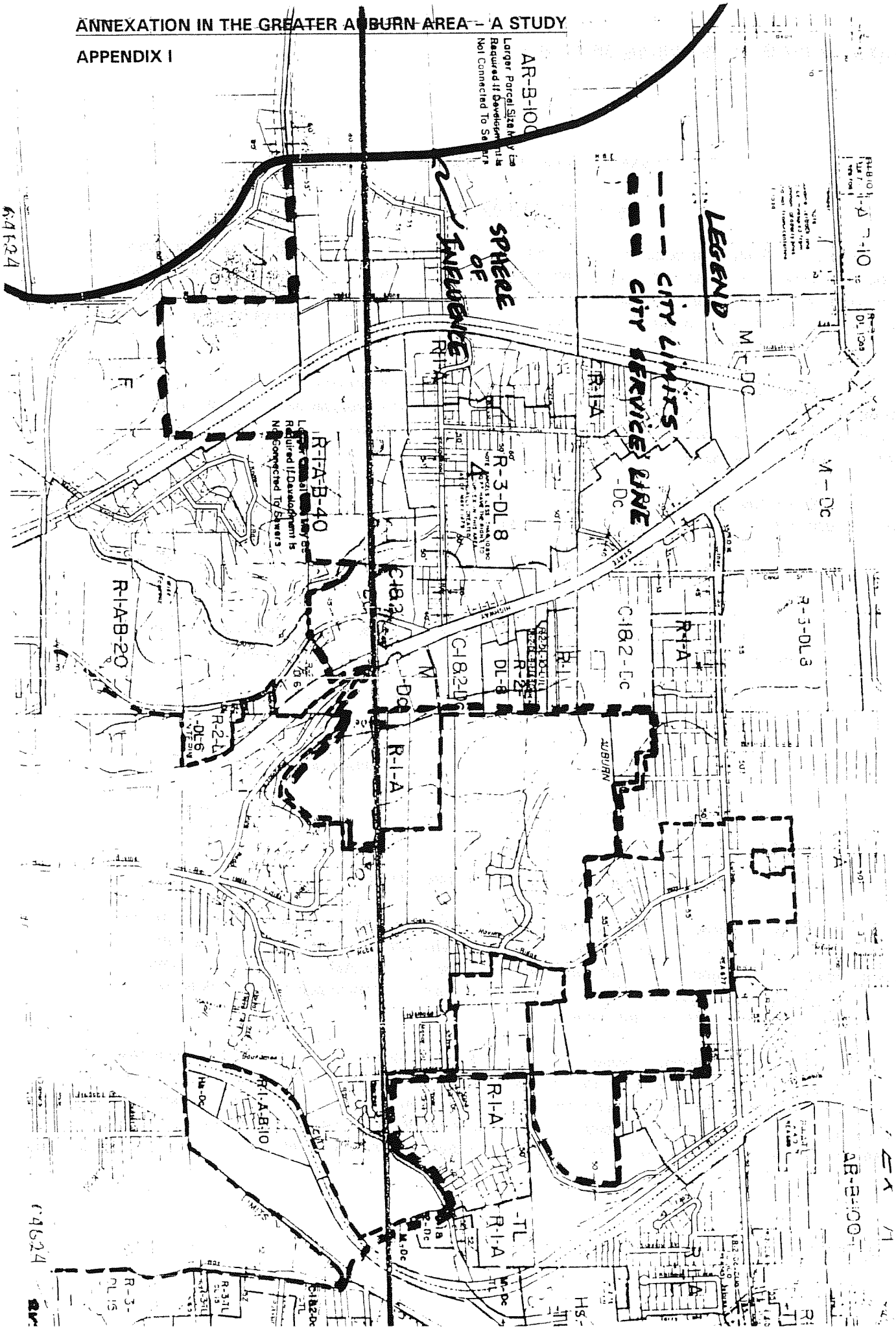
Florence Ladeck, Clerk
By: Jean M. Smith, Deputy ~~City~~ Clerk

Approved and adopted by the Board of Directors of the Placer Foothills Consolidated Fire Protection District on the 6th day of June, 1989.

David A. Lake, President

Michael Forester, Secretary

APPENDIX I


LEGEND
CITY LIMITS
CITY SERVICE LINE
SPHERE OF INFLUENCE
AR-B-100
Larger Parcel Size May Be Required If Development Is Not Connected To Sewers
R-1-A-B-40
Larger Parcel Size May Be Required If Development Is Not Connected To Sewers
R-3-DL 8
R-1-A
R-1-AB-20
R-1-A-B-10
C-1&2-Dc
AUBURN
M-Dc
R-3-DL3
AB-B-100

## APPENDIX J

### ANNEXATION AS A PROSPECT.

### AREAS ADJACENT TO AUBURN

1. Despite the difficulties of completing a successful annexation, the City of Auburn has a municipal responsibility to consider periodically the expansion of its City limits through annexation. While the county has no responsibility to discourage annexation, it does have a high propensity to protect its revenue sources (i.e., sales tax revenue in North Auburn). This urge to hang-on to those revenue sources conflicts directly with the City's annexation interest.

a. In the Auburn Area, many of the traditional benefits of annexation (e.g., water system, sewer collection and treatment, recreation programs, fire protection and municipal police) are not available for the City to proffer as an incentive for adjacent areas to support annexation. Absent these traditional benefits the incentives to annexation are less discernible by the public.

b. While important advantages do exist, but they are more difficult to "sell" because they are not directly affecting the individual household. These advantages are:

(1) Provision of a single community-developed vision for the future of the Auburn Area.

(2) Provision of singular land-use planning for the Auburn Area, allowing local control and coordination to manage urban sprawl, excessive traffic and the proliferation of development.

(3) Maximizing local government's ability to enhance the area's quality of life by preserving its hometown atmosphere.

(4) Provision of a more representative and more accountable local government.

(5) Provision of certain economies of scale and the natural efficiencies attendant with a more optimally sized city.

(6) Eventual local control over locally generated revenues.

2. To meet the city's responsibility of periodical reviews, the study has designated eight areas for the purpose of identification and discussion. Each area has generally similar characteristics and a definitive geographic boundary. The areas have variable conditions, typical of the Auburn Area, of development, agricultural uses and assigned zoning. These areas are designated for discussion purposes only and are shown graphically at **Attachment 1 to this Appendix.**

(A) **Northwest & North:** generally along the Highway 49 corridor extending left (southwest) to Mount Vernon Road and right (northeast) to a line extending north from the junction of Dairy and Luther Road, this width extending northerly to a line formed by Atwood Road easterly to Highway 49, thence south along Highway 49 to the junction of the Southern Pacific Railroad, thence northeasterly and easterly along the railroad right-of-way to a line extending north from the junction of Dairy and Luther Road.

(B) **Extended Northwest & North:** continuing along the Highway 49 corridor, extending left (west) to Mount Vernon and Joeger Road and right (east) to a line extending north from the junction of Dairy and Luther Road. This width extending northerly from the described boundary of the Northwest & North Area to a line formed by Joeger Road on the west and North extending to Highway 49, thence southerly on Highway 49 to a point west and opposite the junction of Griffin Way and Dry Creek Road, thence westerly along Dry Creek Road to a line extending north from the junction of Dairy and Luther Road.

(C) **Extended Northeast & North:** continuing along the I-80 corridor, extending right (east) to the boundary of the Auburn State Recreational Area and left (west) to a line extending north from the junction of Dairy and Luther Roads, thence northerly from the described boundary of the Northeast & North Area to a line formed by Dry Creek Road, thence eastward to the junction with Bowman Road, thence southeasterly to the northeast corner of that section of the Auburn State Recreational Area that is closest to the Southern Pacific Railroad right-of-way at that point.

(D) **Northeast & North:** generally along the I-80 corridor extending left (west) to a line extending north from the junction of Dairy and Luther Road and right (east) to the boundary of the Auburn State Recreational Area, this width extending northerly to a line formed by the Southern Pacific Railroad right-of-way easterly to the junction of the railway right-of-way and I-80, thence northerly along I-80 to a point east and opposite the junction of Bowman Road and Jupiter Drive, thence easterly to the boundary of the Auburn State Recreational Area.

(E) **East:** from the southeast corner of the existing City limits easterly to Placer/ElDorado County Boundary (American River), thence running northerly generally along the American River to the Highway 49 bridge over the American River, thence northerly along the North Fork of the American River to a point approximately east and opposite the junction of Luther Road and I-80, thence westerly to the boundary of the Auburn State Recreational Area, thence southerly following said boundary to the existing City limits.

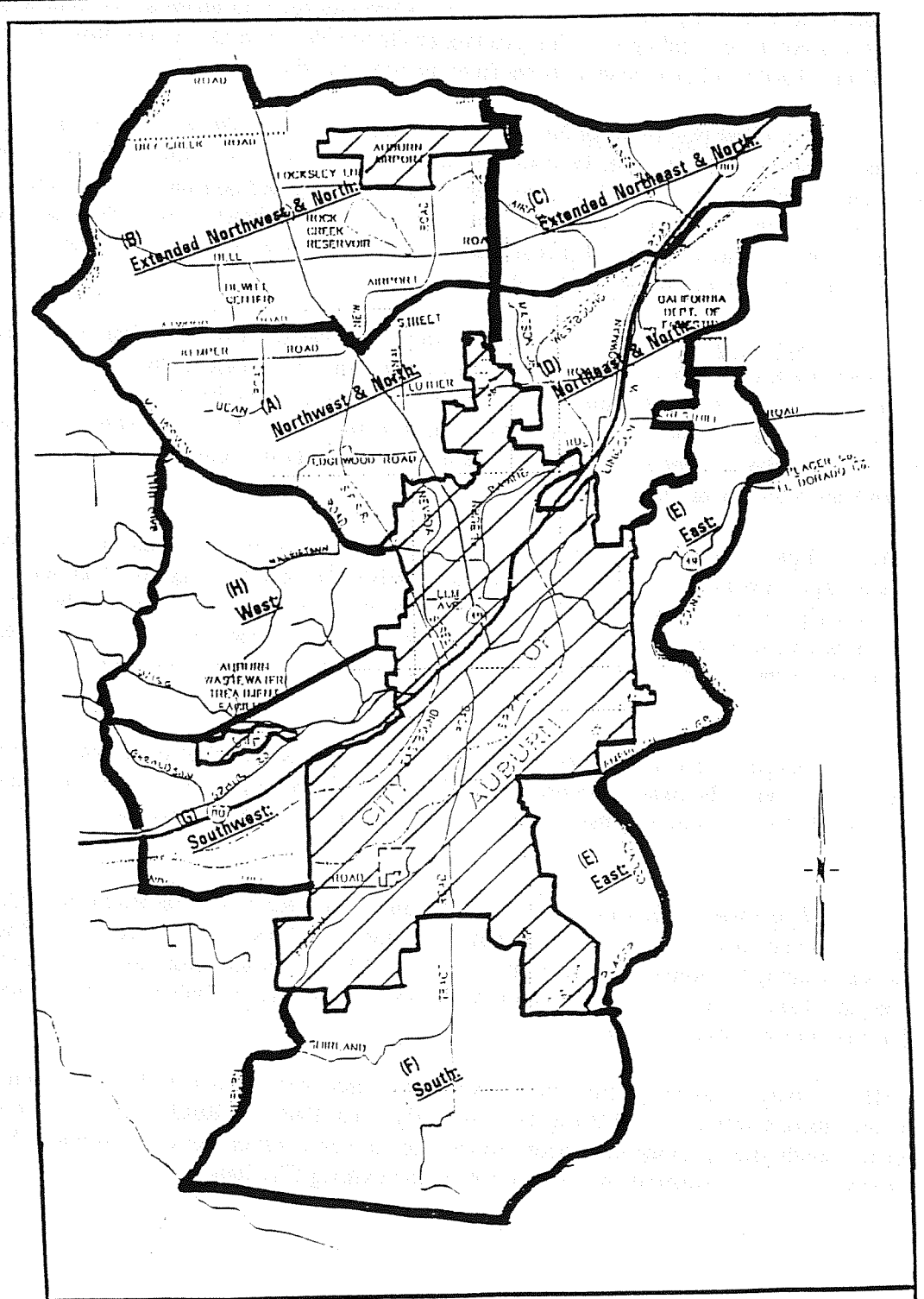
(F) **South:** generally along the corridor formed by Auburn/Folsom Road to the west and the Placer/ElDorado County Boundary (American River) to the east, thence south to a line extending from the junction of the Auburn-Folsom and the Newcastle Roads, easterly to the Placer/ElDorado County Boundary (American River).

(G) **Southwest:** generally along the I-80 and Taylor Road corridor extending right (northwest) to a line that would include the existing boundary of Auburn's Waste Water Treatment Plant (WWTP), thence westerly along the Auburn Ravine to the junction of Bald Hill and Lozanos Roads, thence southerly along Lozanos Road to the junction with Ophir Road, thence southerly to Indian Hill Road, thence easterly along that road to the existing City limits.

(H) **West:** extending from the existing City limit westerly along Mount Vernon Road on the North to the junction with Bald Hill Road, then southerly along Bald Hill Road to the Junction with Lozanos Road, thence southeasterly along the Auburn Ravine to the northwest corner of the Auburn WWTP, thence northeasterly along a line generally paralleling I-80 to the existing City limits.

ATTACHMENT 1

to Appendix J - Areas Adjacent to Auburn




CITY OF AUBURN
AND VICINITY

## APPENDIX K

### FISCAL IMPACT REVIEW 1994 ANNEXATION EFFORT

1. **Tax Sharing Process.** The tax sharing process is debatably the most important element of the annexation process. This is particularly applicable to the small City. This appendix sets forth in four tables the fiscal impact of the proposed 1994 annexation and the attendant tax sharing agreement summarized at Table 2.

c:\txshare.wk1

**Table 2**
**City - County Tax Sharing Agreement - 1994**

| TAX ELEMENTS (within annexed area*) | Before Annexation | | After Annexation | |
|---|---|---|---|---|
| | County | City | County | City |
| Property Tax | 100.0% | 0.0% | 75.0% | 25.0% |
| Incremental Property Tax | 100.0% | 0.0% | 75.0% | 25.0% |
| Sales and Use Tax * | 100.0% | 0.0% | 48.67% | 51.33% |
| Transient Occupancy Tax TOT) | 100.0% | 0.0% | 0.0% | 100.0% |
| Facility Impact Fee (county) | Yes | No | Yes | Yes |

* This provision of the agreement allocates to the county 48.67% of the sales tax normally recieved by the city. This provision applies to both the annexed area and the area within the existing city limits.

2. **Fiscal Impact Analysis.** The attachments to this appendix reflect the projected annexation costs and offsetting revenues which the City would have received with the 1994 tax sharing agreement. The attachments are:

ATTACHMENT 1 - FISCAL IMPACT REVIEW. Presents a summary of total estimated incremental costs and revenues associated with the 1994 tax sharing agreement. These summary figures are taken from Attachment 2 through 4.

ATTACHMENT 2 - ESTIMATED PER CAPITA COSTS AND INCREMENTAL COSTS. This table is an analysis of the incremental costs of the proposed 1994 annexation based on a per capita analysis of actual costs for providing City services in FY 1992-93. The approach recognizes and factors out certain costs that would not be duplicated with annexation (see Note 3 to Attachment 2). The approach is not perfect. The study has taken the contemporaneous worksheet prepared by City staff and adjusted it, where appropriate, to place a cap on certain per capita costs. The caps were determined by comparison of departmental projected per capita costs to other appropriate City per capita costs.

ATTACHMENT 3 - REVENUE ESTIMATES BEFORE AND AFTER ANNEXATION. A detail of amount and source of estimated revenue related to the proposed 1994 annexation before and after annexation.

ATTACHMENT 4 - CAPITAL REQUIREMENTS LISTING. Presents the departmental capital expenditures related to the 1994 proposed annexation.

ATTACHMENT 1 to APPENDIX K

Page 1

## Table 3
## Fiscal Impact on Auburn of Proposed Annexation - 1994

c:\ANXFIS11.WK1

| PROJECTED ANNEXATION COSTS / REVENUES | | TOTAL | Annual Amount | CUMULATIVE COSTS | NET SURPLUS or (DEFICIT) |
|---|---|---|---|---|---|
| **COSTS FOR ANNEXATION** | | | | | |
| 1. **Incremental costs for annexation:** (Based on per capita projections) | (Attachment 2, Col i) | 3,207,130 | 3,207,130 | 3,207,130 | |
| 2. **Pojected capital equipment needs:** (Projected additional needs @ 20% per year over 5 years) | (Attachment 4) | 1,030,285 | 206,057 | 3,413,187 | |
| 3. **Start-up costs:** (Estimated at 10% of Incremental Costs): | | 320,713 | 320,713 | | |
| **TOTAL COSTS FOR ANNEXATION:** | | | | 3,733,900 | |
| **OFFSET BY:** | | | | | |
| 4. **PROJECTED REVENUES FROM ANNEXATION:** (Based upon Dec 9, '93 Vernazza Wolfe Assoc., Study and projections by 1994 City Finance Director and final tax sharing agreement (Placer County Resolution 93-9)). | (Attachment 3, Col I) | | | 2,525,579 | |
| **EXPENSES IN EXCESS OF REVENUE:** | | | | | ($1,208,321) |

ATTACHMENT 2 to APPENDIX K



## Table 4
## ESTIMATED PER CAPITA SERVICE AND INCREMENTAL COSTS
(BASED ON 1992-93 ACTUAL FIGURES)

| POPULATION | |
|---|---|
| AUBURN | 11,261 |
| N. AUBURN | 11,252 |
| COMBINED | 23,513 |

C:\ANNFISH.WK1

| | FY 1992-93 | | | PER CAPITA | | | | INCREMENTAL COSTS | | | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | ACTUAL COSTS | LESS DUPLIC' COSTS | BASE COSTS | BEFORE ANNEX | MARGI'L BASE COSTS | AFTER ANNEX | CAPPED BY STUDY | COSTS PER CAPITA | + CAPITAL COSTS PER DEPT | TOTAL INCREM' COSTS | COSTS AFTER ANNEXATION |
| | a | b | c | d | f | g | h | i | j | k | l |
| Notes: | (1) | (2) | | | (3) | | (4) | (5) | (6) | | |
| | (Actual) | | (Col a - b) | (Col a / 11,261) | (Col c / 11,261) | (Col (a+h)/23,513) | | (Col f x 12,252) | (See Table IV) | (Col i+j) | (Col a + k) |
| **GENERAL ADMINSTRATION:** | | | | | | | | | | | |
| City Council | $98,477 | $74,805 | $23,672 | 9 | 2 | 4 | | | | | |
| City Manager | 156,537 | 91,180 | 65,357 | 14 | 6 | 7 | | | | | |
| City Clerk | 124,195 | 5,580 | 118,615 | 11 | 11 | 5 | | | | | |
| Finance Dept. | 279,066 | 83,081 | 195,985 | 25 | 17 | 12 | | | | | |
| City Attorney | 62,456 | 62,456 | 0 | 5 | 0 | 3 | | | | | |
| DEPT TOTALS: | $720,731 | $317,102 | $403,629 | $64 | $36 | $49 | | 439,149 | 125,000 | $564,149 | $1,159,880 |
| **PUBLIC SAFETY:** | | | | | | | | | | | |
| Police Dept. | 1,737,667 | 231,338 | 1,506,329 | 154 | 110 | 118 | 118 | 1,347,720 | 296,200 | 1,643,920 | $3,085,387 |
| Fire Dept. (7) | 306,153 | 57,709 | 248,444 | 27 | 22 | 14 | | 32,586 | (8) | 32,586 | $338,739 |
| DEPT TOTALS: | $1,737,667 | $231,338 | $1,506,329 | 154 | 110 | 118 | 118 | 1,347,720 | 296,200 | 1,643,920 | $3,085,387 |
| **PUBLIC WAYS & FACILITIES:** | | | | | | | | | | | |
| Buildings & Grounds | 179,893 | 0 | 179,893 | | | | | | | | |
| P.W.-Admin & Engr | 263,215 | 75,042 | 188,173 | | | | | | | | |
| P.W.-Constr & Maint | 462,597 | 63,294 | 399,303 | | | | | | | | |
| P.W.-Yard & Shops | 136,427 | 0 | 136,427 | | | | | | | | |
| DEPT TOTALS: | $1,042,132 | $138,336 | $903,796 | 93 | 80 | $86 | | 983,333 | 580,000 | 1,563,333 | $2,025,465 |
| **OTHER SERVICES:** | | | | | | | | | | | |
| Planning | 353,976 | 66,668 | 287,308 | | | | | | | | |
| Building | 178,131 | 63,852 | 114,279 | | | | | | | | |
| F.E.P. Match (7) | 15,220 | 0 | 15,220 | | | | | | | | |
| DEPT TOTALS: | $532,107 | $130,520 | $401,587 | 47 | 36 | $41 | | 436,928 | 29,085 | 466,013 | $969,035 |
| TOTALS: | $4,032,637 | $817,296 | $3,215,341 | $358 | $262 | $295 | | $3,207,130 | $1,030,285 | | |
| | | | | | | TOTAL INCR TOTAL INCREMENTAL COSTS: | | | | $4,237,415 | |
| | | | | | | | | TOTAL COSTS AFTER ANNEXATION: | | | $7,239,767 |

See attached notes, Page 3.

**ATTACHMENT 2**

**to APPENDIX K**

**Notes to Table 4 – Service and Incremental Costs**

**NOTES:**

(1) Actual costs (Col a) reflects actual General Fund Expenditures ($4,354,019) less Fire Department ($305,153 and FEP Plan match ($15,229).

(2) Duplicate costs (Col b) reflect the deduction of certain management costs that would not be duplicated upon annexation, such as salaries and benefits for city manager and other department heads. These duplicate costs were identified by each Department.

(3) The per capita base cost (Col f) is derived by dividing the base cost (Col c) by the then current city population of 11,261 (Dept of Finance statistic for FY 92-93)

(4) The capped per capita costs (Col h) reflect those caps imposed by the study based on a comparison of per capita costs in other cities. These caps were used to calculate the total incremental costs.

(5) The incremental costs for annexation (Col i) are derived by multiplying the per capita base cost (Col f) by 12,252 the then population for the proposed annexation area.

(6) The capital costs (Col j) are total estimated additional equipment needs as projected by respective operating departments (see Attachment 4 to Appendix I).

(7) The figures complied by Vernazza & Wolfe Assoc. do not include two items included by the city in its original calculation: Fire Department and Facilities and Equipment Plan Matching funds. These items are excluded from totals on Table II.

(8) Fire Department annexations cost assumptions reflect the need for one (1) additional firefighter/engineer. Cost was calculated utilizing the city pay range 3F and fringe factor of 35.1% for the Fire Department. These figures are not included in the total see Notes 1 and 7, above.

C:\ANXFIS13.ANX

ATTACHMENT 3 to APPENDIX K



## Table 5
## City of Auburn Proposed Annexation (1994)
## REVENUE ESTIMATES BEFORE AND AFTER ANNEXATION

A ANXTXSH8.WK1

| REVENUE SOURCE (Annexed area only, except see Note (2)) | BEFORE ANNEXATION COUNTY | BEFORE ANNEXATION CITY | AFTER ANNEXATION COUNTY | | AFTER ANNEXATION CITY | | POST ANNEXATION CITY REVENUE SUBTOTAL | TOTALS | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| | a | b | c | d | e | f | g | h | i |
| **GENERAL FUND REVENUES** (3) | (1) | ERAF | (0.6875) | | (0.3125) | | | | |
| Property Tax Revenues | 2,668,456 | | 75.0% | 1,195,684 | 25.0% | 543,493 | 543,493 | 543,493 | |
| 1993/94 ASSESSED VALUE: $688,340,596. | | | | | | | | | |
| Sales Tax Revenues | 2,562,500 | | 48.67% | 1,247,169 | 51.33% | 1,315,331 | 1,315,331 | | |
| Use & Pool Tax (12.5%) | 320,000 | | 48.67% | 155,744 | 51.33% | 164,256 | 164,256 | | |
| City of Auburn Sales Tax (1992/93) (2) | | 1,409,843 | 48.67% | 686,171 | 51.33% | (686,171) | (686,171) | | |
| | | | | | | | | 793,417 | |
| Tranisent Ocupancy Tax | 219,132 | | 0.00% | 0 | 100.00% | 219,132 | 219,132 | 219,132 | |
| Property Transfer Tax (1.10 per thousand) | 60,000 | | 50.00% | 30,000 | 50.00% | 30,000 | 30,000 | 30,000 | |
| Business License Fee | 9,000 | | 0.00% | 0 | 100.00% | 9,000 | 9,000 | 9,000 | |
| Motor Vehicle License Fee (In-Lieu) | 408,237 | | 0.00% | 0 | 100.00% | 408,237 | 408,237 | 408,237 | |
| Franchise Fees | 165,000 | | 0.00% | 0 | 100.00% | 165,000 | 165,000 | 165,000 | |
| Permits & fines | 124,300 | | 0.00% | 0 | 100.00% | 124,300 | 124,300 | 124,300 | |
| Service Charges | 193,000 | | 0.00% | 0 | 100.00% | 193,000 | 193,000 | 193,000 | |
| Interest earnings | | | | | | 40,000 | 40,000 | 40,000 | |
| **GENERAL FUND TOTALS:** | 6,729,625 | 1,409,843 | | 3,314,767 | | 2,525,579 | 2,525,579 | | |
| ESTIMATED GENERAL FUND REVENUE FROM ANNEXATION: | | | | | | | | | 2,525,579 |

NOTES:

1. Reflects ERAF (AB 8) adjustment on property taxes as reflected in the City-County Tax Sharing Agreement signed May 17, 1994.
2. The tax sharing agreement required the sharing of sales & use tax from both the newly annexed area and the existing city area.
3. Figures based on the Addemdum to: Fiscal Impact of City of Auburn's Annexation; VERNAZZE & WOLFE ASSOC., Dec 9, 1993.

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **OTHER OPERATING REVENUES (Non-general Fund):** | | | | | | | | | |
| Gas Taxes (Sec 2105, 2106 and 2107) | 230,000 | | | | 100.00% | 230,000 | 230,000 | | |
| Local Transportation Funds (LTF) | 249,000 | | | | 100.00% | 249,000 | 249,000 | | |
| State Transit Assistance Program (STA) | 120,000 | | | | 100.00% | 120,000 | 120,000 | | |
| **OTHER REVENUES TOTAL:** | 599,000 | | | | | 599,000 | | 599,000 | 599,000 |
| **FACILITIES IMPACT FEE:** | YES | NO | | YES | | YES | | | |
| **REVENUE TOTALS:** | 7,328,625 | 1,409,843 | | 3,314,767 | | 3,124,579 | TOTAL REVENUE: | | 3,124,579 |

ATTACHMENT 4 to
APPENDIX K



## Table 6
## CAPITAL REQUIRMENTS LISTING

| CAPITAL REQUIREMENTS LISTING EXPENDITURE | CAPITAL REQUIREMENTS BY DEPARTMENT | TOTALS DEPARTMENT | PHASE IN TRANSITION - 5 YEARS | | | | |
|---|---|---|---|---|---|---|---|
| | | | 1994 ONE | 1995 TWO | 1996 THREE | 1997 FOUR | 1998 FIVE |
| | a | b | d | e | f | g | h |
| **GENERAL ADMINISTRATION** | | | | | | | |
| City-wide Computer (50% of total costs) | $ 125,000 | | | | | | |
| TOTAL: | | $ 125,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 |
| **PUBLIC SAFETY** | | | | | | | |
| Police: | | | | | | | |
| Vehicle, marked (4) | $ 64,000 | | | | | | |
| Vehicle, unmarked (4) | $ 48,000 | | | | | | |
| Parking enforcement vehicle | $ 14,000 | | | | | | |
| CSO vehicle | $ 9,000 | | | | | | |
| Property technician vehicle (2) | $ 24,000 | | | | | | |
| Crime prevention vehicle | $ 12,000 | | | | | | |
| Guns, duty service (19) | $ 10,000 | | | | | | |
| Computers, PC (5) | $ 10,000 | | | | | | |
| Radio repeating/voting system | $ 80,000 | | | | | | |
| Radios (13) | $ 19,400 | | | | | | |
| Furniture | $ 2,000 | | | | | | |
| Shotguns (7) | $ 1,400 | | | | | | |
| Radar Guns (2) | $ 2,400 | | | | | | |
| TOTAL: | | $ 296,200 | 59,240 | 59,240 | 59,240 | 59,240 | 59,240 |

## APPENDIX 4 (cont'd)

| CAPITAL REQUIREMENTS LISTING EXPENDITURE | CAPITAL REQUIREMENTS BY DEPARTMENT | TOTALS BY DEPARTMENT | PHASE IN TRANSITION - 5 YEARS 1994 ONE | 1995 TWO | 1996 THREE | 1997 FOUR | 1998 FIVE |
|---|---|---|---|---|---|---|---|
| | a | b | d | e | f | g | h |
| **PUBLIC WORKS DEPARTMENT** | | | | | | | |
| Backhoe | $50,000 | | | | | | |
| Sweeper | 100,000 | | | | | | |
| Paint Striper | 130,000 | | | | | | |
| Ten-wheel dump truck | 65,000 | | | | | | |
| Heavy duty Tilt up trailer | 25,000 | | | | | | |
| Water truck | 65,000 | | | | | | |
| Dump truck | 45,000 | | | | | | |
| Paint truck | 40,000 | | | | | | |
| 3/4 Ton pickup trucks (3) | 60,000 | | | | | | |
| **TOTAL:** | | $580,000 | 116,000 | 116,000 | 116,000 | 116,000 | 116,000 |
| **OTHER SERVICES** | | | | | | | |
| Planning Department: | | | | | | | |
| Computer work stations (3) | $7,500 | | | | | | |
| Office work stations | 3,500 | | | | | | |
| Typewriter | 300 | | | | | | |
| File cabinets | 800 | | | | | | |
| Drafting table | 250 | | | | | | |
| IBM computer/printer | 1,735 | | | | | | |
| Printer for Main System | 2,500 | | | | | | |
| TOTAL: | 16,585 | | | | | | |
| Building Department: | | | | | | | |
| Vehicle (1) | $12,500 | | | | | | |
| **TOTALS:** | | $29,085 | 5,817 | 5,817 | 5,817 | 5,817 | 5,817 |
| **CAPITAL REQM'TS FOR ANNEXATION TRANISITION:** | | $1,030,285 | 206,057 | 206,057 | 206,057 | 206,057 | 206,057 |

C:ANXFISI2.WK1

## APPENDIX L

# ANNEXATION COULD LEAD TO ENHANCED LOCAL CONTROL

**an Opinion Piece by**
**Dean Hoffman[50]**

"Until the end of World War II most of the land development in the Auburn Area occurred within the City of Auburn. There was little commercial development in North Auburn and Bowman. Most of the area around the corporate limit a of Auburn was rural. As was typical in California's rural counties, the City of Auburn, as the county seat, was the center of local government and commerce for the area. Auburn was a small urban hub.

"Gradually, as California's population grew, rural areas like Placer County began to grow. In many areas of California this growth was accommodated by an expansion of city boundaries by a process known as annexation. Growth within the corporate boundaries of cities was logical. Cities were regarded as the primary units of local government and were structured to provide for the needs of urban populations. Counties were not as well structured to provide urban services. It was not the intention of the framers of government in California that county units of government provide municipal services.

"In the Auburn area, the City of Auburn did not expand its municipal boundaries to meet the needs of a growing population in the North Auburn and Bowman areas. (In retrospect many believe that this was a significant mistake.) Thus a substantial amount of urban development began to take place just outside the city limits of Auburn. Government agencies other than the City of Auburn began to provide municipal services to this urban population. Placer County became a central "player" because of its ability to permit development to occur.

"A consensus believes that if current trends continue, Placer County's encouragement of additional development on the Highway 49 corridor and in the Bowman area will lead to a further deterioration of the quality of life for the residents of the greater Auburn area. The impact will be felt through more traffic congestion, longer trip times, more accidents, increased air pollution, less open space and more personal stress for all that use this highway.

"The need to generate sales taxes is a major factor in the rise of commercial development following the passage of Proposition 13 in 1978, sales taxes have become a much more significant revenue source for local governments -- both the City of Auburn and Placer County. To make up for property tax losses, cities and counties encourage more commercial development that generates sales taxes. This is known as the "fiscalization of land use."

"Most of the new commercial development in the Auburn area is occurring outside of the City of Auburn because the city has little vacant commercial land available for commercial development. This commercial development is being approved by the Placer County Board of Supervisors. The local share of sales taxes generated by this commercial development goes exclusively to Placer County.

---

50 Published on the *Auburn Journal* Editorial page, Dec. 16, 1999.

"Residents of Bowman and North Auburn, while represented by a member of the county Board of Supervisors, are also governed by four other members of the board. These non-local board members reside many miles away from the Auburn area. They are elected by voters in Rocklin, Lincoln, Roseville, Granite Bay and Lake Tahoe. Many believe that most commercial projects approved by the Board of Supervisors in the Auburn area are based primarily on the enhancement of sales tax revenues for the entire Placer County populace -- not just Auburn area residents.

"In short, the current system provides little guarantee of accountability to those North Auburn residents who are governed by the Board of Supervisors.

"With the exclusion of orchards and farms in the Bowman area, the consolidation of North Auburn, Auburn proper, and Bowman would result in a single government entity whose elected representatives would all be directly accountable to area residents/voters for land use and commercial tax utilization.

"Finally, a new vision of governance is one that brings about a unified (municipal) system of local government for residents of Auburn, North Auburn and Bowman. It is now time for the community -- the residents of Auburn, Bowman and North Auburn, to begin an earnest dialogue that will provide the needed information for an intelligent decision by all who have a stake in the outcome."

# # #

## APPENDIX M

ANNEXATION PROGRAM - AN OUTLINE FORMAT
[Proposed Format for Annexation Program]

I. GENERAL AND AUTHORITY (Mandatory citation of Authority).

II. PURPOSE

III. DESIGNATION OF POTENTIAL ANNEXATION AREA(S)

A. Particular area being addressed in this program. (Attach map and verbal description)
   1. Number or acres (or square miles).
   2. Number of separately owned parcels.
   3. Total population of target area.
   4. Number of registered voters by precinct included.
   5. Number of lots.

B. Second particular area (if appropriate).

IV. PERTINENT ISSUES TO BE ADDRESSED

A. Public opinion (Level of opposition/support for proposed annexation).
B. Fiscal impact upon City of Auburn.
C. Existing conditions within the area to be annexed.
   1. Topography
   2. Streets, roads, trails.
   3. Sewer system, septic systems, water and gas.
   4. Drainage system.
   5. Ingress and egress.
   6. Developed and vacant lots.

D. Long-term benefits and costs of proposed annexation.

V. LAFCO's POSITION (Based on Informal Discussion)

VI. TENTATIVE TIME SCHEDULE FOR ANNEXATION ACTIVITIES

A. Survey conducted (if applicable):
B. Specific plan and budget proposal to staff and finance committee, in turn.
C. Final plan to City Council.
D. Initiate tax sharing agreement negotiations.
E. Initiate campaign to educate public on proposed annexation.

## APPENDIX N

### ANNEXATION PROCEDURES

These procedures were adopted by the Annexation Committee as a standard for proceeding on any annexation effort. The list is intended to be a procedural guide and identifies pre-annexation activities (Part A) which can be performed by the committee and actual annexation activities which will involve the professional staff and/or consultants. It is included here to provide a recommended checklist for annexation activities and for use with the City's Annexation Program.

### STANDARD SEQUENCE OF ACTIVITIES

**PART I. PRE-ANNEXATION ACTIVITIES (Conducted by Annexation Committee with Staff).**

A. Monitor the various potential annexation areas for any relevant events, activities or developments.

B. Identify any potential annexation situations in any area within the Greater Auburn Area.

C. Identify and map any area considered appropriate for annexation.

D. Initiate informal contacts with residents, property owners and tenants.

1. Discuss possibility of annexation.
2. Ascertain "issues" pertinent to any conceived annexation.
3. Determine ability to fund annexation process.

E. Discuss annexation with LAFCO staff.

**PART II. ANNEXATION ACTIVITIES (Conducted by Staff & Professional Specialists)**

F. If appropriate (annexation appears feasible and desirable), conduct an opinion survey to determine annexation issues.

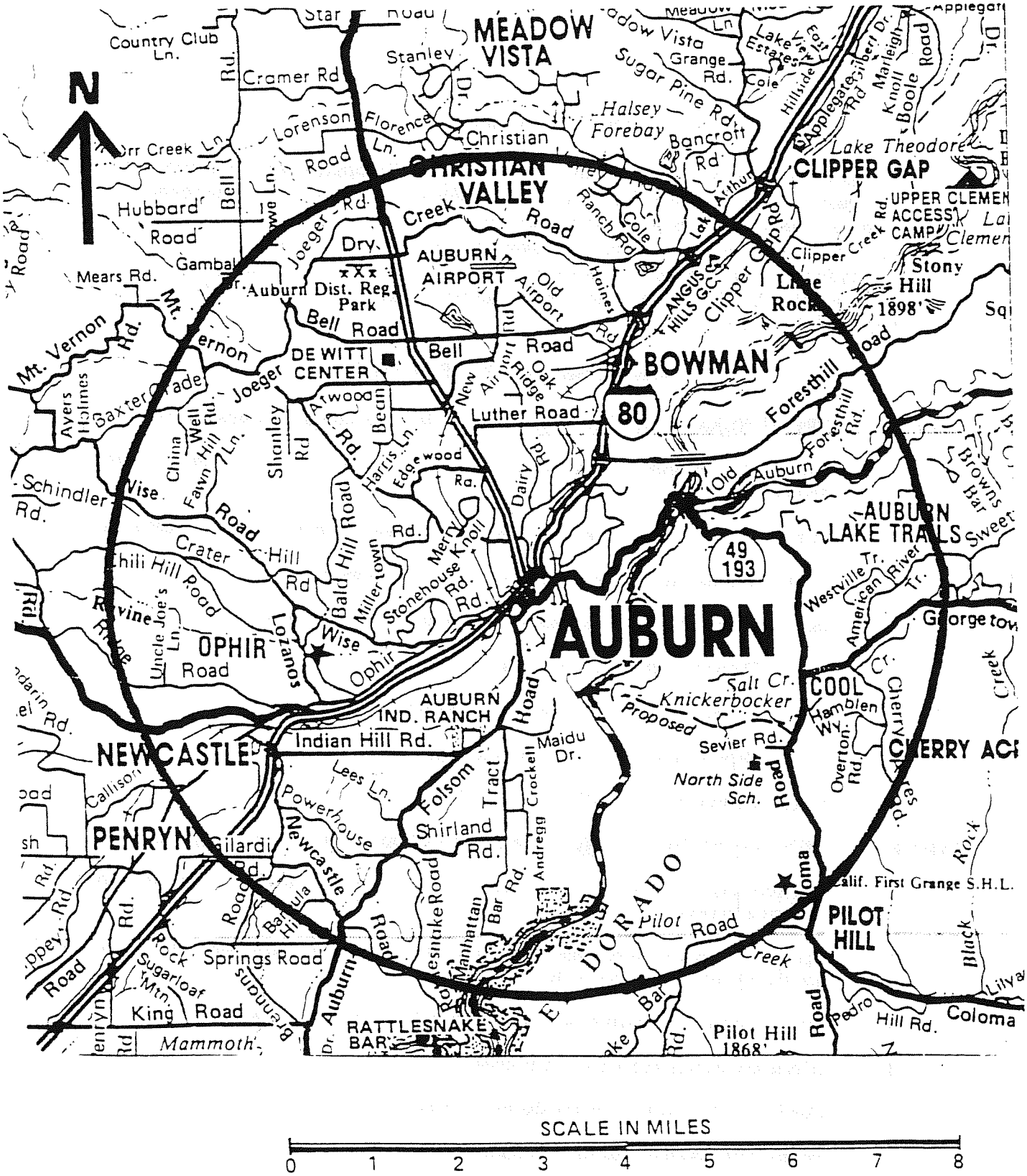
G. Formulate a specific annexation plan and budget proposal for submission through the staff and the Finance Committee to the City Council.

H. Present proposed annexation plan and budget to City Council for approval.

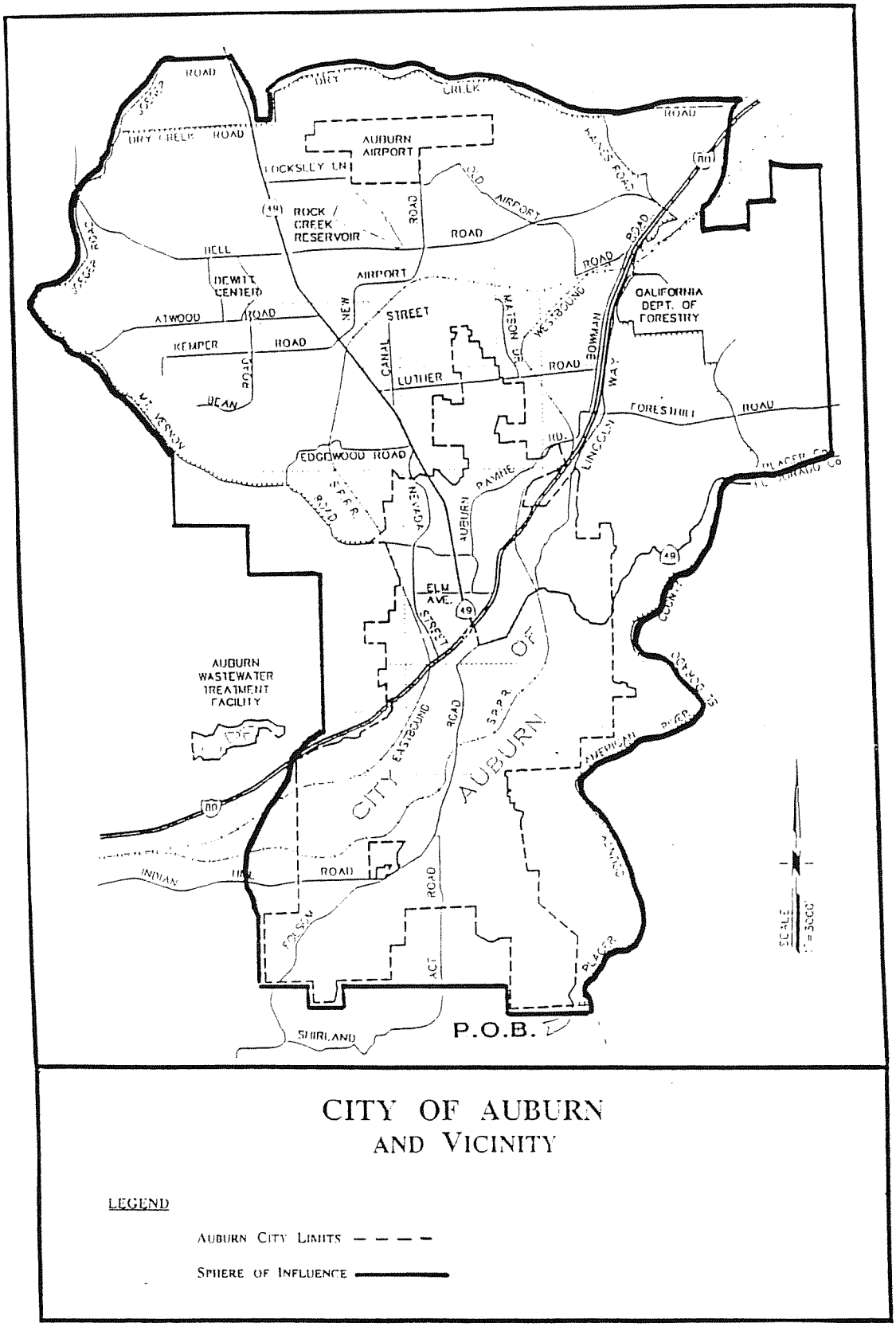
I. Initiate tax-sharing negotiations with county.

J. Complete fiscal analysis and tax-sharing agreement.

K. Formal submission of annexation proposal to LAFCO.




# EXHIBIT I - GREATER AUBURN AREA




# EXHIBIT II - SPHERE OF INFLUENCE