



**STAFF REPORT**  
**HOLLISTER PLANNING COMMISSION**  
**MEETING DATE: August 28, 2025**  
**REPORT #** Will auto populate once assigned

**AGENDA ITEM: PREZONING FOR FUTURE ANNEXATION OF THE PROPERTY LOCATED AT 1285 MCCRAY STREET, APN 020-100-014 INTO THE GENERAL COMMERCIAL ZONING DISTRICT (PZ 2025-1)**

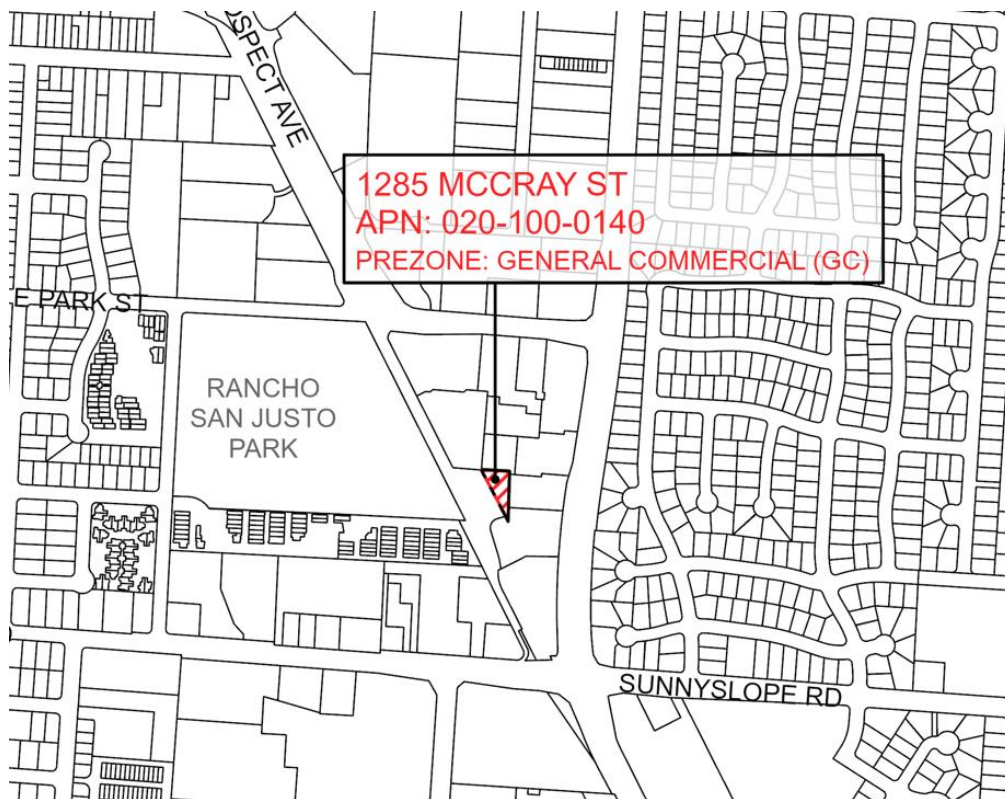
**DEPARTMENT HEAD:** Rod Powell, Assistant City Manager  
**STAFF CONTACT:** Eva Kelly, Planning Manager

**RECOMMENDED ACTION:** Adopt a resolution recommending City Council approval of Prezone Application 2025-1.

**CEQA:** The pre zoning of this parcel for future annexation is categorically exempt from CEQA pursuant to Section 15301, Existing Facilities, of the CEQA Guidelines.

**PROJECT DESCRIPTION:** This is a City-initiated proposal for the pre zoning for future annexation of the property located at 1285 McCray Street, further identified as San Benito County Assessor's Parcel Number 020-100-014. The subject property is 0.25 acres in size and contains an existing gas station (Toro Petroleum).

**Figure 1. Vicinity Map**



On August 18, 2025, the City Council adopted Resolution 2025-108 authorizing the initiation of Prezone 2025-1 for the rezoning of the subject property into the General Commercial (GC) Zoning District. The current general plan designation of the property is General Commercial. The property is an unincorporated “island”, surrounded by incorporated city parcels on all sides. The parcel is located within the City of Hollister Sphere of Influence.

**ANALYSIS:** On October 15, 2024, the City of Hollister entered into an Agreement for the Purchase and Sale of Surplus Real Property and Joint Escrow Instructions (“Agreement”) regarding former right-of-way property at the southern end of McCray Street/Prospect Avenue (See Figure 2).

**Figure 2. Adjacent Surplus Property**



As part of the Agreement, it was established that the buyer of the surplus parcel, who is also the owner of the subject property at 1285 McCray Street would participate in the annexation of the unincorporated parcel into the city limits. The City is facilitating the annexation process.

The property is currently served by City of Hollister water and a septic tank for

wastewater facilities. The property will not be required to connect to City sewer services immediately upon annexation, but in the future if the septic tank were to need to be replaced, the property would be required to connect to City sewer services. Once annexed, connection to sewer services would be a ministerial process as no jurisdictional boundary changes would be necessary. The property will be served by City police and fire services.

General Plan Update

On August 4, 2025, the City Council adopted Resolution 2025-106 adopting a temporary annexation policy during the citywide general plan update. As a part of the policy, the City Council authorized an exception for the annexation of the subject property as it is a city-initiated proposal that is part of the agreed upon terms of the sale of surplus land Agreement as previously described. The annexation of this property proposes no land development or change in land use on the annexing parcel and therefore was found to have no effect on the general plan update, unlike other annexation proposals.

Annexation Process

The process for annexation of a parcel is described in Table 1 below. The Planning Commission consideration for a recommendation to the City Council is Step 4 in the process.

**Table 1. Rezoning and Annexation Overview**

<b>Step</b>	<b>Description</b>
1	Application filed for a request for initiation of rezoning and annexation.
2	City Council approves the initiation of the annexation to begin.
3	Formal application for the rezoning and annexation is filed. Environmental review is completed.
4	Planning Commission makes a recommendation to the City Council for the proposed rezoning and annexation (Public Hearing).
5	City Council holds a public hearing to consider an ordinance to amend the Zoning Map (first reading) and approve the Rezoning application (Public Hearing).
6	City Council conducts a second reading and approves the ordinance to Prezone.
7	City Council approves a resolution authorizing the submission of an application for the proposed annexation to the Local Agency Formation Commission (LAFCO).
8	LAFCO considers and approves the annexation application (Public Hearing).
9	Certificate of Completion is filed with the County Clerk by LAFCO.
10	Annexation maps and required fees are filed with the State Board of Equalization by LAFCO.

### Property Tax Exchange

The Revenue and Taxation Code authorizes counties and cities to enter into master property tax agreements for the exchange of property tax revenues in the event of annexation of territory into a city. The City Council of the City of Hollister approved a property tax exchange agreement on November 15, 2021 for commercial and industrial properties (Resolution 2021-215).

**CEQA:** There is no proposed development of the parcel to be annexed. There is an existing gas station on the property which is proposed to remain. The rezoning and future annexation of this parcel is categorically exempt from CEQA pursuant to Section 15301, Existing Facilities, of the CEQA Guidelines as it involves no expansion of an existing use and involves only a jurisdictional boundary change proposal with no land development or modification to the parcel.

**CONCLUSION:** As a condition of the sale of adjacent surplus land, the City has entered into an agreement with the property owner of 1285 McCray Street (APN 020-100-014) to annex the property into the city limits. The City has agreed to facilitate the annexation process as part of this agreement. The parcel is proposed to be annexed into the General Commercial (GC) Zoning District, consistent with the current General Plan designation of General Commercial. The property is located within the Planning Area and the Sphere of Influence, and is currently an unincorporated “island” surrounded on all sides by incorporated parcels.

Staff is recommending that the Planning Commission adopt a resolution recommending approval of the rezoning and future annexation 2025-1 of the parcel to the City Council.

### **PREVIOUS COUNCIL OR COMMISSION ACTION:**

10/15/2024 – Execution of Surplus Land Agreement for neighboring parcel

8/18/2025 – City Council Resolution 2025-108 authorizing the initiation of Prezone 2025-1.

### **PLANNING COMMISSION OPTIONS:**

1. Adopt a resolution recommending City Council approval of Prezone 2025-1 with the findings as contained in the draft resolution;
2. Adopt a resolution recommending City Council approval of Prezone 2025-1 with findings as amended by the Commission;
3. Adopt a resolution recommending City Council denial of Prezone 2025-1 with findings proposed by the Commission;
4. Continue the item and request further clarification from staff.

Staff is recommending Option 1.

Staff Report  
PZ 2025-1  
1285 McCray Street/ Toro Petroleum  
Page 5

**ATTACHMENTS:**

1. Resolution recommending approval of Prezone 2025-1
2. Vicinity Map
3. Zoning Map
4. Legal Description

**GENERAL INFORMATION:**

<b>Applicant</b>	City of Hollister
<b>Property Owner</b>	Prospect RE, LLC, a Limited Liability Company
<b>Location/Address</b>	1285 McCray Street
<b>Assessor Parcel Number(s)</b>	020-100-014
<b>General Plan Designation</b>	General Commercial
<b>Zoning District</b>	General Commercial (GC) (Proposed)

**SURROUNDING USES:**

<b>Location</b>	<b>Zoning Designation</b>	<b>General Plan Land Use</b>	<b>Current Use of Property</b>
Project Site	N/A	General Commercial	Gas Station
North	GC	General Commercial	Commercial
South	GC	General Commercial	Commercial
East	GC	General Commercial	Vacant
West	PF/P	Public/ Park	Rancho San Justo Middle School