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April 6, 2009 Agenda Item No. 6a (Public Hearing)

March 31, 2009

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: Montecito Boulevard: Concurrent Request for and Outside Service

Agreement and Sphere of Influence Amendment from the City of Napa

The staff report for Agenda Item No. 6a was mailed to Commissioners and interested parties on March 23, 2009. Please contact staff if you need an additional copy.

Staff has received one comment letter on the agenda item from the County of Napa Planning Department. A copy of the letter is attached.

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April 6, 2009 Agenda Item No. 6a (Public Hearing)

March 20, 2009

TO: **Local Agency Formation Commission**

FROM: Keene Simonds, Executive Officer

SUBJECT: Montecito Boulevard: Concurrent Request for an Outside Service

Agreement and Sphere of Influence Amendment from the City of Napa The Commission will consider a proposal from the City of Napa requesting concurrent approval of an outside service agreement and sphere of influence amendment involving territory located at the eastern end of Montecito Boulevard. Staff is recommending the Commission deny the proposal.

The Commission is responsible under Government Code (G.C.) Section 56133 to approve or deny requests from cities and special districts to enter into agreements for purposes of providing new or extended services outside their jurisdictional boundaries. The statute includes two broad standards for the Commission in considering outside service agreement requests. First, if the affected territory is located within the city or special district's sphere of influence, the Commission may approve the outside service agreement in anticipation of a future annexation. Second, if the affected territory is located beyond the city or special district's sphere of influence, the Commission may approve the outside service agreement in response to an existing or impending threat to public health or safety.

A. Proposal Summary

The City of Napa has filed a proposal with the Commission requesting the concurrent approval of an (a) outside service agreement and (b) sphere of influence amendment involving approximately 43 acres of unincorporated territory. The affected territory consists of one undeveloped parcel located at the eastern terminus of Montecito Boulevard identified by the County of Napa Assessor's Office as 045-170-006. The affected territory is located outside and adjacent to the City's jurisdictional boundary and sphere of influence. It is also located outside and adjacent to the City's rural urban limit (RUL) line.

The underlying purpose of the proposal is to allow the City to extend water service to the affected territory to serve a future single-family residence, although no specific plans exist at this time. Service would be established by extending a one-inch lateral approximately 1,700 feet from an existing water main located in Montecito Boulevard. Notably, the City is requesting the concurrent sphere of influence amendment to include the affected territory to comply with G.C. Section 56133 given it does not believe the service extension addresses an existing or impending threat to public health or safety.

B. Discussion

The request for an outside service agreement approval marks the first such application filed with the Commission involving G.C. Section 56133 since its enactment in 1994. It has been the practice of the Commission not to require cities or special districts to receive approval before providing new or extended outside services. This practice was recently reexamined during the municipal service review process and ended with the Commission adopting at its November 2008 meeting a policy establishing procedures and standards to address its role in regulating outside service agreements. This policy provides for a standard application form as well as prescribes the form, review, and consideration of cities and special districts' requests. A copy of the adopted policy on outside service agreements was circulated to all cities and special districts and is attached to this report.

As discussed in the course of formulating and adopting the referenced policy, regulating outside services in Napa County is challenging given the construction of G.C. Section 56133. These challenges are drawn from the statute's restriction on the Commission to only approve new or extended services outside cities or special districts' spheres of influence in response to existing or impending threats to public health or safety. This restriction is well-intended but does not readily recognize instances when it is logical for cities and special districts to provide services outside their spheres of influence when it is responsive to existing infrastructure and annexation is not practical. Accordingly, staff has previously advised the Commission it would be reasonable to incorporate an inclusive view of threats to public health and safety to accommodate service provision outside spheres of influence when it is sensible and responsive to local conditions.

With respect to the outside service agreement request before the Commission, the City's application materials make a general reference to the landowners' concerns regarding the adequacy of groundwater supplies in the area. The landowners initially contacted the City to establish outside water service after several drilling attempts resulted, in their words, an "average-producing well." The landowners' concerns appear justified since the affected territory is located within the Milliken-Sarco-Tulocay ("MST"), an established groundwater deficit basin according to the United States Geological Service. Although these concerns suggest there may be merit in finding the extension of water service to the affected territory addresses an impending threat to public health and safety, the City does not believe such a designation is applicable because the land is undeveloped. Counsel has reviewed this matter and advises the City's determination takes precedence under the statute and therefore the Commission may not approve the outside service agreement without amending the sphere of influence to include the affected territory (memorandum attached). Based on Counsel's assessment, the analysis in this report evaluates only the merits of the proposal as submitted.

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The Commission's previous practice of not requiring cities or special districts to receive approval before providing new or extended outside services stemmed from an initial reading of G.C. Section 56133, which originally included a broad exemption involving contracts between two or more public agencies. The Commission relied on this broad exemption in concluding the City as well as other local agencies did not require approval to provide new or extended outside services based on their water supply agreements with the Napa County Flood Control and Water Conservation District (NCFCWCD). Markedly, these agreements define extensive outside service areas for each of NCFCWCD's contracting agencies. The exemption the Commission relied on in developing its practice, however, was amended in 2001 to become more restricted and no longer applicable to the referenced agreement.

C. Analysis

The following analysis addresses separately the proposal's two concurrent requests for approval of an outside service agreement and sphere of influence amendment.

Outside Service Agreement

The Commission's *Policy on Outside Service Agreements* directs its members to consider three specific factors in reviewing requests by cities and special districts to provide new or extended services outside their jurisdictional boundaries. No single factor is determinative. The purpose in considering these factors is to help inform the Commission in its decision-making process. An evaluation of these factors as it relates to the proposal follows.

1) The ability of the applicant to extend the subject service to the affected land.

The City has an existing six-inch water main on Montecito Boulevard ending approximately 300 feet from the southwestern parcel line of the affected territory. If the agreement is approved by the Commission, the City would allow the landowners to connect a one-inch lateral to the main at their own cost. It is estimated the lateral would extend roughly 1,700 feet to the serve the probable site of the single-family residence which is expected to be 9,000 square feet in size. No other public infrastructure would be needed to serve the single-family residence.

The City estimates the annual water demand for the affected territory will be approximately one acre-foot. This expected demand would make the affected territory one of the City's largest outside single-family residential water users provided the existing average usage for outside residences is less than a half of an acre-foot. The expected demand would represent less than .003% of the total current amount delivered by the City. Staff's analysis confirms the City has sufficient water supply, treatment, storage, and delivery capacities to serve the affected territory at its planned usage without adversely affecting existing customers.

2) The application's consistency with the policies and general plans of all affected local agencies.

The application to extend water service appears inconsistent with the County and City General Plans based on their respective land use designations for the affected territory. The County General Plan designates the affected territory as "Agricultural Watershed and Open Space" which prohibits any future subdivision by requiring a minimum parcel size of 160 acres. This designation is supported by a zoning standard of "Agriculture Watershed" that restricts the future development of the affected territory for residential purposes to one single-family residence along with a second attached or detached unit if specific conditions are met. The City General Plan designates the western portion of the affected territory as "Greenbelt" to memorialize its expectation the land remains in agricultural or low density rural residential, public, or institutional uses. This designation is not parcel specific and

assigned to nearly all surrounding unincorporated lands for the purpose of serving as a safeguard against outside urban encroachment. Notably, neither of these two designations contemplate the extension of a municipal service, such as water.

While the application appears inconsistent with the County and City General Plans, it is consistent with the City's practice to extend water service to unincorporated lands located near its existing mains. This practice was established prior to the enactment of G.C. Section 56133 and is formalized under City Charter Section 180.² Notably, based on this practice, the City has extended water service to other Greenbelt designated lands, including three parcels directly south and adjacent to the affected territory.

3) The application's effect on growth and development within and adjacent to the affected land.

The application to extend water service would facilitate the development of the affected territory to include a large single-family residence as allowed under the County General Plan. This planned use is generally consistent with existing unincorporated development adjacent to the affected territory and therefore is not expected to have an effect on future growth in the area with one exception. This exception involves an unincorporated and undeveloped parcel located directly northwest of the affected territory which is also near the water main of the City.³ If the application is approved, a precedent would be established and the landowners of the adjacent parcel would have a reasonable expectation to receive approval for outside water service to accommodate their own residential development.

Sphere of Influence Amendment

G.C. Section 56425 directs the Commission to consider and prepare statements with respect to four broad factors anytime it makes sphere of influence determinations. These factors are outlined below along with the statements prepared by the City as part of its proposal. Staff's analysis of the City's statements is also provided below.

1) Present and planned land uses in the area, including agricultural and openspace lands.

City Statement: "Presently, the subject property is vacant, 42.9-acre parcel with a County zoning designation of AW and a partial County General Plan designation of City and AWOS. It is planned to develop the property as a residential estate parcel in compliance with the present-zoning and land use regulations of Napa County. The City's General Plan designates the parcel as Greenbelt. The Greenbelt designation applies to lands outside the City's RUL which bear a relationship to the

² This section specifies the City may provide water service outside its incorporated boundary by four-fifths vote of the Council.

³ The referenced adjacent parcel is identified by the County Assessor's Office as 045-170-005.

City's planning area. Greenbelt lands are to remain in agricultural or very low density residential, public, or institutional use. The property owners propose to construct a single-family home on a very large lot, which is consistent with this land use designation."

Staff Analysis:

The City's statement is acceptable with one exception. In November 2008, the County performed a countywide update of its "Cities" land use designation to remove agricultural zoned land. As a result of this update, the affected territory is entirely designated "Agriculture Watershed and Open Space."

2) Present and probable need for public facilities and services in the area.

City Statement: "There will be no need for additional public facilities or

services to serve a development on the subject parcel. City streets provide access to the parcel, City water infrastructure already exists in Montecito Boulevard and emergency services

are already provided to the area by City forces."

Staff Analysis: The City's statement is acceptable.

3) Present capacity of public facilities and adequacy of public services the agency provides or is authorized to provide.

City Statement: "The City has determined that they have adequate capacity to

serve the subject property as described in Agenda Report."

Staff Analysis: The City's statement is acceptable.

4) Existence of any social or economic communities of interests in the area if the commission determines they are relevant to the agency.

City Statement: "The City of Napa is the social and economic community of

interest related to this request. The subject property is at the edge of the City and accessed via City roads. Shopping, schools, and other social and economic activities occur within the City. The subject property is directly and most

appropriately affiliated with the City of Napa."

Staff Analysis: The City's statement does not recognize the social and

economic ties existing between the affected territory and the County of Napa. These ties are principally drawn from the affected territory's rural setting and accentuated by its

exclusion from the City's RUL.

In addition to considering the broad factors enumerated under G.C. Section 56425, the Commission's *Policy Determinations* prescribes specific objectives and standards in establishing, amending, and updating cities' spheres of influence. These objectives and standards are used as guidelines and summarized below.

- The Commission shall use a city's sphere of influence to designate the area it believes should be developed for urban use under its jurisdiction. (II/C/1/A)
- The Commission shall use the County General Plan to identify agricultural and open-space land use designations. (II/C/1/B)
- The Commission shall not include agricultural or open-space lands within a city's sphere of influence for purposes of urban development. (II/C/1/C)
- The Commission shall consider the amount of vacant land within the existing jurisdiction and sphere of influence of the affected city. (II/C/1/D)
- The Commission shall use a city's sphere of influence as a guide for future annexations. (II/C/1/E)

Staff's review of the proposal identifies substantive inconsistencies with the above-referenced guidelines. The proposed amendment notably conflicts with the Commission's policy to use a city's sphere of influence to identify the area it believes is appropriate for future annexation and urban development. This conflict is highlighted by the City General Plan since it provides no indication of the City's expectation or desire to annex the affected territory as measured by its exclusion from the RUL. Additionally, if the affected territory was added to the RUL, the proposed amendment would still conflict with the Commission's policy to exclude lands designated for an agricultural use under the County General Plan for purposes of urban development. This conflict is predicated on recognizing the end-intent of the proposed amendment is to accommodate the development of a single-family residence. Staff appreciates, in and of itself, the development of a single-family residence may not constitute an urban use. Staff believes, however, it is reasonable to view the development of a single-family residence as an urban use if it is being supported by an urban service, such as water.

An important qualification underlying the preceding analysis is the recognition that the Commission's policies guiding its consideration of spheres of influence were adopted prior to the enactment of G.C. Section 56133. These policies are therefore oriented to focus spheres of influence in designating the probable future jurisdictional boundaries of local agencies and not necessarily to reflect their existing or eventual service areas. This orientation is further embedded by two standing Commission practices. First, the Commission defers to cities' general plans in identifying lands to consider adding to their spheres of influence. Second, the Commission limits the planning horizon for spheres of influence to five years. These practices reflect the slow-growth land use policies prevalent throughout Napa County and collectively raise the threshold for justifying sphere of influence amendments.

Given its existing policies do not consider the relationship between spheres of influence and outside service agreements, the Commission may consider exercising its discretion to make an exception and approve the proposal. Reasonable justifications for making an exception are available. This includes recognizing the affected territory can only be accessed through the City at this time. The City is also capable of providing water service to the affected territory without extending infrastructure or impacting current customers. These justifications, however, do not appear limited to the affected territory. As a result, making an exception for this proposal may prove to become the rule in considering future proposals exhibiting similar characteristics.

D. Recommendation

Staff recommends the Commission deny the proposal. Denial would support and affirm the Commission's existing policies to use and construct the City's sphere of influence as an explicit guide to annexation while avoiding the inclusion of agricultural designated land. Notwithstanding this recommendation, if it is the preference of the Commission to make an exception and approve the proposal, staff believes it would be appropriate to modify the proposed sphere of influence amendment to only include the probable site of the single-family residence. Staff also believes it would be appropriate to condition approval to direct the City not to request another amendment to accommodate an outside service agreement until a comprehensive update is completed, which is currently scheduled for 2010-2011. These actions would eliminate the unnecessary inclusion of approximately 38 acres of agricultural designated land in the sphere of influence while tabling consideration of additional amendments until a thorough analysis of the relationship between the sphere and outside service provision can be performed.

Specific actions for Commission consideration at the close of the public hearing are outlined below.

Recommended Action: Adopt the draft resolution denying the proposal provided as

Attachment One.

Alternative Action A: Adopt the attached draft resolution approving the proposal

provided as Attachment Two with the modifications and

conditions suggested in the preceding section.

Alternative Action B: If more information is needed, continue the item to a future

meeting date.

Respectfully submitted,

Keene Simonds
Executive Officer

Montecito Boulevard: Concurrent Request for an Outside Service Agreement and Sphere Amendment April 6, 2009 Page 8 of 8

Attachments:

- 1) Draft Resolution Denying the Proposal
- 2) Draft Resolution Approving the Proposal with Modifications
- 3) Aerial Map of the Affected Territory
- 4) Commission Policy Guidelines
- 5) Commission Counsel Memorandum: Public Health and Safety Threats
- 6) Commission Counsel Memorandum: Environmental Analysis
- 7) City of Napa Application Materials
- 8) Map of the City of Napa's Water System for Affected Area
- 9) Map of the Probable Site of the Single-Family Residence for the Affected Territory

DESOLI	UTION NO.	
KESULI	ULION NO.	

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY MAKING DETERMINATIONS

MONTECITO BOULEVARD: CONCURRENT REQUEST FOR AN OUTSIDE SERVICE AGREEMENT AND SPHERE OF INFLUENCE AMENDMENT FROM THE CITY OF NAPA

WHEREAS, the Local Agency Formation Commission of Napa County, hereinafter referred to as the "Commission," administers California Government Code Section 56000 et. seq., known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

WHEREAS, the Commission is responsible for authorizing cities and special districts to enter into outside service agreements in accordance with California Government Code Section 56133; and

WHEREAS, the Commission is responsible for establishing, amending, and updating cities and special districts' spheres of influence in accordance with California Government Code Section 56425; and

WHEREAS, the Commission received an application from the City of Napa requesting the concurrent approval of an outside service agreement and sphere of influence amendment, hereinafter referred to as the "proposal," involving territory identified by the County of Napa Assessor's Office as 045-170-006 and depicted in Exhibit "A"; and

WHEREAS, the Executive Officer prepared and presented a written report on the proposal to the Commission in the manner provided by law and adopted policy; and

WHEREAS, the Commission heard and fully considered all the evidence presented on the proposal at a public hearing held on April 6, 2009; and

NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

- 1. Pursuant to California Government Code Section 56425, the Commission makes the statements of determinations in the attached "Exhibit B."
- 2. The proposal is DENIED.

The foregoing resolution was duly and regularly adopted by the Commission at a regular meeting held on April 6, 2009, by the following vote:

AYES:	Commissioners	
NOES:	Commissioners	
ABSTAIN:	Commissioners	
ABSENT:	Commissioners	

ATTEST:	Keene Simonds Executive Officer
RECORDED:	Kathy Mabry

Commission Secretary

EXHIBIT B

STATEMENT OF DETERMINATIONS

1. The present and planned land uses in the area (sphere), including agricultural and open-space lands.

Presently, the subject property is vacant, 42.9-acre parcel with a County zoning designation of AW and a County General Plan designation of AWOS. It is planned to develop the property as a residential estate parcel in compliance with the present-zoning and land use regulations of Napa County. The City's General Plan designates the parcel as Greenbelt. The Greenbelt designation applies to lands outside the City's RUL which bear a relationship to the City's planning area. Greenbelt lands are to remain in agricultural or very low density residential, public, or institutional use. The property owners propose to construct a single-family home on a very large lot, which is consistent with this land use designation.

2. The present and probable need for public facilities and services in the area (sphere).

There will be no need for additional public facilities or services to serve a development on the subject parcel. City streets provide access to the parcel, City water infrastructure already exists in Montecito Boulevard and emergency services are already provided to the area by City forces.

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

The City has adequate capacity to serve the subject property.

4. The existence of any social or economic communities of interest in the area (sphere) if the commission determines that they are relevant to the agency.

There are social and economic ties existing between the subject property and the City of Napa as well as the County of Napa.

RESOLUTION NO. ____

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY MAKING DETERMINATIONS

MONTECITO BOULEVARD: CONCURRENT REQUEST FOR AN OUTSIDE SERVICE AGREEMENT AND SPHERE OF INFLUENCE AMENDMENT FROM THE CITY OF NAPA

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WHEREAS, the Commission is responsible for authorizing cities and special districts to enter into outside service agreements in accordance with California Government Code Section 56133; and

WHEREAS, the Commission is responsible for establishing, amending, and updating cities and special districts' spheres of influence in accordance with California Government Code Section 56425; and

WHEREAS, the Commission received an application from the City of Napa requesting the concurrent approval of an outside service agreement and sphere of influence amendment, hereinafter referred to as the "proposal," involving territory identified by the County of Napa Assessor's Office as 045-170-006 and depicted in Exhibit "A"; and

WHEREAS, the Executive Officer prepared and presented a written report on the proposal to the Commission in the manner provided by law and adopted policy; and

WHEREAS, the Commission heard and fully considered all the evidence presented on the proposal at a public hearing held on April 6, 2009; and

NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

- 1. In accordance with the applicable provisions of the California Environmental Quality Act (CEQA), the Commission certifies that it has considered the Initial Study and determination by the City of Napa, lead agency under CEQA, that the proposal will not have a significant effect on the environment because all potential significant effects have been adequately analyzed and mitigated as part of the Environmental Impact Report (EIR) prepared for the City General Plan, certified December 1, 1998, and the EIR for the City's Water System Optimization and Master Plan, certified November 1997. The Commission hereby makes and incorporates by reference the environmental findings set forth in the City's Initial Study for each significant effect of the proposal, which includes the Commission's finding that this proposal will not result in significant new impacts on hydrology and water quality that have not already been analyzed in the City's EIR. The Commission findings are based on its independent judgment and analysis. The records upon which these findings are made are located at the LAFCO Office, 1700 Second Street, Suite 268, Napa, California.
- 2. Pursuant to California Government Code Section 56425, the Commission makes the statements of determinations in the attached Exhibit "B."

- 3. The proposal is APPROVED as modified to add only the probable site of the single-family residences to the sphere of influence as depicted in Exhibit "C."
- 4. The Commission's approval is made with the expectation the City shall not request an additional sphere of influence amendment for purposes of facilitating an outside service agreement until a comprehensive update of its sphere can be completed, which is currently scheduled for 2010-2011.

The foregoing resolution was duly and regularly adopted by the Commission at a regular meeting held on April 6, 2009, by the following vote:

AYES:	Comm	issioners	
NOES:	Commissioners		
ABSTAIN:	Commissioners		
ABSENT:	Comm	issioners	
ATTE	ST:	Keene Simond Executive Offi	
Record	ded by:	Kathy Mabry	
		Commission S	ecretary

EXHIBIT B

STATEMENT OF DETERMINATIONS

1. The present and planned land uses in the area (sphere), including agricultural and open-space lands.

Presently, the subject property is vacant, 42.9-acre parcel with a County zoning designation of AW and a County General Plan designation of AWOS. It is planned to develop the property as a residential estate parcel in compliance with the present-zoning and land use regulations of Napa County. The City's General Plan designates the parcel as Greenbelt. The Greenbelt designation applies to lands outside the City's RUL which bear a relationship to the City's planning area. Greenbelt lands are to remain in agricultural or very low density residential, public, or institutional use. The property owners propose to construct a single-family home on a very large lot, which is consistent with this land use designation.

2. The present and probable need for public facilities and services in the area (sphere).

There will be no need for additional public facilities or services to serve a development on the subject parcel. City streets provide access to the parcel, City water infrastructure already exists in Montecito Boulevard and emergency services are already provided to the area by City forces.

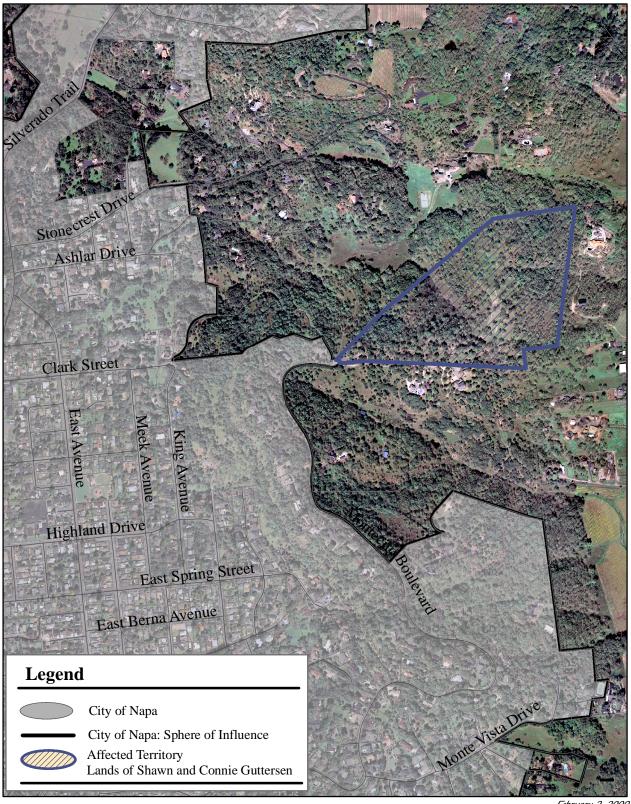
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

The City has adequate capacity to serve the subject property.

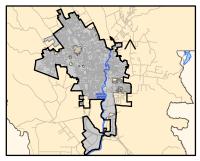
4. The existence of any social or economic communities of interest in the area (sphere) if the commission determines that they are relevant to the agency.

There are social and economic ties existing between the subject property and the City of Napa as well as the County of Napa.

Request from the City of Napa: Outside Service Agreement and Sphere of Influence Amendment Guttersen Property







February 2, 2009 Prepared by KS



LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY POLICY DETERMINATIONS

I) POLICIES CONCERNING THE PRESERVATION OF AGRICULTURE AND OPEN-SPACE LANDS AND THE PROMOTION OF ORDERLY, WELL-PLANNED DEVELOPMENT

A) LEGISLATIVE INTENT AND DECLARATIONS

The Commission acknowledges and incorporates into its own policies, the policies of the Legislature regarding the promotion of orderly, well-planned development patterns that avoid the premature conversion of agricultural and open-space lands and ensure effective, efficient and economic provision of essential public services. The Commission wishes to specifically note the following declarations and policies contained in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000:

- 1) The Legislature recognizes that the logical formation and determination of local agency boundaries is an important factor in promoting orderly development and in balancing that development with sometimes competing state interests of discouraging urban sprawl, preserving open-space and prime agricultural lands, and efficiently extending government services. (G.C. §56000)
- 2) It is the intent of the Legislature that each commission, not later than January 1, 2002, shall establish written policies and procedures and exercise its powers pursuant to this part in a manner consistent with those policies and procedures and that encourages and provides planned, well-ordered, efficient urban development patterns with appropriate consideration of preserving open-space lands within those patterns. (G.C. §56300)
- 3) In reviewing and approving or disapproving proposals which could reasonably be expected to induce, facilitate, or lead to the conversion of existing open-space lands to uses other than open-space uses, the commission shall consider all of the following policies and priorities:
 - a) Development or use of land for other than open-space uses shall be guided away from existing prime agricultural lands in open-space use toward areas containing nonprime agricultural lands, unless that action would not promote the planned, orderly, efficient development of an area.
 - b) Development of existing vacant or nonprime agricultural lands for urban uses within the existing jurisdiction of a local agency or within the sphere of influence of a local agency should be encouraged before any proposal is approved which would allow for or lead to the development of existing open-space lands for non-open-space uses which are outside of the existing jurisdiction

of the local agency or outside of the existing sphere of influence of the local agency.

(G.C. §56377)

B) POLICIES OF THE COMMISSION

The Commission declares its intent not to permit the premature conversion of designated agricultural or open-space lands to urban uses. The Commission shall adhere to the following policies in the pursuit of this intent, and all proposals, projects, and studies shall be reviewed with these policies as guidelines.

1) USE OF COUNTY GENERAL PLAN DESIGNATIONS

In evaluating a proposal, the Commission will use the Napa County General Plan to determine designated agricultural and open-space lands. The Commission recognizes that inconsistencies may occur between the County General Plan and the affected city general plan with respect to open-space designations. Notwithstanding these potential inconsistencies, the Commission will rely on the Napa County General Plan in recognition of the public support expressed in both the incorporated and unincorporated areas of Napa County for the County's designated agricultural and open-space lands through enactment of Measure "J", the Agricultural Lands Preservation Initiative passed by the voters in 1990.

2) TIMING OF URBAN DEVELOPMENT

The Commission shall guide development away from designated agricultural or open-space lands until such times as urban development becomes an overriding consideration in providing for the health and welfare of the citizens of the County and the affected city.

3) FACTORS FOR EVALUATING PROPOSALS INVOLVING AGRICULTURAL OR OPEN-SPACE LANDS

A proposal which includes agricultural or open-space designated land shall be evaluated in light of the existence of the following factors:

- a) "Prime agricultural land", as defined by Government Code Section 56064.
- b) "Open-space", as defined by Government Code Section 56059.
- c) Land that is under contract to remain in agricultural or openspace use, such as a Williamson Act Contract or Open-Space Easement.
- d) Land which has a Napa County General Plan agricultural or open-space designation (Agricultural Resource or Agriculture, Watershed and Open-space).
- e) The adopted general plan policies of the County and the affected city.

- f) The agricultural economic integrity of land proposed for conversion to urban use as well as adjoining land in agricultural use.
- g) The potential for the premature conversion of adjacent agricultural or open-space designated land to urban use.
- h) The potential of vacant non-prime agricultural land to be developed with a use that would then allow the land to meet the definition of prime agricultural land under the Williamson Act.

4) ENCOURAGEMENT OF REORGANIZATIONS

The Commission encourages reorganization proposals as a means of coordinating actions of local governmental agencies involving, but not limited to, annexation of land to two public agencies. The Commission recognizes the usefulness of the reorganization concept as a vehicle designed to simplify and expedite such actions.

II) POLICIES CONCERNING SPHERES OF INFLUENCE

It is the intent of the Commission to establish spheres of influence that promote the orderly expansion of cities to ensure effective, efficient and economic provision of essential public services, including public sewer and water, fire protection and emergency response, and police protection.

A) LEGISLATIVE INTENT AND DECLARATIONS

The Commission acknowledges and incorporates into its own policies, the policies of the Legislature as they relate to spheres of influence. The Commission wishes to specifically note the following declarations and policies contained in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000:

- 1) "Sphere of influence" means a plan for the probable physical boundaries and service area of a local agency, as determined by the commission. (G.C. §56076)
- 2) In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies so as to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each local governmental agency within the county and enact policies designed to promote the logical and orderly development of areas within the sphere. (G.C. §56425(a)).

B) GENERAL GUIDELINES FOR THE REVIEW OF SPHERES OF INFLUENCE

It is the intent of the Commission to consider the following criteria whenever reviewing a proposal that includes the adoption, amendment, or update of a sphere of influence.

1) Land Use

- a) The present and planned land uses in the area, including designated agricultural and open-space lands.
- b) Consistency with the Napa County General Plan and the general plan of any affected city.
- c) Adopted general plan policies of the County and of any affected city that guide future development away from designated agricultural or open-space land.
- d) Adopted policies of affected agencies that promote infill of existing vacant or underdeveloped land.

e) Amount of existing vacant or underdeveloped land located within any affected agency's jurisdiction and current sphere of influence.

2) Municipal Services

- a) The present capacity of public facilities and adequacy of public services provided by affected agencies within the current jurisdiction and the adopted plans of these agencies to improve any municipal service deficiency, including adopted capital improvement plans.
- b) The present and probable need for public facilities and services within the area proposed for inclusion within the sphere of influence and the plans for the delivery of services to the area.

C) CITY SPHERES OF INFLUENCE

The Commission shall adhere to the following policies in the establishment, review, amendment, or update of city spheres of influence.

1) General Policies Concerning City Spheres

- a) Location of Urban Development. The basic policy of the Commission in the establishment of a city sphere of influence boundary line shall be that urban development within a city's sphere of influence shall be developed under the jurisdiction of the city. If urban development is legally required by the County, such development should conform to the applicable city standards and be the subject of a joint city-County planning effort.
- b) <u>Use of County General Plan Agricultural and Open-Space</u>
 <u>Designations</u>. When establishing a city sphere of influence boundary line, the Commission shall use the most recently adopted Napa County General Plan as the basis to identify designated agricultural and open-space lands.
- c) Avoidance of Inclusion of Agricultural and Open-Space Lands. Land specifically designated as agricultural or open-space lands shall not be approved for inclusion within any city sphere of influence for purposes of urban development. An agricultural or open-space designation shall be recognized by the Commission as designating the land as non-urban in character in regard to the existing use of the area or its future development potential. Exceptions to this policy may be considered by the Commission based on information submitted to the Commission provided by

- the affected city that responds to criteria contained in Section B. Sphere of Influence Amendment Guidelines.
- d) Preference for Infill. When reviewing proposals for the expansion of a city sphere of influence, the Commission will consider the amount of vacant land within the existing jurisdiction and sphere of influence of the affected city. To discourage urban sprawl and encourage the orderly formation and development of cities in Napa County, the Commission will encourage proposals that promote the infill of existing vacant or underdeveloped land thereby maximizing the efficient use of existing city services and infrastructure. The Commission will discourage proposals for development of vacant or open-space land that requires the extension of urban facilities, utilities, and services where infill is more appropriate.
- e) Adopted Spheres of Influence as Guide for City Annexations. When municipal spheres of influence have been adopted by the Commission, they shall be used as a guide in the consideration of city annexation proposals. Adoption of such spheres shall not be construed to indicate carte blanche approval of any annexation proposal merely because the land is included within the sphere of influence.
- 2) Policies Concerning Cooperative Planning and Development Programs
 - a) Role Of Adopted Sphere Of Influence In Agency Planning. The urban area as delineated by the established sphere of influence line, having been developed by the Commission in cooperation with the affected city and County, should be recognized and considered as part of planning and development programs of the affected city, any affected special district, and the County.
 - b) Preference For Infill Within The City's Jurisdiction Or Within The City's Adopted Sphere Of Influence. To maximize the efficient use of existing city services and infrastructure and discourage the premature conversion of agricultural and open-space lands to urban uses, the Commission shall encourage the city to develop first those existing vacant and under-developed lands located within the city's jurisdiction or within the city's adopted sphere of influence. The Commission shall encourage the development of vacant or under-developed land located within the city's jurisdiction before the annexation of land that requires the extension of urban facilities, utilities, and services.
 - c) <u>Interagency Cooperation</u>. Urban development and utility expansion programs should be planned and programmed by the city on a staged basis in cooperation with the County and the Commission.

- d) Restrictions On Urban Development Approvals By County Within City Sphere Of Influence. No urban development should be permitted by the County to occur on unincorporated land within a city's designated Sphere of Influence. If approval of urban development in such areas is legally required of the County, such development should conform to applicable city standards and be the subject of a joint city-County planning effort.
- e) Exclusion Of Unservable Areas. Areas that cannot be provided with an urban level of essential public services, such as public water, sewer, fire protection and emergency response, shall be considered for sphere inclusion and eventual annexation and development, only on an exceptional basis. Economic and planning justification for such annexations shall be provided to the Commission by the city.

D) SPECIAL DISTRICT SPHERES OF INFLUENCE

The Commission shall adhere to the following policies in the establishment, review, amendment, or update of special district spheres of influence.

- 1) General Policies Concerning Special District Spheres
 - a) <u>Single Boundary</u>. Only one sphere of influence boundary line will be drawn for each district.
 - b) <u>Boundary to Reflect Service Capacity</u>. The location and character of the boundary line should be responsive to existing and planned service facilities. Planned facilities are those to be constructed within a ten (10) year period.
 - c) <u>Urbanizing Effect of Services</u>. It shall be a basic policy of the Commission when considering establishment of a special district sphere of influence that extension of urban services acts to promote urban development and that urban development belongs in urban areas.
 - d) Exclusion of Agricultural and Open-Space Lands. Land designated agricultural or open-space by the applicable city or County general plan shall not be approved for inclusion within any district sphere of influence for purposes of urban development through the extension of essential public services. Such designations shall be recognized by the Commission as designating the land as non-urban in character in regard to the existing use of the area or its future development potential. The Commission may consider exceptions to this policy based on evidence provided by the affected district which demonstrates all of the following:

- i) The expansion is necessary in order to provide public water or sewer to an existing parcel to respond to a documented public health hazard.
- ii) The affected district can provide adequate public water or sewer service to the affected territory without extending any water or sewer mainline more than 1,000 feet.
- iii) The expansion will not harm land in agricultural or openspace use.
- iv) The expansion will not promote conversion of agricultural or open-space land to urban use.
- e) Adopted Sphere of Influence as Guide to Annexations. The Commission shall use an adopted special district sphere of influence as a guide when considering subsequent annexations to the affected special district, but mere inclusion of land within an adopted sphere of influence shall not be construed as carte blanche approval of any annexation proposal for that land.
- f) <u>Joint Applications</u>. When an annexation is proposed outside an affected district's adopted Sphere of Influence, the Commission may consider both the proposed annexation and the necessary change in the sphere of influence at the same meeting, but amendment to the sphere of influence boundary to include the affected territory shall be considered and resolved prior to Commission action on the proposed annexation.
- 2) Policies Concerning Cooperative Planning and Development Programs
 - a) Role Of Adopted Sphere Of Influence In Agency Planning. The service area of a special district as delineated by the adopted sphere of influence boundary, having been developed by the Commission in cooperation with all affected agencies, should be recognized and considered as part of the planning and development programs of any affected district, city and the County.
 - b) <u>Service Expansion Programs</u>. A district should plan and program its service expansion programs on a staged basis in cooperation with the County, any affected city, and the Commission.

III) POLICIES CONCERNING THE COUNTY OF NAPA

A) LOCATION OF URBAN DEVELOPMENT

- Land use developments of an urban character and nature should be located within areas designated as urban areas by the Napa County General Plan in close proximity to a city or special district which can provide essential public services.
- 2) Urban development should be discouraged if it is apparent that essential services necessary for the proposed development cannot readily be provided by a city or special district.

B) USE OF COUNTY SERVICE AREAS

- 1) In those unincorporated urban areas where essential urban services are being provided by the County, the Board of Supervisors should consider the establishment of county service areas so that area residents and property owners pay their fair and equitable share for the services received.
- 2) The Commission recognizes that the formation of county services areas are subject to both the Cortese-Knox-Hertzberg Local Government Reorganization Act and County Service Area Law (G.C. §25210.1 et. seq.).

IV) POLICIES CONCERNING SPECIAL DISTRICTS

A) IN LIEU OF NEW DISTRICT CREATION

Where a limited-purpose special district exists and additional services are required for an unincorporated area designated as urban by the Napa County General Plan, the Commission encourages, in lieu of creating a new special taxing district, either the use of county service areas to provide the extended services or reorganization of the existing limited services special district as a special district capable of providing multiple urban services.

B) PREFERENCE FOR DISTRICTS CAPABLE OF PROVIDING ALL ESSENTIAL SERVICES

All new special districts proposed for formation in the unincorporated urban areas as designated under the Napa County General Plan should be capable of providing essential urban type services which include but are not limited to water, sanitation, fire protection, and police protection.

V) POLICIES CONCERNING ANNEXATIONS

A) GENERAL POLICIES CONCERNING ANNEXATIONS TO A CITY

- 1) Inclusion in Sphere of Influence. The affected territory shall be included within the affected city sphere of influence prior to issuance of the Executive Officer's certificate of filing for the subject annexation proposal. For annexation proposals initiated by resolution of the city council, the Executive Officer may agendize both the sphere of influence amendment and annexation application for Commission consideration and action at the same meeting.
- 2) <u>Substantially surrounded</u>. For the purpose of applying the provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act, most notably Government Code §56375, the subject territory of an annexation proposal shall be deemed "substantially surrounded" if it is within the sphere of influence of the affected city and two-thirds (66-2/3%) of its boundary, as set forth in a boundary description accepted by the Executive Officer, is surrounded by the affected city.

B) POLICIES CONCERNING ISLAND ANNEXATIONS

- 1) <u>Boundary of Areas Not 100% Surrounded by City</u>. The outside boundary of an unincorporated island less than 100% surrounded shall be the affected city sphere of influence boundary line.
- 2) <u>Criteria for Determining a Developed Island</u>. A developed island shall substantially meet all the following criteria:
 - a) The island shall have a housing density of at least .5 units per gross acre.
 - b) All parcels within the island can readily receive from the affected city or any affected special district basic essential services including but not limited to police protection, fire protection, public water and sanitation.
- 3) Policy Regarding Annexations Within an Identified Island Area. When an annexation proposal includes territory within a developed island, the Commission shall invite the affected city to amend the boundary of the proposed annexation to include the entire island. To the extent permitted by law, the Commission reserves the right to expand the boundaries of the proposed annexation to include the entire island.

C) POLICIES CONCERNING ANNEXATION OF MUNICIPALLY-OWNED LAND

- 1) Restricted Use Lands Owned by Public Agencies. The Commission shall disapprove annexation of publicly-owned land designated agricultural or open-space or subject to a Williamson Act contract unless the land will be used for a municipal purpose and no suitable alternative site reasonably exists within the affected city's sphere of influence.
- 2) <u>Facilities Exempt from Policy</u>. Municipal purpose shall mean a public service facility which is urban in nature such as water and sewage treatment facilities and public buildings, but shall not include land which is vacant or used for wastewater reclamation irrigation, a reservoir, or agricultural, watershed or open-space.

D) CONCURRENT ANNEXATION POLICIES

It is the intent of the Commission to promote concurrent annexations to cities and special districts whenever appropriate. The Commission may waive its concurrent annexation policies based on unique conditions or circumstances surrounding the annexation proposal which make application of the policy impractical and will not result in the annexation of lands designated agricultural or open-space by the applicable city or County General Plan.

1) City of Napa and Napa Sanitation District

- a) Annexations to the District. All annexation proposals to the Napa Sanitation District located outside of the City of Napa shall first be required to annex to the City if the affected territory is located within the City's sphere of influence as adopted by the Commission, is located within the City Residential Urban Limit Line (RUL) as adopted by the City, and annexation is legally possible.
- b) Annexations to the City. All 100% consent annexation proposals to the City of Napa located outside of the Napa Sanitation District shall be required to annex to the Napa Sanitation District if the affected territory is located within the District's sphere of influence and if sanitation service is available.
- 2) City of American Canyon and American Canyon Fire Protection District
 - a) Annexations to the District. All annexation proposals to the American Canyon Fire Protection District located outside of the City of American Canyon shall be required to annex to the City if the affected territory is located within the City's sphere

- of influence as adopted by the Commission and if annexation is legally possible.
- b) Annexations to the City. All annexation proposals to the City of American Canyon located outside of the American Canyon Fire Protection District shall be required to annex to the District if the affected territory is located within the District's sphere of influence.



Local Agency Formation Commission LAFCO of Napa County

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MEMORANDUM

March 19, 2009

TO: Local Agency Formation Commissioners

FROM: Jacqueline Gong, Commission Counsel

SUBJECT: Memorandum to Agenda Item 6a for April 6, 2009 Meeting:

Public Health and Safety Treats

This memorandum has been prepared at the request of the Executive Officer. The memorandum analyzes the Commission's ability to make a public health or safety finding in approving an outside service agreement under Government Code Section 56133. This analysis applies directly to the City of Napa's request to provide outside water service to Shawn and Connie Guttersen's property located off of Montecito Boulevard.

Background

Section 56133 provides the Commission may authorize a city to provide new or extended services outside of its jurisdictional boundary under either of the following circumstances:

- The services are provided to property within the city's sphere of influence in anticipation of a later change of organization (Section 56133(b)); or
- The services are provided to property outside the city's sphere but are necessitated to respond to an existing or impending threat to the public health or safety of the residents of the property if both of following requirements are met (Section 56133(c)):
 - (a) The city applying for the contract has provided the Commission documentation of a threat to the public health and safety of the affected residents.
 - (b) The Commission has notified any alternative service providers.

The City of Napa has requested Commission approval to provide outside water service to the Guttersen parcel located at the eastern end of Montecito Boulevard for the purposes of serving a planned single-family residence. The parcel lies in the unincorporated area Memorandum to Agenda Item No. 6a: Public Health and Safety Threats April 6, 2009 Meeting Page 2 of 3

of Napa County. Though the parcel is contiguous to the City, it lies outside of the sphere of influence. In the City Council's Resolution, dated December 9, 2008, approving the submission of this proposal to LAFCO, the City found no sufficient threat to public health or safety to allow the City to provide service to the parcel while lying outside of its sphere.

Analysis

In the City's application for outside service agreement, the City related the property owners have concerns about the future reliability of the water supply, citing potential lack of groundwater to support the proposed development of a single family residence. Independently, the Executive Officer's report on the application notes the affected territory is located within the Milliken-Sarco-Tulocay ("MST"), an established groundwater deficit basin according to the United States Geological Service. However, no documentation in support of this concern was submitted directly by the City. In fact, finding that no sufficient threat to public health & safety existed, the City has concurrently applied for a sphere amendment for the Guttersen property.

In carrying out its legal mandate under Section 56133 to ensure orderly development and efficient provision of services, the Commission must determine the appropriateness of a city providing extraterritorial services and must authorize any outside service agreement. In implementing 56133, the Commission ultimately has the discretion to authorize outside services and must determine the appropriate basis upon which the services are provided (either as property within the sphere in anticipation of later change of organization or as property under threat to public health & safety). ¹

However, Section 56133 imposes restrictions on the Commission's authority to approve outside services for the protection of public health & safety. One significant requirement is that the Commission must draw its determination based on information provided by the City applying for outside service approval that there is a threat to the public health or safety of the affected residents (Section 56133 (c) (1)). It is for the Commission to determine the sufficiency of such documentation and assess whether health & safety is in jeopardy.

The City in its application to LAFCO acknowledged the property owners have a concern about the future reliability of the property's underground water sources. However, this was noted without any factual documentation in support of this. While the property owners shared they located "an average-producing well" after several drilling attempts, this information alone does not signal an unreliable water source. In fact, the City specifically made a finding that there is no public health & safety threat. The lack of any supportive information from the City is problematic.

¹ Notably, Section 56133 does not define the term "existing or impending threat to the public health or safety of the affected residents of the territory...".

Memorandum to Agenda Item No. 6a: Public Health and Safety Threats April 6, 2009 Meeting Page 3 of 3

Conclusion

It is in the Commission's sole purview to determine whether a sufficient basis exists for finding a public health & safety threat that justifies extending extraterritorial services. But the Commission must base its determination that a future or impending public health and safety threat exists on documentation provided by the City itself. While the Commission has the discretion to augment and consider other additional documentation in support of a public health & safety finding, it must first have before it some supportive documentation from the City. Given the findings and information submitted by the City, the Commission has discretion to authorize the outside services agreement only upon first approving a sphere amendment for the parcel.

Attachments: none



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MEMORANDUM

March 19, 2009

TO: Local Agency Formation Commissioners

FROM: Jacqueline Gong, Commission Counsel

SUBJECT: Memorandum to Agenda Item 6a for April 6, 2009 Meeting:

Consideration of Environmental Review

This memorandum has been prepared at the request of the Executive Officer. The memorandum addresses the appropriate environmental review for a sphere of influence amendment proposal of a city or special district for the purpose of providing services outside its jurisdictional boundaries pursuant to Government Code Section 56133. This analysis applies directly to the City of Napa's request to amend their sphere of influence to facilitate an outside water service agreement involving Shawn and Connie Guttersen's property located off of Montecito Boulevard.

Background

Government Code Section 56425 provides that approval of a sphere of influence (SOI) update or amendment follows upon first complying with the California Environmental Quality Act ("CEQA"; Public Resources Code Section 21000 et seq.). CEQA Guidelines (Title 14 of the California Code of Regulations) define a "project" as an activity that may cause a direct or reasonably foreseeable, indirect physical environmental change that is undertaken by a public agency. The threshold issue is whether a proposed SOI amendment is a project under CEQA. If it is, then environmental review under CEQA is required.

The City is requesting the Commission approve a sphere of influence amendment to include Shawn and Connie Guttersen's property located at the end of Montecito Boulevard for purposes of facilitating an outside service agreement under Section 56133. The City has prepared an initial study on the proposed sphere amendment, concluding that the sphere amendment could have some significant effect on the environment but these effects have been adequately analyzed and mitigated in earlier EIRs, including the City's General Plan EIR and 1997 EIR for its Water System Optimization and Master Plan, dated November 1997.

Councilmember, City of American Canyon

Memorandum to Agenda Item No. 6a: Environmental Review April 6, 2009 Meeting Page 2 of 3

Analysis

While an SOI is not always per se a project, where the SOI amendment expands beyond the city's existing municipal boundaries and either affects the uses to which the land could be put or affects development of the land, a project within the meaning of CEQA exists (Simi Valley Recreation and Park District v. Local Agency Formation Com. (1975) 51 Cal. App. 3d 648; City of Livermore v. Local Agency Formation Com. (1986) 184 Cal. App. 3d 531). Although a sphere change can be viewed as merely a planning tool, an SOI amendment to allow for the provision of services outside a city/district's jurisdictional boundaries to land slated for development is an "essential step" in the development or service process. Such a proposed SOI change is subject to review under CEQA as a project (See 63 Ops. Cal. Atty. Gen. 758, 765 (1980)).

In the case of a SOI amendment sought for purposes of Section 56133, where the city/district is the applicant seeking authorization for outside services that requires a sphere change, it is appropriate to defer to that entity as the lead agency under CEQA. The lead agency is the one with principal responsibility for carrying out or approving a project and that prepares the appropriate CEQA review document for the project (CEQA Guidelines Section 15050). Where the sphere change is in furtherance of a proposal to extend services, the city/district providing such service is appropriately the lead agency. A sphere change in this case is akin to seeking annexation of land. Under its CEQA Policy, LAFCO assumes the role of responsible agency in cases of projects initiated by a land use authority for annexation (Section 3.1.1 of policy). Similarly, LAFCO is the responsible agency in the case of sphere changes for purposes of Section 56133.

As the lead agency responsible for environmental review, the city/district determines whether a project is exempt from CEQA and, if it is not exempt, to conduct an initial study to determine whether the project may have a significant effect on the environment (CEQA Guidelines Section 15063). Based upon the initial study, a sphere amendment may require the filing of an EIR or negative declaration in compliance with CEQA, depending on a case-by-case determination of whether this action could possibly have a significant effect on the environment (63 Ops. Cal. Atty. Gen. 758, 768 (1980).). It is possible to use a previously prepared EIR, such as a general plan EIR prepared by a city, so long as it adequately analyzes the potential impacts. Where the initial study relies upon a general plan program EIR and shows there are no new effects or no new mitigations required, an agency can approve the activity without further environmental documentation (CEQA Guidelines Sections 15063(b)(1)(B), 15162, and 15168(c)(2).).

LAFCO, as the responsible agency, must review and consider the information contained in the city/district's environmental document before it may approve the sphere proposal and make its own independent findings for each significant effect identified by the city/district (CEQA Guidelines Section 15091; LAFCO CEQA Policy Section 3.4.).

Memorandum to Agenda Item No. 6a: Environmental Review April 6, 2009 Meeting Page 3 of 3

Conclusion

With regards to the City's application for a sphere amendment for the extension of services to the Guttersen property, the City is appropriately the lead agency for conducting the environmental review of this proposal. As the responsible agency, the Commission must review and consider the environmental effects of the sphere amendment based upon the analysis in the City's CEQA documents which are legally sufficient for purposes of the Commission's environmental review. Using the City's CEQA documentation, the Commission must then make its own independent findings on the environmental effects within the scope of its jurisdiction, in this case- the sphere amendment and extension of water services to the potential future residence. Of note, the proposed sphere would not result in significant new impacts on hydrology and water quality that have not already been analyzed in the City's General Plan EIR. The environmental documents adequately support the Commission's finding the proposed sphere will pose no new significant effects that have not already been assessed or adequately mitigated for.

Attachments: none