Local Agency Formation Commission of Napa County Subdivision of the State of California

1030 Seminary Street, Suite B Napa, California 94559 Telephone: (707) 259-8645 Facsimile: (707) 251-1053 www.napa.lafco.ca.gov

We Manage Local Government Boundaries, Evaluate Municipal Services, and Protect Agriculture

August 6, 2012 Agenda Item No. 8a (Discussion)

July 31, 2012

TO: **Local Agency Formation Commission**

Keene Simonds, Executive Officer FROM:

Brendon Freeman, Analyst

SUBJECT: **Update on Island Annexation Program**

> The Commission will receive a report summarizing staff's activities to date in developing an island annexation program aimed at eliminating unincorporated pockets within the City of Napa. The report is being

presented to the Commission for discussion and feedback.

Local Agency Formation Commissions (LAFCOs) are responsible for regulating the formation and development of local governmental agencies and their municipal services under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH"). This includes approving, with or without amendments, boundary changes proposed by local agencies, landowners, and residents. All boundary changes approved by LAFCOs must be consistent with their written policies and procedures. LAFCOs may also condition approval as long as they do not directly regulate land use.

A. Background

Legislation

On January 1, 2001, Assembly Bill 2838 (Hertzberg) was enacted and significantly expanded the objectives, powers, and procedures underlying LAFCOs and their ability to coordinate logical growth and development while preserving agricultural and open space This included establishing an expedited process for cities to annex unincorporated pockets that are either entirely or substantially surrounded by their jurisdictional boundaries, which are commonly referred to as "islands." This expedited process is currently codified under Government Code Section 56375.3 and allows cities to annex unincorporated islands under certain conditions while avoiding protest The expedited process also curtails LAFCOs' discretion by directing annexation approval if the island – among other conditions – is less than 150 acres, does not comprise prime agricultural land, and is substantially developed or developing. The sunset date for cities to make use of the expedited process is January 1, 2014 in terms of filing proposals with LAFCO; the statute does not prescribe a deadline for LAFCOs to act on island proceedings submitted by this date.

Councilmember, City of Napa

Islands in Napa County

There are a total of 20 islands in Napa County. This includes islands meeting LAFCO of Napa County's ("Commission") definition of "substantially surrounded," which applies to land located within the affected city's sphere of influence with at least 66.7% of its perimeter bordered by its jurisdiction. All of the islands are either entirely (eleven) or substantially (nine) surrounded by the City of Napa ("City"). Staff estimates there are 2,308 residents residing within these 20 islands. This amount is the equivalent to 3.0% of Napa's current resident population. A map depicting the City islands is attached.

Initial Interest in an Annexation Program

The genesis for the Commission developing an island annexation program is drawn from an annexation proposal filed by the City in 2008 involving a residential lot located within a substantially surrounded island near Napa State Hospital. The review of this particular proposal, notably, prompted a broader policy discussion among Commissioners with respect to a collective interest to pursue more proactive measures in eliminating entire unincorporated islands rather than continuing the practice of incremental reductions. In conveying this sentiment to pursue more proactive measures, the City responded affirmatively and pledged its commitment to partner with the Commission on an island annexation program while noting its preference for the proposal on file move forward given other timing considerations. The Commission agreed to move forward and approved the proposal on February 2, 2009 with the explicit expectation City and Commission would begin work on a joint island annexation program.²

B. Discussion / Analysis

Program Development

On December 7, 2009, the Commission conducted a biannual workshop in which it received a presentation from staff outlining a proposed island annexation program consistent with earlier direction; a program predicated on educating landowners and residents with respect to the benefits, costs, and related issues tied to annexation. The Commission expressed support for moving forward with the program in measured phases to allow for periodic updates to assess responses. This included directing staff to initially focus its outreach efforts within the eleven entirely surrounded islands.

¹ The affected territory referenced in the 2008 proposal is located at 2138 Wilkins Avenue.

² The referenced proposal was conditionally approved by the Commission on February 2, 2009. The proposal approval, however, was subsequently terminated given certain conditions – namely the preparation of a map and geographic description of the affected territory – was not provided within a statutory deadline; the latter being attributed to the death of the principal landowner.

Outreach Efforts

Drawing from the initial direction from the Commission, and over the course of four distinct outreach phases, staff prepared and mailed informational packets to all landowners/residents within the eleven entirely surrounded islands and nine substantially surrounded islands. The informational packets were vetted with the City and included letters to the landowners/residents explaining the Commission's duties and responsibilities along with outlining the governance and service inefficiencies associated with islands. The letters were accompanied by flyers summarizing key benefits and invited landowners/residents to contact staff to discuss their interests in annexation. The following table summarizes the order of the four mailings and their responses.

Category	First Mailing March 2010 (Islands # 6-10)	Second Mailing May 2010 (Islands # 3-5)	Third Mailing March 2011 (Islands # 1-2)	Fourth Mailing January 2012 (Islands # 11-20)
Properties/ Recipients	18	26	567	288
Total Responses	4	5	13	26
- Positive	0	3	5	12
- Negative	4	2	8	14

Maps for all 20 islands surveyed showing individual responses are attached.

Results of Outreach

Outreach efforts to date have generated responses from approximately five percent of the contacted island landowners/residents.³ The relatively low number of responses to the mailings seemingly indicates most island landowners/residents are indifferent towards annexation and presumably would remain neutral if an application is proposed and there are no costs. Furthermore, with regards to the island landowners/residents responding to the mailings, the breakdown is relatively close between those opposing (58%) and supporting (42%) annexation.

Next Steps

Staff believes an appropriate next step is to move forward in cooperation with the City and initiate actual annexation proceedings for an island with the highest probability of success based on our outreach efforts to date. Specifically, annexing one island now would build momentum in demonstrating to other island landowners/residents the ease and practicality tied to the jurisdictional change in making use of the expedited island annexation proceedings available through January 1, 2014. Additionally – and of equal importance going forward – making use of the expedited annexation proceedings would help provide justification for the California Association of LAFCOs in seeking approval from the Legislature to strike or extend the current sunset date.

³ Over two-fifths of the responding landowners/residents have expressed support for annexation. The remaining three-fifths of contacted landowners/residents oppose annexation with nearly all citing general misgivings regarding subjectivity to additional government. More specific reasons cited by these opposing landowners/residents have included concerns regarding potential property losses tied to sidewalk construction and the long-term ability to keep animals on site.

Easum Island

With the preceding in mind, and as previously discussed during the last update, it appears the island with the highest probability of annexation success is located off of Easum Drive in Westwood. The "Easum Island" comprises three parcels all of which are developed and include two single-family residences and one bed/breakfast lodge. Two of the three affected landowners have expressed strong support in participating in an annexation; the third affected parcel recently changed ownership and it is not known whether the new landowner is agreeable to an annexation. However, the two affected landowners in the Easum Island who are agreeable to annexation premise their support with the qualification they would not be responsible for any direct or indirect application fees. Towards this end, the Commission recently eliminated the direct fees tied to processing an island annexation as part of an amendment to the fee schedule. Eliminating indirect fees, however, remains an outstanding issue and will specifically require the external cooperation of the following agencies:

- It is the policy of the City to require an underlying applicant deposit \$5,000 to cover time and material expenses tied to preparing, presenting, and adopting a resolution of application; a necessary action given the expedited island annexation proceedings under G.C. Section 56375.3 must be initiated by a city.
- State law requires maps and geographic descriptions depicting the affected territory for all changes of organization or reorganizations. Preparing these documents lies outside the expertise of staff and would require the assistance of the County's Public Works Department and subject to their current hourly rate of \$165. It is estimated the total cost for Public Works these documents for the Easum Island would be \$825 and cover five hours of staff time.
- State law requires the Commission file all approved boundary changes with the County Assessor's Office. The current fee is \$125.

Staff will continue to work with the City and County in proactively identifying opportunities to address and mitigate the indirect fees tied to moving forward with the Easum Island. One partial solution already being pursued is for staff to assist the City and County in preparing some of the source documents needed in producing a resolution of application and map and geographic description, respectively. Additionally, a separate and related alternative would be to formally request the City and County waive their respective fees tied to moving forward with the island annexations – beginning with the Easum Island – given the underlying public benefits to both agencies.

⁴ The referenced bed/breakfast lodge is the Stahlecker House.

Update on Island Annexation Program August 6, 2012 Page 5 of 5

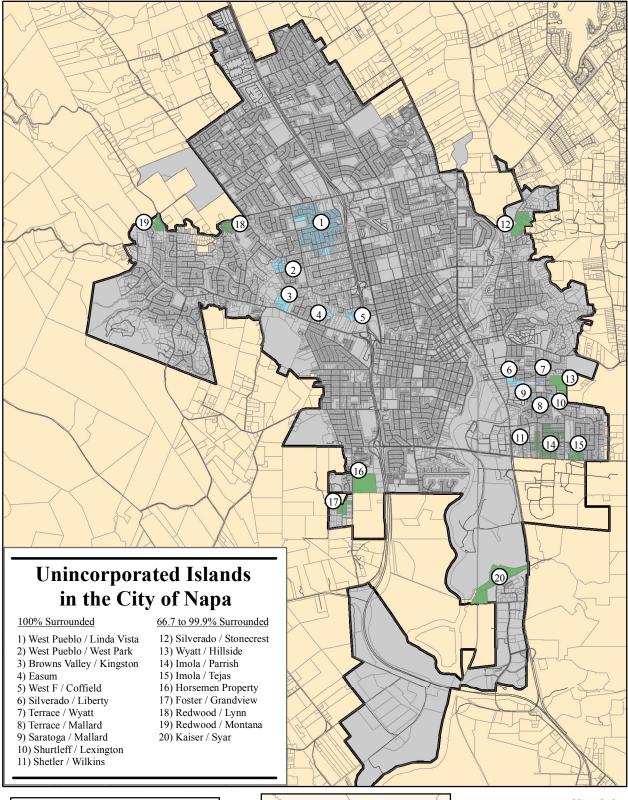
C. Commission Review

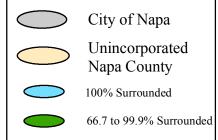
Commissioners are encouraged to discuss and provide feedback on the update. This includes providing direction with respect to its preferences in formalizing interest for the City and County to consider eliminating and/or reducing their respective fees tied to processing island annexations.

Attachments:

- 1) Single Map of All City Islands
- 2) Maps for All 20 Islands Surveyed Showing Individual Responses
- 3) Copy of Informational Packet Mailed to Island Landowners/Residents
- 4) Letter from City Pledging Support for an Island Annexation Program

City of Napa Unincorporated Islands









LAFCO of Napa County 1030 Seminary Street, Suite B Napa, California 94559 http://www.napa.lafco.ca.gov