



**STAFF REPORT
HOLLISTER CITY COUNCIL
MEETING DATE: October 6, 2025
REPORT # Community Development-2025-62**

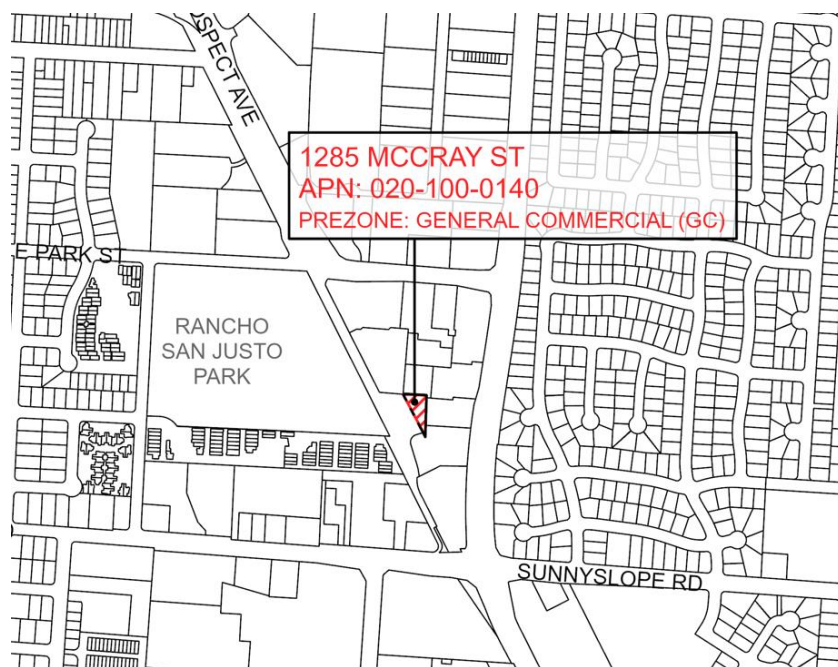
AGENDA ITEM: AN ORDINANCE AMENDING THE CITY OF HOLLISTER ZONING MAP PREZONING FOR FUTURE ANNEXATION OF THE PROPERTY LOCATED AT 1285 MCCRAY STREET, APN 020-100-014 INTO THE GENERAL COMMERCIAL ZONING DISTRICT (PZ 2025-1)

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

RECOMMENDED ACTION: Hold a public hearing and introduce an ordinance amending the City of Hollister Zoning Map to prezone the property located at 1285 McCray Street, APN 020-100-014, into the General Commercial Zoning District, and schedule a second reading and adoption for the October 20, 2025 City Council meeting.
CEQA: The prezoning of this parcel for future annexation is categorically exempt from CEQA pursuant to Section 15301, Existing Facilities, of the CEQA Guidelines.

DISCUSSION: This is a City-initiated proposal for the prezoning 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 currently 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 approved 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. On August 28, 2025, the Planning Commission considered the application for Prezone 2025-1 and adopted Resolution 2025-21 recommending approval of the Prezone to the City Council. The current step in the process is for the City Council to introduce an ordinance to amend the Zoning Map to prezone the property, followed by a second reading and adoption.

Table 1. Prezoning and Annexation Overview

Step	Description
1	Application filed for a request for initiation of prezoning and annexation.
2	City Council approves the initiation of the annexation to begin.
3	Formal application for the prezoning and annexation is filed. Environmental review is completed.
4	Planning Commission makes a recommendation to the City Council for the proposed prezoning 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 Prezoning 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 allows counties and cities to enter into Master Property Tax Agreements for the exchange of property tax revenues in the event of annexation of

territory or parcel 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).

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 both the City's Planning Area and the Sphere of Influence, and is currently an unincorporated "island" surrounded on all sides by incorporated parcels.

Staff and the Planning Commission are recommending that the City Council adopt an ordinance to amend the Zoning Map to approve this rezoning proposal and ultimately proceed through the LAFCO process.

FISCAL IMPACT: The City of Hollister agreed to facilitate the processing of the Rezoning Application, which has come with staff costs for time spent. However, further costs such as the application to LAFCO will be paid by the applicant and/or recouped by the City as per the terms of the sale agreement. Property taxes will be collected and shared with San Benito County in accordance with the Tax Sharing Agreement, and sales taxes from the existing commercial development will be transferred to the City upon annexation.

PREVIOUS COUNCIL OR COMMISSION ACTION:

8/18/2025 – City Council adopted Resolution 2025-108 authorizing the Initiation of Prezone.

8/28/2025 – Planning Commission adopted Resolution 2025-21 recommending approval of Prezone 2025-1 to the City Council.

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.

ATTACHMENTS:

1. Ordinance approving Prezone 2025-1
2. Planning Commission Resolution 2025-21 (unsigned)