

CALIFORNIA PLANNING & DEVELOPMENT REPORT



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Fresno County, Cities Fight Over Annexation

**Special Report:
Annexation and Development
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In a battle representative of problems throughout the state, Fresno County is locked in a dispute with the county's 15 cities over annexation and tax revenue.

Arguing that annexation and redevelopment are sapping the county's revenue base, the Fresno County Board of Supervisors has terminated its tax-sharing agreements with all 15 cities, essentially halting all annexations. County and city officials are engaged in secret negotiations to work out a new agreement, but they have already passed a self-imposed deadline of July 31.

Furthermore, the supervisors angered Fresno city officials on August 1 by approving the expansion of an automobile dealership that will be located in county territory adjacent to the city boundaries. City officials, who say the action is a reversal of traditional county policy, appear likely to file a lawsuit to stop the dealership's expansion.

City-county relations throughout the state have chilled in recent years because of the way revenue and real estate development have become intertwined. Because Proposition 13 virtually prohibits property tax increases, local government finance has become a race — often among neighboring jurisdictions — for new development that will serve as new sources of property and sales tax revenue. In many cases, neighboring cities compete with one another for new development. However, as state *Continued on page 5*

Half of State's Cities Have Growth Restrictions

Half of all California cities have some restriction on residential growth and 41% also restrict commercial growth as well, according to a new survey by the League of California Cities. More than 40% of all counties also have some type of growth restrictions.

But the number of cities with actual quantitative limits on growth is much smaller — about 10% in the case of residential growth and 3% in the case of commercial growth. For counties, these percentages are even lower. For both cities and counties, about a third of the jurisdictions that have residential growth restrictions say at least one of those restrictions was passed by initiative. By contrast, commercial growth restrictions have rarely been passed by initiative.

The survey was conducted in two parts over the last year by the League of Cities in cooperation with the County Supervisors Association of California. Responses rates were extraordinarily high: 85% of cities (381 out of 445) and 95% among counties (55 out of 58). In all, 240 cities indicated that they have enacted some sort of growth control or growth management measure; that represents 53% of all cities and 63% of all cities that responded to the survey. *Continued on page 3*

Mello-Roos Leader Drexel Loses Orange County Job

Drexel Burnham Lambert, the troubled investment banking house, has lost its lucrative role as lead financier on Orange County's Mello-Roos bond deals.

The Orange County Board of Supervisors recently dropped Drexel from its three-firm team of Mello-Roos underwriters, partly because Drexel's West Coast municipal bond chief, John Gibson, moved to Stone & Youngberg. Gibson is a former assistant chief administrative office of Orange County.

Merrill Lynch was promoted to lead firm in Orange County, with Dean Witter replacing Drexel on the three-firm team. Stone & Youngberg remains the third firm on the list.

Mello-Roos bonds are special tax-exempt bonds used to pay for infrastructure and schools, usually in new residential subdivisions. Their use has grown rapidly since they were introduced in 1983. According to the California Debt Advisory Commission, Mello-Roos bonds issues totalled \$570 million in 1988, more than double the 1987 figure of \$240 million. As of May 15, CDAC reported that \$175 million in new Mello-Roos bonds had been issued in 1989.

Orange County is the most active Mello-Roos market in the state, with governmental agencies and school districts there accounting for about \$215 million — or about 26% of the statewide total — last year alone. Most of these bonds went to *Continued on page 2*

Orange County to Place Sales-Tax Measure on Ballot

A sales-tax increase for transportation purposes will be placed on the Orange County ballot in November and slow-growthers in the county apparently will not oppose it.

However, a slow-growth group in San Clemente has decided to appeal a court ruling overturning a slow-growth initiative passed by the voters there last year. The measure is the last of a wave of city initiatives in Orange County similar to Measure A, the growth-control initiative that was defeated countywide in June 1988.

The sales-tax plan ties transportation funding to growth management, much as a similar measure passed last year in Contra Costa County does. Cities and local unincorporated areas would not be eligible to receive their share of sales-tax funds unless they have prepared growth-management plans. The transportation funding process will be overseen by a nine-member citizen committee, which will have veto power over any project funded by the sales-tax revenues.

These provisions were essential in securing the support of slow-growth leader Tom Rogers, who helped defeat a sales-tax measure on the ballot in 1984. Slow-growthers have been fearful that this sales-tax measure might be used as a "bait-and-switch" technique — promising remedial highway improvements but producing new roads that serve new developments. Rogers said he is confident that the sales-tax plan, as drafted, will not be used to help new developments.

Ideally, the growth-management provisions would help to reduce demand for transportation improvements, thereby reducing the overall pricetag. In Contra Costa County, the county transportation commission must approve local growth management plans before cities and unincorporated areas receive funding for local streets and roads. Local areas receive 18% of the sales-tax revenue, or about \$5 million per year in total.

Meanwhile, a citizen group in San Clemente has agreed to appeal one of the city's slow-growth initiatives, even though the city council chose not to.

The San Clemente initiative ties future development to levels of traffic congestion. It is one of three initiatives passed last year as a part of the "Measure A" movement, which sought voter approval for growth-control measures at the county level and on various city ballots simultaneously. The other two were approved by voters in Costa Mesa and San Juan Capistrano. However, Orange County judges struck down all three measures and all three city councils chose not to appeal the ruling.

San Clementeans for Managed Growth, however, has taken over the San Clemente appeal. "The bottom line is 64% of the people voted for this and they made a statement," said Tom Lorch, a city councilman associated with the group. He said that even though San Clemente already has an annual cap on residential construction (the result of another initiative), traffic standards are also needed.

Half of State's Cities Have Growth Restrictions

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For counties, the figure with growth-control measures in place was similar — 31 counties, which represents 52% of all counties and 56% of all counties responding to the survey. (All percentages included in this story, including those in the lead paragraph, represent the percentage of jurisdictions responding to the survey — not the percentage of all jurisdictions.)

By far the most popular form of residential growth control among cities was the restriction of density and location, using such means as downzonings and mandatory voter approval for zoning increases. More than 30% of the cities responding to the survey had imposed such controls. About 24% of all responding counties (13 of 55) had imposed such controls. The vast majority of these cities and counties

that had imposed density/location restrictions had done so via a residential downzoning. And cities were far more likely to impose these restrictions via initiative (25 out of 119) than counties (one out of 13).

Provision of infrastructure was also a popular form of growth management on residential projects, being required of developers by about 27% of the counties and 25% of the cities responding to the survey. By contrast, the highly publicized numerical caps on population and building permits are required by no more than 10% of the cities and counties.

Contact: Cheryl Patterson, League of California Cities, (916) 444-5790.

Cities With Residential Restrictions

Type of Restriction	Number	Percentage
Density/Locational Restrictions	119	31.3%
Infrastructure Requirements	97	25.4%
Building Permit Limits	39	10.2%
Population Limits	38	10.0%
Total With Restrictions	190	50.0%

Cities With Commercial/Industrial Restrictions

Building Height Limits	90	23.6%
Infrastructure Requirements	75	19.7%
Locational Restrictions	37	9.7%
Jobs/Housing Balance Requirements	17	4.5%
Square-Footage Limitations	12	3.2%
Jobs/Housing Linkage	10	2.6%
Total With Restrictions	157	41.2%

Counties With Residential Restrictions

Type of Restriction	Number	Percentage
Infrastructure Requirements	15	27.2%
Density/Locational Restrictions	13	23.6%
Building Permit Limits	6	10.9%
Population Limits	2	3.6%
Total With Restrictions	24	43.6%

Counties With Commercial/Industrial Restrictions

Infrastructure Requirements	16	29.0%
Building Height Limits	12	21.8%
Locational Restrictions	5	9.0%
Jobs/Housing Balance Requirements	3	5.5%
Jobs/Housing Linkage	2	3.6%
Square Footage Limitations	1	1.8%
Total With Restrictions	25	45.5%

This survey was mailed to all cities and counties in California (except seven newly incorporated cities) by the League of California Cities and the County Supervisors Association of California. Responses were received from 381 of the state's 445 cities and 55 of the state's 58 counties. Percentages are based on responding jurisdictions only.

NATIONAL BRIEFS

House Members Look at Slow-Growth Movement

Congress is taking a look at the slow-growth movement. The House Wednesday Group, an organization of 39 House Republicans, recently produced a briefing paper on growth issues called "Goodbye, Ozzie and Harriet." Because it's a review of the current situation, the report doesn't contain any startling news. But "Goodbye, Ozzie and Harriet" is the first indication that the slow-growth movement has attracted the attention of people inside the Washington Beltway.

"We're not suggesting any particular federal action," said House Wednesday staffer Patrick Knudsen. "We make the point that there are a lot of federal programs that may have an impact one way or another. But in terms of trying to deal with land-use planning on a federal level, what we found is that would be almost impossible."

Federal intervention in local planning issues is not unprecedented. Proposals for a national land-use policy were kicked around in Congress throughout the 1970s. And the Carter Administration briefly required federal projects such as roads and sewers to undergo "urban impact analyses" to make sure these projects did not inadvertently encourage sprawl or harm city neighborhoods.

Contact: Patrick Knudsen, House Wednesday Group, (202) 226-3236.

Everybody's Not Moving to Seattle After All

No matter what the persistent stories in the *Los Angeles Times* suggest, everybody in California is not moving to Seattle. In fact, according to the state Department of Finance's figures, Washington State ranks only ninth as a destination for California migrants. Here are the top 15 states and the number of Californians who moved there between June 1988 and June 1989:

1. Arizona	23,336
2. Oregon	21,457
3. Texas	21,238
4. Nevada	16,680
5. Florida	15,311
6. Colorado	13,977
7. New York	13,345
8. Illinois	13,221
9. Washington	8,580
10. Ohio	7,305
11. Michigan	7,036
12. Utah	6,437
13. Missouri	5,903
14. Hawaii	5,834
15. North Carolina	5,319

Mello-Roos Leader Drexel Loses Orange County Job

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rapidly growing south Orange County communities such as Rancho Santa Margarita.

A small group of investment banking houses dominates the Mello-Roos underwriting business. These include Drexel and Merrill Lynch, which have worked heavily in Orange County; Dean Witter, which has done most of its work in Northern California; Stone & Youngberg, which has statewide strength; Bateman Eichler, which has close ties to San Bernardino County; and Chilton & O'Connor, which does many deals in Riverside County, the second most active market in the state. Last year these six firms underwrote 33 of the state's 46 Mello-Roos deals.

Though no figures are available, most bonds appear to be held by tax-exempt mutual funds targeted for California residents. Franklin California Tax-Free Income Fund is believed to own at least half of the \$1.2 billion in Mello-Roos bonds issued since 1983. A California tax-free fund managed by John Nuveen & Co. is also believed to have substantial holdings.

Some of these bonds are sold directly to individuals, however, and this is apparently another reason that Drexel lost the Orange County account. The firm no longer has a large retail marketing operation for municipal bonds, making national firms like Merrill Lynch and Dean Witter more attractive. "A lot of these bonds go retail," said Steve Kozak, a bond finance specialist with Orange County. "We need to have that kind of strength on the team."

Leading Mello-Roos Underwriters

1988	Deals	Amount
1. Drexel Burnham*	11	\$206,905,000
2. Stone & Youngberg	7	134,560,000
3. Chilton & O'Connor	7	53,625,000
4. Merrill Lynch	3	47,240,000
5. Dean Witter	1	27,375,000
Statewide Total	46	\$570,320,000

1989 (Through May 15)

1. Dean Witter	2	54,490,000
2. Stone & Youngberg	3	46,065,000
3. Merrill Lynch*	5	35,060,000
4. Drexel Burnham*	2	14,100,000
5. Chilton & O'Connor	1	11,200,000
Statewide Total	16	\$174,800,000

*Includes Orange County deals on which this firm was the lead firm but shared revenue with two other firms.

Compiled from information provided by the California Debt Advisory Commission.

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SPECIAL REPORT

that the project is so big that it would have regional effects.

The joint planning effort is expected to lead to a variety of necessary documents, including general plan amendments, a shift of the county's urban limit line, an environmental impact report, and a development agreement. Most important, Hazen and a team of consultants will prepare a "service-revenue plan," designed to determine which jurisdiction is better prepared to provide particular services to the Otay Ranch area and how the two jurisdictions might best split the tax revenue. The service-revenue plan will probably help determine which portions of the region will be annexed to Chula Vista. Innovative tax-sharing agreements are likely. "It really doesn't make much difference which jurisdiction it's in," Hazen said. "The question is who can best provide the services."

Contact: Vern Hazen, (619) 422-7157.

Stanislaus County and the City of Modesto

Since the passage of a voter initiative a decade ago, Modesto has been a model of compact urban growth. The 1979 initiative required voter approval for sewer trunk extensions beyond the current city boundaries; because most requests have been rejected by the voters, Modesto's population has grown rapidly while the area it consumes has not.

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unds to counties have withered away, counties have jumped into the fray as well, seeking new development for unincorporated areas.

State law gives cities several advantages over counties in the revenue chase, because redevelopment projects, annexations, and incorporations all can serve to transfer tax funds from counties to cities. (For a full discussion of this issue, see *CP&DR Special Report: Drawing Boundaries*, March 1987.) Furthermore, in pursuing new development, many counties have had to compromise long-standing policies to protect agricultural land and channel all new development into incorporated areas.

In Fresno County, the city-county revenue dispute has been particularly bitter. In 1987, county officials estimated that the county was losing \$800,000 a year in taxes because of city redevelopment projects, while annexations were costing the county \$3 million a year in sales taxes and more than \$500,000 in property taxes. (According to the county's figures, the county government receives only \$6 million of the \$47 million in sales tax generated in the county each year.) These estimates led the county to terminate its "master" property tax-sharing agreement with the City of Fresno later that year.

Annexations cannot be implemented unless cities and counties reach agreement on how the taxes in the annexed area will be split. Most counties have a master agreement with each city that outlines how property taxes will be split. The formulas can be difficult to calculate, but generally speaking counties receive a smaller share of property taxes after annexation. Counties also receive little or no sales tax from the annexed areas.

Between the fall of 1987 and the spring of 1989, some 16 Fresno city annexation proposals were put on hold while city and county officials tried to negotiate a new tax-sharing agreement. Meanwhile, however, several other annexations in the county moved forward, including several involving Clovis, the county's second-largest city. Last April, however, the Board of Supervisors terminated the master tax-sharing agreements with all cities in the county

Recently, however, county revenue pressures and a shrinking amount of available land have changed the situation. Specifically, Stanislaus County has permitted several auto dealerships to locate on McHenry Avenue, in unincorporated county territory, using septic tanks.

Contact: Ron Freitas, Stanislaus County LAFCO, (209) 525-7660.

Sacramento

While the city and county of Fresno have been locked in a bitter dispute over annexation, the city and county of Sacramento recently reached a new tax-sharing agreement.

Under the new agreement, all property tax revenues from the annexing area — general county taxes and special district taxes — are thrown into a pot and then redistributed. The county will receive 52% of the taxes in the area, with the city getting 48%. "There are provisions within the agreement for phasing in the event the county is going to take a nasty hit on an inhabited commercial annexation," said John O'Farrell, principal analyst for the county's Administration and Finance Agency. (O'Farrell is also Sacramento County's LAFCO officer.)

Contact: John O'Farrell, Sacramento County, (916) 440-5833.

— essentially halting all annexation activity in Fresno County.

Shortly thereafter, the county began negotiating with the Fresno County Cities Association, a dormant group that was reactivated to represent all the county's cities in this matter. The negotiations have been conducted secretly and both sides are sensitive to publicity.

However, it is clear that Fresno County wants to expand the scope of the tax-sharing agreements to include not just property tax but also sales tax and redevelopment funds as well. In June, the cities publicly proposed a sales-tax split that would give the county \$20 million over 10 years. Despite this offer, an agreement has not yet been reached.

At the same time, the Fresno Council of Governments has been working on a report on "revenues and responsibilities" of city and county governments, similar to a report prepared recently by the San Diego Association of Governments.

City-county relations deteriorated even more when the Board of Supervisors approved the expansion of Michael Cadillac. Dealership owner Michael Rosvold has one location within the City of Fresno. However, he wanted to build a Cadillac dealership across the street, on an unincorporated site bounded on two sides by the city. City officials had agreed to an annexation, but of course it couldn't be processed without a tax agreement.

Contrary to traditional county policy, county officials agreed to consider the development proposal without annexation. City officials asked the county to postpone a decision on the matter until a new tax-sharing agreement. But the Board of Supervisors gave the go-ahead on August 1.

After the supervisors' action, Jan Mitchell, Fresno city's annexation chief, said the city was likely to sue over the county's action on Michael Cadillac. The city probably will allege that the county violated its own General Plan policies, calling for development to occur in incorporated areas, and prepared an inadequate environmental assessment on the project.

SPECIAL REPORT

Annexation and Development: Disputes About Statewide

Fresno is not the only place in the state where boundary disputes have caused strife between cities and counties — or merely among cities — in recent months. Several other areas have seen such disputes, and, as in Fresno, these disputes have not always been resolved amicably. Here's a rundown of recent activity:

Lathrop and Manteca

In San Joaquin County, the new city of Lathrop was incorporated in June by an overwhelming vote of the citizens there. (*CP&DR*, July 1989.) This victory, however, did not come without some interference by the neighboring City of Manteca and Kearney Ventures, a Bay Area developer.

Kearney Ventures wanted to build an industrial development inside the boundaries of the proposed City of Lathrop. The location was a prime site right along Interstate 5. To obtain water and sewer service for the site, however, the developer went to the City of Manteca, whose boundary was located about a mile away. Manteca and the developer reached a development agreement under which Manteca would agree to annex the property (and the land connecting the property to the current city), while the developer would provide property taxes, a fire station, and other capital expenditures made necessary by the new project.

The proposed incorporation of Lathrop threatened this agreement, however. So when the Local Agency Formation Commission approved the incorporation, Manteca sued. Manteca's lawyers claimed that cityhood required an environmental impact report, not a negative declaration, as the LAFCO had concluded. However, Manteca lost the case in Superior Court and the election went forward.

Now the developer is left with a development agreement with the City of Manteca for property that is now located inside the City of Lathrop. If Lathrop approves the project, however, Manteca is still planning to provide it with water and sewer as the agreement calls for. And apparently if this scenario ensues, the developer will have to pay double property tax — once to Lathrop, as required by assessment, and once to Manteca, as required by the development agreement.

Contacts: Ron Stein, attorney for Lathrop, (209) 477-8171.

Jack Snyder, City Manager, Manteca, (209) 239-9511.

Victorville and Hesperia

Victorville is the traditional "capital" of the high desert region of San Bernardino County — the largest city in the area and also the city that spawned last year's ill-fated "Mojave County" breakaway movement.

However, neighboring Hesperia, which incorporated last year, is a larger city. Both cities are regarded as aggressive. And Hesperia has won a piece of contested ground — at least for now.

The area in question is the so-called "Golden Triangle", a four-square-mile area that stretches from Interstate 15 to Highway 395 and borders both cities. The area contains a couple of residential tracts but also a lot of undeveloped land.

Landowners in the area overwhelmingly asked to be placed in Victorville's sphere of influence. A majority of residents also favored Victorville, though a significant minority favored Hesperia. Jim Roddy, executive officer of the Local Agency Formation Commission, proposed that some territory go in each city — but suggested that the most crucial land, likely to produce the most revenue, go to Victorville.

However, the LAFCO chose to place this crucial piece of land in Hesperia's sphere of influence. The reason is a little unclear.

Roddy says the decision was made largely on the basis of "community identity," determined by the fact that the Golden Triangle is in the Hesperia school district. Victorville City Manager James Cox, however, claims the LAFCO move was a power play by County Supervisor Jon Mikels, who represents Hesperia but not Victorville.

Victorville has filed a lawsuit against LAFCO, seeking a rehearing before the commission; so far the court has not taken any action.

Contacts: Jim Roddy, San Bernardino LAFCO, (714) 387-5866.

Jim Cox, Victorville City Manager, (619) 245-3411.

Redding and Anderson

Redding and Anderson, in northerly Shasta County, have been battling over an unincorporated strip of land on which Redding wants to build a sewage treatment plant. At the moment in looks like Redding will win.

The property in question is in Redding's sphere of influence but lies just across the Sacramento River from Anderson, which has one-third of Redding's population. Anderson petitioned the LAFCO to shift the property into its sphere. LAFCO granted that request. Then, apparently hoping to kill the project, Anderson sought to annex the property. Anderson pre-zoned the property and adopted a negative declaration under CEQA. Before the LAFCO could act on the annexation proposal, however, Redding sued Anderson, claiming that an environmental impact report should have been required.

In mid-1986, with this lawsuit pending, the LAFCO approved the annexation and ratified the negative declaration. Redding then sued LAFCO. In the suit, Redding claimed that LAFCO should have been considered the "lead agency" under CEQA and prepared an EIR for the annexation. Last spring, however, the Third District Court of Appeal ruled that because Anderson had pre-zoned the property, Anderson became the "lead agency" for environmental review. (*Redding v. Shasta County LAFCO*, 3d District No. C0024204, 89 Daily Journal D.A.R. 5406.)

Meanwhile, last fall the LAFCO decided that the property in question should be unincorporated territory, falling in neither city's sphere. Julie Howard, the Shasta LAFCO officer, insists that Anderson's attempt to annex was always ill-advised if the purpose was to stop the sewer project. "That project could be built even if it were annexed to the city of Anderson," she said.

Contacts: Julie Howard, Shasta County LAFCO, (916) 225-5333.

Phil Perry, Redding planning director, (916) 225-4020.

San Diego County and Chula Vista

After some initial jousting, officials in San Diego County and the City of Chula Vista have agreed to work together in processing development of the 22,500-acre Otay Ranch, owned by the Baldwin Co.

Earlier this year, city and county had separately approved actions to expedite the processing the development application — apparently because each feared that Baldwin would seek approval from the other if such action was not taken.

On August 1, however, the two jurisdictions agreed to proceed together. "The whole idea is to come up with a joint, single plan," said Vern Hazen, who is the city-county project director. Hazen is a former Escondido city manager.

Prior to reaching the agreement, both jurisdictions claimed that the development — which could house as many as 150,000 people — would have dramatic effects on them. City officials said Chula Vista would be most directly affected, while county officials said

COURT CASES

Appellate Court Disrupts Special District Funding

The system of funding special districts in Sacramento County has been disrupted by an appellate court decision.

The Third District Court of Appeal has ruled that the American River Fire Protection District, which was formed after Proposition 13 passed, does not have to contribute funds to a countywide pool that redistributes the money as a way of ironing out post-Prop. 13 inequities.

According to county administrative analyst John O'Farrell, the ruling will cut the countywide pool of funds by 26%, or more than \$4 million per year.

After Proposition 13 passed, the state legislature provided "bailout" funds so that local governments would temporarily maintain 90% of their pre-Prop 13 revenue levels. Later, the state established a Special District Augmentation Fund in each county. This fund essentially redistributed a portion of the property tax funds to assist special districts hardest hit by Proposition 13.

Special districts formed after Proposition 13 passed, and therefore did not receive bailout funds, were not required to contribute to the augmentation fund. Also as a result of Proposition 13, however, state law has encouraged special districts to consolidate. This policy raises the question of whether special districts formed as the result of these consolidations should pay into the augmentation fund.

The question arose in Sacramento County with regard to the American River Fire Protection District. This district was formed in 1983 by consolidating two smaller fire protection districts serving the Sacramento suburbs of Arden and Carmichael. Both districts received Proposition 13 bailout funds from the state and subsequently contributed to the augmentation fund.

After the consolidation, the county required the new fire district to continue contributing to the augmentation fund. The county's reasoning was that the new fire district should assume the obligations of the two districts it replaced.

The appellate court disagreed, however. "It may be anomalous, as (the county) points out, for a special district ... to determine or alter the scope or nature of its duty to participate in the (augmentation fund) solely by undergoing an organization change," wrote Justice Robert K. Puglia for a unanimous three-judge appellate panel. However, Puglia added, it is up to the legislature, and not to the courts, to resolve such anomalies.

Contact: John O'Farrell, Sacramento County, (916) 440-5833.

The full text of *American River Fire Protection District v. Board of Supervisors of Sacramento County, No. C002976*, appeared in the *Los Angeles Daily Journal Daily Appellate Report* on July 3 beginning on page 8550.

BRIEFS

This Isn't Laguna Beach After All

Homeowners in the so-called "Laguna Audubon" area of Orange County have sued the Kathryn G. Thompson Development Co., alleging they were deceived into believing they bought homes in Laguna Beach.

The homes are actually located near Laguna Beach in the unincorporated community of Aliso Viejo. Several homeowners have been quoted in newspaper accounts as saying they wouldn't have bought their homes if they had known those homes were not located inside Laguna Beach.

Part of the confusion arises from the fact that the two areas share the same zip code. But the new homeowners aren't the only ones mad at the developer; so is the Laguna Beach City Council, which is angry that the city's name was used so prominently in the advertising material.

Last year, the National Audubon Society objected to the term "Audubon" in the development's name and Thompson attacked disclaimers to its advertisements.

Folsom Passes Development Agreements

The Folsom City Council has approved several development agreements for large projects, despite a recent legal settlement restricting certain types of development agreements.

In June, the city agreed not to approve any "generic" development agreements — that is, agreements not tied to specific sites — before a slow-growth measure is voted on in August. In July, however, the city council approved five development agreements, locking the city into future development of some 2,000 acres of property.

More development agreements could cause a problem by pushing the projected "build-out" population of Folsom above the 56,000 called for in the slow-growth measure. The city's current general plan calls for an ultimate population of almost 70,000 in 20 years.

Santa Ana, Anaheim Race to Build Arena

While Anaheim struggles to gain control of a county-owned site for an arena, the neighboring city of Santa Ana is trying to charge ahead in the race.

In early July, Santa Ana officials announced that MCA had joined the development team as a financial partner. The location would be a 17-acre site adjacent to the Costa Mesa Freeway owned by Santa Fe Pacific Realty Corp. Santa Fe has hired Spectacor Management Group to run the arena.

Several days later, however, officials of MCA and Spectacor distanced themselves from the city's statements, saying construction of the arena is unlikely without a sure commitment from a professional sports team. MCA and Spectacor jointly manage the Los Angeles Sports Arena, which is home to the Clippers basketball team. The Clippers are the most likely tenant for an Orange County arena, whether it is located in Anaheim or Santa Ana.

The Orange County Board of Supervisors recently rejected Anaheim's request to purchase a piece of county-owned land for the arena, saying the land may be needed for a jail.

Roundup

The Beverly Hills school board decides against demolishing the local high school to make way for a high-revenue office building....Cal State officials predict the need for **four to six new campuses** over the next 16 years, at a cost of at least \$2.5 billion....The U.S. Air Force **expects to reap \$52 million from the sale of land at Mather Air Force Base** near Sacramento....A legal aid lawyer **sues West Sacramento** over a redevelopment project, claiming the city is not taking adequate steps to relocate residents who will be displaced.