

Mello holds fate of proposed development

Watsonville Annexation

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Franich wants Watsonville to annex his orchard so that he can subdivide it and build houses on it.

After more than six years of court battles and heated debate, and months of political maneuvering in Watsonville, Santa Cruz and Sacramento, the future of the Franich orchard today rests in the hands of one man: state Sen. Henry Mello.

Now that the Watsonville City Council and the county's Local Agency Formation Commission have failed to come to terms on an agreement aimed at allowing the city to annex the 72-acre apple orchard on East Lake Avenue, it is up to Mello to decide whether to put his considerable political muscle behind a bill that would bypass LAFCO and write the annexation into state law.

With the clock running out on this year's legislative session, Mello is keeping his decision to

himself. It's a decision he has sought to avoid all summer.

If Mello decides to back the bill, which was authored by Assemblyman Dan Hauser, D-Arcata, the odds are that Watsonville will be able to annex property owner Tony Franich's land next January, when the measure would become law. To do that, under provisions of the bill, the city would also have to enact an ordinance requiring developers of 10 or more houses or apartments to set aside 15 percent of their units for low- and moderate-income buyers and renters. Half of those units would have to be reserved for the city's low-income households — currently defined by federal standards as those with no

more than about \$17,800 annual income. The affordable housing requirement was added to the bill at Mello's insistence.

Hauser, who is chairman of the Assembly Housing Committee, this week called the housing requirement the "strongest in the state." But Third District Supervisor Gary Patton, who sits on LAFCO, said Tuesday that the housing requirement is "full of loopholes."

LAFCO is normally the final arbiter on annexation requests. Franich wants Watsonville to annex his orchard so that he can subdivide it and build houses on it. The city wants the subdivision because Franich would also build a new storm drain that would end

the perennial flooding of the nearby Pajaro Village and Bay Village neighborhoods. Environmentalists and some LAFCO commissioners, meanwhile, say that annexation and development of the Franich property will destroy "prime agricultural land."

LAFCO approved the annexation in 1982. But environmentalists challenged the decision, and last year the state Court of Appeal ruled that the commission's action was invalid because of a "technical error." The court said LAFCO must reconsider the Franich annexation.

Mello has been pressuring the city and LAFCO to settle the issue since June. At his insistence, the commission and the council began

negotiating a "memorandum of understanding" on the annexation. At one point, Mello personally intervened to bring commission and council negotiators together to iron out their differences.

Negotiations nevertheless broke down Monday after the two sides were unable to reach agreement on several key provisions of the memorandum.

Mello's hammer throughout the protracted talks has been Hauser's bill.

Hauser introduced the bill in February, at the request of Franich, who had come to believe that he could not get a fair hearing from LAFCO. Versions of Hauser's bill have been approved by the Assembly and the Senate, and a final version was approved last week by an Assembly-Senate conference committee. The conference

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committee report must be accepted by both houses of the Legislature before the bill can be sent to the governor. Today is the last day that the Legislature, which adjourns at midnight, can act on it.

A spokesman for Hauser said Tuesday that the assemblyman is prepared to push the conference report through the Assembly if Mello is ready to push it through the Senate.

Meanwhile, Mello, who said he was "deeply disappointed" that the city and LAFCO had failed to reach an agreement, said from Sacramento that he would decide today

whether to ask the Senate to approve the report.

As a member of the powerful Senate Rules Committee, and a major player in Capitol politics, Mello has the clout to get the Hauser bill through the Senate. He has indicated all along his willingness to do that if LAFCO refused to negotiate with the city. Late last week, he also indicated that he would let the Hauser bill die if it turned out that the impasse was the city's fault.

With the impasse at hand this week, Mello said he would be looking at "two things: who showed the greatest willingness to reach agree-

ment, and what were the issues that kept (the city and LAFCO) from reaching agreement."

As of Monday night, the issues dividing the two sides were fairly clear. The question of who was most to blame for the failure to bridge the gap was open to interpretation.

The Watsonville council wanted wording that would have bound LAFCO to approve the Franich annexation unless the commission could show that other land — with the same "financial resources" for public services — was available.

The council also demanded that the commission extend the agree-

ment, with its provisions for special treatment, to cover future annexation applications for the Franich property, in the event LAFCO initially permitted the city to annex only part of the orchard.

Balking at both demands, LAFCO demanded in turn that the agreement be "governed" by current state law. City Council members rejected that proposal, saying it would make the entire agreement meaningless. They said that changes in the law since 1982, when LAFCO first approved the Franich annexation, would make the annexation impossible today.

Both sides took pains to stress that each had tried to accommodate the other.

But LAFCO members roundly condemned Hauser's bill as a "bad" piece of legislation. They also railed against a conference committee provision that would have written the abortive LAFCO-Watsonville Franich annexation agreement into state law, in place of Hauser's bill. Second District Supervisor Robley Levy, who serves on the commission along with Patton, called that aspect of the conference report "insidious."

Mello, for his part, was critical of LAFCO's behavior in the negotiations' final stage.

Under a deadline set by the senator, the commission and the council had until midnight Tuesday to reach an agreement. After voting on its last offer to the city, the commission adjourned Monday morning, an action which foreclosed the possibility of LAFCO reconvening Tuesday to respond one more time to the council, which met Monday night.

By doing that, Mello said Monday, LAFCO had failed to leave "the door open to possible agreement" with the city. "That puts them into a delicate situation," he said.