



**LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY**  
**Political Subdivision of the State of California**

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

**SPHERE OF INFLUENCE REVIEW AND UPDATE**  
**COUNTY SERVICE AREA NO. 3**

**Final Report**  
**Pending Commission Action**  
October 2012



*LAFCO of Napa County*  
**Overseeing the**  
*logical formation and development*  
**of cities and special districts.**

**Commissioners**

Lewis Chilton, Chair, City Member  
Brad Wagenknecht, Vice Chair, County Member  
Joan Bennett, Commissioner, City Member  
Bill Dodd, Commissioner, County Member  
Brian J. Kelly, Commissioner, Public Member  
Juliana Inman, Alternate Commissioner, City Member  
Mark Luce, Alternate Commissioner, County Member  
Gregory Rodeno, Alternate Commissioner, Public Member

**Staff / Administrative Office**

Keene Simonds, Executive Officer  
Jacqueline M. Gong, Counsel  
Brendon Freeman, Staff Analyst  
Kathy Mabry, Commission Secretary

1030 Seminary Street, Suite B  
Napa, California 94559  
[www.napa.lafco.ca.gov](http://www.napa.lafco.ca.gov)

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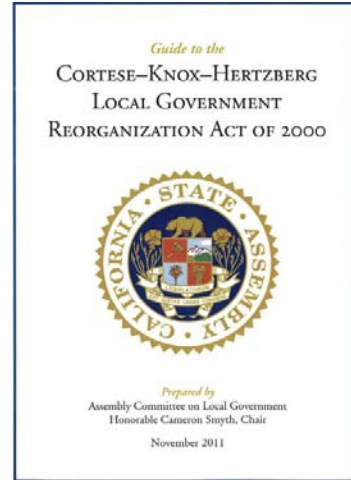
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## I. INTRODUCTION

### 1.0 Local Agency Formation Commissions

#### 1.1 Authority and Objectives

Local Agency Formation Commissions (LAFCOs) were established in 1963 as political subdivisions of the State of California and are responsible for administering a section of Government Code now known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH”).<sup>1</sup> LAFCOs are located in all 58 counties in California and are delegated regulatory and planning powers to coordinate and encourage the logical formation and development of local governmental agencies and their municipal services. Towards this end, LAFCOs are commonly referred to as the Legislature’s “watchdog” for local governance issues. Underlying LAFCOs regulatory and planning powers is fulfilling specific objectives outlined by the California Legislature under Government Code (G.C.) Section 56301, which states:



*“Among the purposes of the commission are discouraging urban sprawl, preserving open-space and prime agricultural lands, efficiently providing governmental services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances. One of the objects of the commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities.”*

#### 1.2 Regulatory Responsibilities

LAFCOs’ principal regulatory responsibility includes approving or disapproving all jurisdictional changes involving the establishment, expansion, and reorganization of cities and special districts within their jurisdictions.<sup>2</sup> LAFCOs are also provided broad discretion to condition jurisdictional changes as long as they do not directly regulate land use, property development, or subdivision requirements. LAFCOs generally exercise their regulatory authority in response to applications submitted by local agencies, landowners, or registered voters. Recent amendments to CKH, however, now empower and encourage LAFCOs to initiate on their own jurisdictional changes to form, merge, and dissolve special districts consistent with current and future community needs.<sup>3</sup> The following table provides a complete list of LAFCOs’ regulatory authority as of January 1, 2012.

<sup>1</sup> Reference California Government Code Section 56000 et seq.

<sup>2</sup> CKH defines “city” to mean any incorporated chartered or general law city. This includes any city the name of which includes the word “town”. CKH defines “special district” to mean any agency of the State formed pursuant to general law or special act for the local performance of governmental or proprietary functions within limited boundaries. All special districts in California are subject to LAFCO with the following exceptions: school districts; community college districts; assessment districts; improvement districts; community facilities districts; and air pollution control districts.

<sup>3</sup> All jurisdictional changes approved by LAFCO are subject to conducting authority proceedings, which may include elections, unless specifically waived under CKH.

### LAFCOs' Regulatory Authority

- City Incorporations and Disincorporations
- District Formations and Dissolutions
- City and District Consolidations
- City and District Outside Service Extensions
- City and District Annexations
- City and District Detachments
- Merge/Establish Subsidiary Districts
- District Service Activations or Divestitures

## 1.3 Planning Responsibilities

LAFCOs inform their regulatory actions through two central and interrelated planning responsibilities: (a) making sphere of influence (“sphere”) determinations and (b) preparing municipal service reviews. Sphere determinations have been a central planning function of LAFCOs since 1971 and serve to effectively serve as the Legislature’s version of “urban growth boundaries” with regard to delineating urban/non-urban interfaces. Municipal service reviews, in contrast, are a relatively new planning responsibility enacted in 2001 as part of CKH and are intended to inform – among other activities – sphere determinations. This includes the Legislature’s mandate that all sphere changes be accompanied by preceding municipal service reviews to help ensure LAFCOs are effectively aligning governmental services with current and anticipated community needs. An expanded summary of the function and role of these two planning responsibilities follows.

### *Sphere Determinations*

LAFCOs establish, amend, and update spheres for all cities and special districts to designate the territory it independently believes represents the appropriate and probable future service area and jurisdictional boundary of the affected agency. Importantly, all jurisdictional changes, such as annexations and detachments, must be consistent with the spheres of the affected local agencies with limited exceptions. Further, an increasingly important role involving sphere determinations relates to their use by regional councils of governments as planning areas in allocating housing need assignments for counties and cities, which must be addressed by the agencies in their housing elements. LAFCO must review and update each local agency’s sphere every five years as necessary.

In making a sphere determination, LAFCO is required to prepare written statements addressing five specific planning factors listed under G.C. Section 56425. These mandatory factors range from evaluating current and future land uses to the existence of pertinent communities of interest. The intent in preparing the written statements is to focus LAFCO in addressing the core principles underlying the sensible development of each local agency consistent with the anticipated needs of the affected community. The five planning factors are summarized in the following table.

#### Sphere Determinations: Mandatory Written Statements

1. Present and planned land uses in the area, including agricultural and open-space.
2. Present and probable need for public facilities and services in the area.
3. Present capacity of public facilities and adequacy of public services the agency provides or is authorized to provide.
4. Existence of any social or economic communities of interest in the area if the commission determines they are relevant to the agency.
5. If the city or district provides water, sewer, or fire, the present and probable need for those services of any disadvantaged unincorporated communities within the existing sphere.

## *Municipal Service Reviews*

Municipal service reviews are comprehensive studies of the availability and sufficiency of governmental services provided within a defined geographic area. LAFCOs generally prepare municipal service reviews to inform subsequent sphere determinations. LAFCOs also prepare municipal service reviews irrespective of making any specific sphere determinations in order to obtain and furnish information to contribute to the overall orderly development of local communities. Municipal service reviews vary in scope and can focus on a particular agency or governmental service. LAFCOs may use the information generated from municipal service reviews to initiate other actions under their authority, such as forming, consolidating, or dissolving one or more local agencies.

Municipal service reviews culminate with LAFCOs preparing written statements addressing seven specific service factors listed under G.C. Section 56430. This includes, most notably, infrastructure needs or deficiencies, growth and population trends, and financial standing. The seven service factors are summarized in the following table.

### **Municipal Service Reviews: Mandatory Written Statements**

1. Growth and population projections for the affected area.
2. Location and characteristics of any disadvantaged unincorporated communities within or contiguous to affected spheres of influence.<sup>4</sup>
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies.
4. Financial ability of agencies to provide services.
5. Status and opportunities for shared facilities.
6. Accountability for community service needs, including structure and operational efficiencies.
7. Any matter related to effective or efficient service delivery as required by LAFCO policy.

### *1.4 Composition*

LAFCOs are generally governed by an eight-member board comprising three county supervisors, three city councilmembers, and two representatives of the general public.<sup>5</sup> Members are divided between “regulars” and “alternates” and must exercise their independent judgment on behalf of the interests of residents, landowners, and the public as a whole. LAFCO members are subject to standard disclosure requirements for California public officials and must file annual statements of economic interests. LAFCOs have sole authority in administering its legislative responsibilities and its decisions are not subject to an outside appeal process.

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<sup>4</sup> This determination was added to the municipal service review process by Senate Bill 244 effective January 1, 2012. The definition of “disadvantaged unincorporated community” is defined under G.C. Section 56330.5 to mean inhabited territory that constitutes all or a portion of an area with an annual median household income that is less than 80 percent of the statewide annual median household income.

<sup>5</sup> Several LAFCOs also have two members from independent special districts within their county.

All LAFCOs are independent of local government with the majority employing their own staff; an increasingly smaller portion of LAFCOs choose to contract with their local county government for staff support services. All LAFCOs, nevertheless, must appoint their own Executive Officers to manage agency activities and provide written recommendations on all regulatory and planning actions before the members.

### 1.5 Funding

CKH prescribes that local agencies fund LAFCOs' annual operating costs. Counties are generally responsible for one-half of LAFCO's annual operating costs with the remainder proportionally allocated among cities based on a calculation of tax revenues and population.<sup>6</sup> LAFCOs are also authorized to collect fees to offset local agency contributions.

## 2.0 LAFCO of Napa County

LAFCO of Napa County ("Commission") was first established in 1963 as a department within the County of Napa. Consistent with pre CKH provisions, the County was entirely responsible for funding the Commission's annual operating costs over the first three decades. Further, the duties of the Executive Officer were first performed by the County Administrator and later the County Planning Director.

CKH's enactment in 2001 changed the Commission's funding to assign one-half of its operating costs to the County with the other one-half assigned to the Cities of American Canyon, Calistoga, Napa, St. Helena, and the Town of Yountville. CKH's enactment also facilitated a number of organizational changes highlighted by the Commission entering into a staff support services agreement with the County; an agreement allowing the Commission, among other things, to appoint its own Executive Officer. The Commission's current member roster is provided below.

Napa LAFCO's Commission Roster		
Appointing Agency	Regular Members	Alternative Members
County of Napa: Supervisors	Bill Dodd Brad Wagenknecht	Mark Luce
City Selection Committee: Mayors	Joan Bennett Lewis Chilton	Juliana Inman
Commissioners: City and County	Brian J. Kelly	Gregory Rodeno

Staffing for the Commission currently consists of 2.5 full-time equivalent employees. This includes a full-time Executive Officer and Analyst along with a part-time Secretary.<sup>7</sup> Legal services are provided by the County Counsel's Office. All other staffing related services, such as accounting, human resources, information technology, are provided by the County as needed. The Commission's adopted budget for 2012-2013 totals \$0.432 million with an estimated unreserved/undesignated fund balance of \$0.116 million as of July 1, 2012.

<sup>6</sup> The funding formula for LAFCOs with special district representation provides that all three appointing authorities (county, cities, and special districts) are responsible for one-third of LAFCOs' annual operating costs.

<sup>7</sup> The Commission contracts with the County for staff support services. The Executive Officer and all support personnel are County employees. The Commission, however, appoints and removes the Executive Officer on its own discretion.



## II. EXECUTIVE SUMMARY

### 1.0 Overview

This report represents the Commission's scheduled sphere update for County Service Area (CSA) No. 3. The basic objective of the report is to identify and evaluate areas warranting consideration for inclusion or removal from CSA No. 3's sphere relative to the policies and goals codified in CKH and adopted by the Commission. The report supersedes the last comprehensive sphere update for CSA No. 3 adopted by the Commission in October 2007. The report also draws on information collected and analyzed in the Commission's recently completed municipal service review on the southeast county region, which included evaluating the availability, adequacy, and capacity of services provided by CSA No. 3.<sup>8</sup>

### 2.0 General Conclusions and Recommendations

#### 2.1 Role of CSA No. 3

CSA No. 3 continues to serve an integral and distinct role in supporting planned urban uses within the Napa County Airport and surrounding area by providing miscellaneous street and fire protection services. CSA No. 3 – as a subsidiary agent – also serves to memorialize the County of Napa's interest in maintaining and guiding land uses within the affected territory consistent with the Airport Industrial Area Specific Plan. Additionally, and to the issue of effectiveness, the municipal service review on the southeast county region confirms CSA No. 3 has generally developed adequate controls and capacities to provide appropriate service levels in its jurisdiction consistent with constituent needs and preferences.

A central premise underlying the report and its analysis – including identifying potential changes – is considering the current and probable relationship between CSA No. 3 and the implementation of the aforementioned Airport Industrial Area Specific Plan. Specifically, and to a significant degree, the report is premised on the policy tenet that unincorporated lands lying within the specific plan should be served by CSA No. 3 unless special or unique circumstances suggest otherwise. Markedly, this premise is consistent with past Commission actions concerning CSA No. 3 and the designation of its sphere.

Irrespective of the preceding statements, and based on communication with the County in preparing this scheduled update, Commission staff recognizes there may be merit in the *future* to reconsider the role of CSA No. 3 (emphasis added). There may be benefit, in particular, in exploring whether expanding the scope of CSA No. 3 in terms of services and/or service area is appropriate in supporting other planned development in the south county region lying outside the Airport Industrial Area Specific Plan.

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<sup>8</sup> Other governmental agencies evaluated in the municipal service review were the City of American Canyon and American Canyon Fire Protection District, whose spheres have already been updated as part of separate reports. The municipal service review's executive summary is attached and includes the written determinations adopted by the Commission in June 2009.

## ***2.2 Recommendations***

In step with the referenced central premise, the report evaluates the merits of adding the remaining 360 acres of unincorporated lands that lie within the County's Airport Industrial Area Specific Plan to CSA No. 3's current sphere; lands that have been divided into four subareas based on geopolitical considerations. The report ultimately recommends adding one of the subareas – identified as A-1 – to CSA No. 3's sphere at this time. This recommended inclusion involves approximately 100 acres and comprises all or parts of seven parcels located immediately south-central of the current sphere. All of the subject lands in A-1 are already developed for urban purposes, immediately adjacent and accessible, and can be reasonably served based on current capacities and controls. Adding the subject lands to the sphere would also be responsive to the perceived preferences of the landowners to establish services with CSA No. 3 as well as complement the pending completion of the Devlin Road extension; a project that will improve traffic circulation in the subarea and, accordingly, warrant elevated street and fire protection services. Inclusion would – importantly – also improve continuity between municipal providers in the south county region by facilitating a definitive demarcation of the jurisdictional authorities of CSA No. 3 and American Canyon.

With respect to the remaining 260 acres of unincorporated lands lying within the Airport Industrial Area Specific Plan, the report recommends it would be appropriate to continue to exclude these lands from CSA No. 3's sphere at this time. This recommendation to exclude these remaining lands is principally drawn from the lack of strong and distinguishable social and economic ties to CSA No. 3. In particular, the report concludes the majority of these remaining lands' – identified as A-2 and A-3 – social and economic ties with CSA No. 3 have become stagnant over the last several decades and have seemingly been matched or surpassed by American Canyon. The report, accordingly, recommends American Canyon and the County collaborate in developing a strategy to address the long-term municipal needs of the two subareas to help inform subsequent sphere updates by the Commission in the south county region.

## **3.0 Determinative Statements in Support of Recommendation**

As detailed in the preceding section, the Commission must prepare written statements addressing five specific factors anytime it makes a sphere determination under G.C. Section 56425. These factors focus on orienting the Commission to consider the core components underlying the purpose of the sphere in encouraging the affected agency's sensible and sustainable development paired with meeting community needs. Written statements in support of the report's recommendation to update CSA No. 3's existing sphere designation to also include the approximate 100 acres incorporated as A-1, referred to as the "recommended sphere," follow.

### ***3.1 The Present and Planned Land Uses in the Area***

The recommended sphere for CSA No. 3 comprises unincorporated lands designated for urban uses by the County of Napa. The majority of existing development within the recommended sphere is tied to corporate offices, distribution warehouses, and public facilities highlighted by the Napa County Airport. None of the lands within the recommended sphere qualify as prime agriculture under LAFCO law.

### ***3.2 The Present and Probable Need for Public Services in the Area***

There is a present and probable future need for the miscellaneous street and fire protection services provided by CSA No. 3 throughout the recommended sphere. These public services are needed to help support the planned and orderly development of the affected territory consistent with the County of Napa's Airport Industrial Area Specific Plan.

### ***3.3 The Present Capacity and Adequacy of Public Services Provided by the Agency***

The Commission's municipal service review on the southeast county region indicates CSA No. 3 has generally established adequate administrative, service, and financial capacities to provide an effective level of miscellaneous street and fire protection services within the recommended sphere in a manner consistent with constituent needs.

### ***3.4 The Existence of Relevant Social or Economic Communities of Interest***

The affected territory within the recommended sphere has established strong social and economic interdependencies with CSA No. 3 distinct from neighboring areas and agencies. These social and economic ties are affirmed and strengthened by this update.

### ***3.5 If the Agency Provides Water, Sewer, or Fire Protection, the Present and Probable Need for the Services for Any Disadvantaged Unincorporated Community within the Area***

The affected territory comprising the recommended sphere does not include any disadvantaged unincorporated communities under LAFCO law.

#### 4.0 Commission Action on Final Report

On October 1, 2012, the Commission held a noticed public hearing on this report and its recommendations to update CSA No. 3's sphere. The Commission formally accepted the final report and its recommendations at the public hearing. The Commission also adopted a corresponding resolution approving the determinative statements tied to updating the sphere pursuant to G.C. Section 56425.

Attest,

\_\_\_\_\_  
Lewis Chilton  
Chair

\_\_\_\_\_  
Keene Simonds  
Executive Officer

### III. AGENCY PROFILE

#### 1.0 Background

CSA No. 3 was officially formed in 1979 as a dependent special district governed by the County of Napa Board of Supervisors. CSA No. 3's formation was approved by the Commission at the request of the two principal landowners (Herb Gunn and Henry Evans) and with the support of the County to help facilitate the development of commercial and industrial uses within the Napa County Airport area. Formation also – importantly – served to memorialize the County's interest in maintaining land use control in the affected area given the proceedings paralleled a separate proposal to incorporate the American Canyon community to the south.

County Service Area No. 3	
Date Formed:	1979
Enabling Legislation:	Government Code 25210.1-25217.4
Services Provided:	Street Lighting Street Sweeping Street Landscaping Fire Protection

An underlying planning assumption in CSA No. 3's formation was for the District to gradually evolve and expand its municipal services in step with the development of the area surrounding the Napa County Airport.<sup>9</sup> In particular, although there were no known projects at the time of formation, it was expected the surrounding area – most of which was dedicated to rural residences and livestock grazing – would be developed into corporate business parks aimed at attracting companies relocating from San Francisco and other metropolitan communities. CSA No. 3, to this end, was initially authorized to provide only water and sewer while other services – namely fire and street – would be subsequently activated as development occurred. It was also expected CSA No. 3 would not exercise its powers directly, but would instead contract for services from outside providers. This expectation included entering into contracts with American Canyon County Water District (ACCWD) and Napa Sanitation District (NSD), which were already providing a limited number of properties in the area with water and sewer services, respectively.<sup>10</sup> These types of contracts did not emerge, however, and ACCWD and NSD continued to provide new and extended water and sewer services directly to the area following CSA No. 3's formation.

Development within the Napa County Airport area was slow to materialize and as a result CSA No. 3 remained dormant for 15 years following formation. CSA No. 3 only became active in 1994 when the County restructured the District and authorized it to provide fire protection and miscellaneous street services; the latter including sweeping, lighting, and landscaping. The County also formally deactivated CSA No. 3's authority to provide water and sewer given it was assumed NSD and American Canyon, which incorporated in 1992 and became successor to ACCWD, would continue to provide outside sewer and water services to the affected area.<sup>11</sup> This restructuring preceded CSA No. 3 establishing an assessment district to sponsor separate voter-approved special taxes to fund its fire protection and miscellaneous street services. The assessment district is divided between three overlapping benefit zones representing separate and distinct service areas.

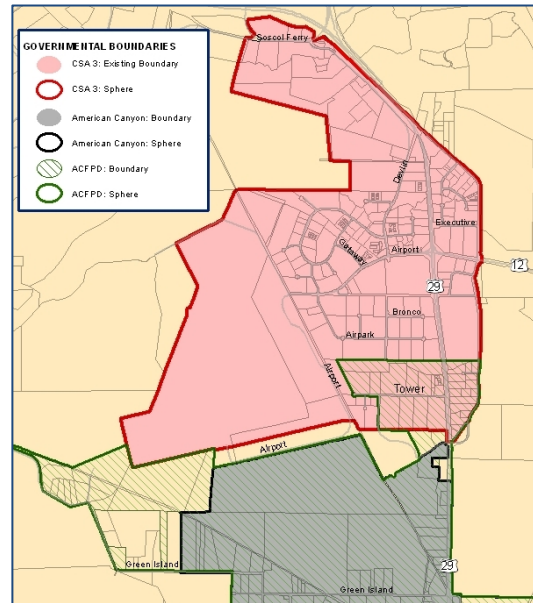
<sup>9</sup> The Napa County Airport was originally constructed in 1942 by the United States as part of a coordinated air defense system for the west coast. The County of Napa received ownership over the airport and its facilities in 1945 following the end of World War II.

<sup>10</sup> ACCWD was formed in 1961 as an independent special district tasked with providing water and sewer services to the unincorporated community of American Canyon. ACCWD was merged into American Canyon as part of the City's incorporation on January 1, 1992.

<sup>11</sup> LAFCO law has been amended to now require Commission approval for a special district to activate or deactivate service powers.

## 2.0 Current Activities

CSA No. 3 has a current operating budget of \$0.436 million with a projected total fund balance of \$0.226 million. Administrative services are primarily provided by the County Public Works Department and include managing the annual assessment district and contracted street (landscape, lighting, and cleaning) and fire protection services. It is estimated the total County staff time expended on administering CSA No. 3 is the equivalent to one 0.75 fulltime employee. The current jurisdictional boundary is approximately 2.7 square miles in size and lies entirely within the County’s Airport Industrial Area Specific Plan (AIASP) although there remains four non-conforming occupied residences remain with an estimated population of 11. As referenced in the proceeding section, the jurisdictional boundary includes three overlapping benefit zones demarking separate service programs as described below.



- Zone “One” receives streetside landscaping services through an outside vendor and comprises the west-central jurisdictional boundary. This includes providing biweekly median landscaping located along Airport Boulevard, Devlin Road, and Gateway Road West. Annual costs typically account for one-tenth of all budgeted expenses.
- Zone “Two” receives fire protection services through a contract with the County and comprises nearly the entire jurisdictional boundary with the exception of 160 acres located within the Tower Road area, which lies within the American Canyon Fire Protection District. The County’s one-engine Greenwood Ranch Station is located within CSA No. 3 and partially funded by District assessment revenues. Annual costs typically account for four-fifths of all budgeted expenses.
- Zone “Three” receives street lighting and sweeping services through an outside vendor and comprises nearly the entire jurisdictional boundary with the exception of 290 acres located within the Soscol Ferry Road area. Street lighting services include installing and maintaining mid-block lights through an outside vendor with actual electronic service provided by Pacific Gas and Electric. Street sweeping services are provided for all affected roads no less than once a month. Annual costs typically account for one-tenth of all budget expenses.

\* Maps showing all three benefit zones are attached to this report.

### 3.0 Sphere of Influence

#### 3.1 Establishment

CSA No. 3's sphere was established by the Commission in November 1985. This action was prompted by earlier legislation requiring LAFCOs establish spheres for all cities and special districts within their jurisdictions no later than December 1985. Markedly, at the time of the action, the Commission believed CSA No. 3's prolonged inactivity dating back to its formation warranted the District's immediate dissolution despite objections from the County. The Commission, however, did not have the authority under State law at the time to initiate dissolution proceedings for CSA No. 3 on its own; dissolution proceedings needed to be initiated either by the District, landowners, or registered voters.<sup>12</sup> Accordingly, without a means to initiate dissolution, the Commission established a "zero" sphere in which no territory was included. The Commission also adopted an explicit policy statement asserting the responsibility and function of CSA No. 3 should be reassigned to another agency.



#### 3.2 Amendments and Updates

In 2002, in response to a written request by the County, the Commission amended CSA No. 3's sphere to become coterminous with the District's jurisdictional boundary. The amendment was supported by the Commission finding CSA No. 3 had become an important factor in supporting the development of the Napa County Airport area consistent with the AIASP with respect to providing needed miscellaneous street and fire protection services. The amendment also involved adding an additional 290 acres of adjacent lands to the north within the Soscol Ferry Road area; lands concurrently annexed into CSA No. 3 at the request of the County and in anticipation of extending miscellaneous street and fire protection services to the area subject to voter approval of District assessments.<sup>13</sup>

The Commission affirmed CSA No. 3's existing sphere designation with no changes as part of a scheduled update in 2007. The update included a cursory review of the merits of expanding the sphere to include approximately 360 acres of unincorporated lands to the south designated for urban use by the County. The Commission, however, deferred examining this issue further given its preference for American Canyon and the County to continue to negotiate a cooperative land use and service plan for the south county region.

With respect to current dimensions, CSA No. 3's sphere comprises 1,742 acres or 2.7 square miles and remains entirely coterminous with the jurisdictional boundary. It is estimated 60% percent of the land area in the sphere is developed.

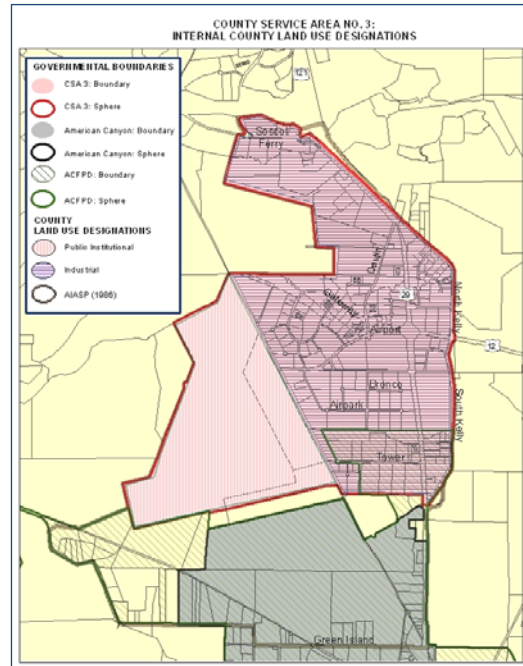
<sup>12</sup> State law has been subsequently amended to empower LAFCOs to initiate special district (a) formations, (b) consolidations, (c) mergers, and (d) dissolutions.

<sup>13</sup> An assessment election for the annexed 290 acres was subsequently disapproved by voters. CSA No. 3 anticipates organizing another assessment election for the affected territory within the near future.

## 4.0 Land Use Factors

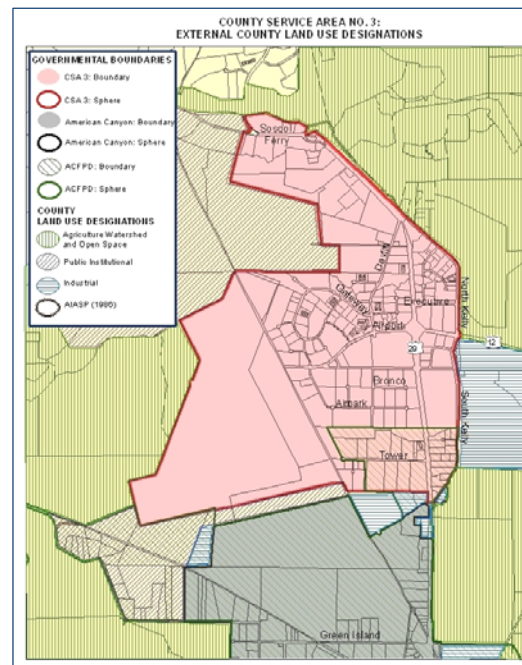
### 4.1 Internal to Sphere of Influence

CSA No. 3 operates entirely under the land use authority of the County. The County General Plan was updated in 2008 and designates all lands within CSA No. 3 and its sphere for urban type of uses either as *Public Institutional* or *Industrial*. The former designation – *Public Institutional* – covers approximately one-third of the jurisdictional boundary and applies to the Napa County Airport and several adjacent lands and is intended to accommodate government, utility, and other public benefiting uses with no minimum lot requirements. The latter designation – *Industrial* – covers the remaining two-thirds of the jurisdictional boundary and is intended to support winery and food processing facilities, general manufacturing buildings, and research and development institutions with minimum lot densities of 0.5 acres.<sup>14</sup> All lands within the jurisdictional boundary are zoned for industrial or aviation purposes and are also subject to the County’s AIASP, which was established in 1986 to coordinate the uniform urban development of then approximate 2,950 acre unincorporated area.<sup>15</sup>



### 4.2 External to Sphere of Influence

All lands immediately adjacent to CSA No. 3’s sphere are unincorporated and more-less equally divided between non-urban and urban designations by the County. Non-urban uses apply to unincorporated lands to the north and east and are designated as *Agriculture, Watershed and Open Space*. This designation supports the preservation of existing agricultural and open-space uses characterizing most of the area by requiring minimum lot densities of 160 acres. Urban uses also apply to a significant portion of unincorporated lands to west and east as well as to all lands to the south and are divided between *Public Institutional* and *Industrial*. This includes, most notably, approximately 360 acres of adjacent unincorporated lands to the south that lie within the County’s AIASP.



<sup>14</sup> Citation of minimum lot density of 0.5 acres assumes the County can make the necessary findings in accordance with its General Plan Policy AG/LU-51 that the affected lands are in reasonable distance to utilities. In the absence of making this finding, lands designated *Industrial* are subject to a minimum lot requirement of 40 acres.

<sup>15</sup> The AIASP planning area has been reduced to 2,305 approximate acres as a result of subsequent annexations to American Canyon.



## IV. DISCUSSION

### 1.0 Objectives

The basic objective of this report is to identify and evaluate areas warranting consideration for inclusion or removal from CSA No. 3's sphere as part of a scheduled update. Underlying this effort is to designate the sphere in a manner the Commission *independently* believes will facilitate the sensible and timely development of CSA No. 3 consistent with the objectives of the Legislature codified in CKH (emphasis added). Specific goals under this legislation include discouraging urban sprawl, preserving open-space and prime agricultural lands, and providing for the efficient extension of governmental services.

The Commission's "Policy Determinations" were comprehensively updated in 2011 and provide general prescription in fulfilling its legislative objectives paired with responding appropriately to local conditions and circumstances. The Policy Determinations highlight the Commission's commitment to avoid the premature conversion of important agricultural or open-space lands for urban uses through a series of restrictive allowances. This includes a broad determination to exclude all lands designated as agricultural or open-space from city and district spheres for purposes of accommodating urban development with limited exceptions. An additional determination states the Commission's support for Measure "P" by assigning deference to the County General Plan as it relates to determining agricultural and open-space land use designations.<sup>16</sup>

### 2.0 Timeframe

State law requires LAFCOs review and update each local agency's sphere by January 1, 2008 and every five years thereafter as needed. Accordingly, it has been the practice of the Commission to update each local agency's sphere in a manner emphasizing a probable five-year annexation area; actual annexation approval, however, is dependent on the Commission determining whether the specific timing of a proposed boundary change is appropriate.<sup>17</sup> This update's analysis is consistent with this practiced timeframe.

## V. STUDY CATEGORIES

### 1.0 Criteria

This report and its analysis on potential sphere modifications for CSA No. 3 is predicated on the policy interest of the Commission to consider the District's prescribed role in supporting planned and appropriate urban uses in the Napa County Airport area. This includes, and as a subsequent by-product of CSA No. 3's prescribed role, considering the direct relationship between the District and the implementation of the County's AIASP. These policy interests are paired by also considering CSA No. 3's service capacity based on information analyzed as part of the Commission's recent municipal service review on the southeast county region.

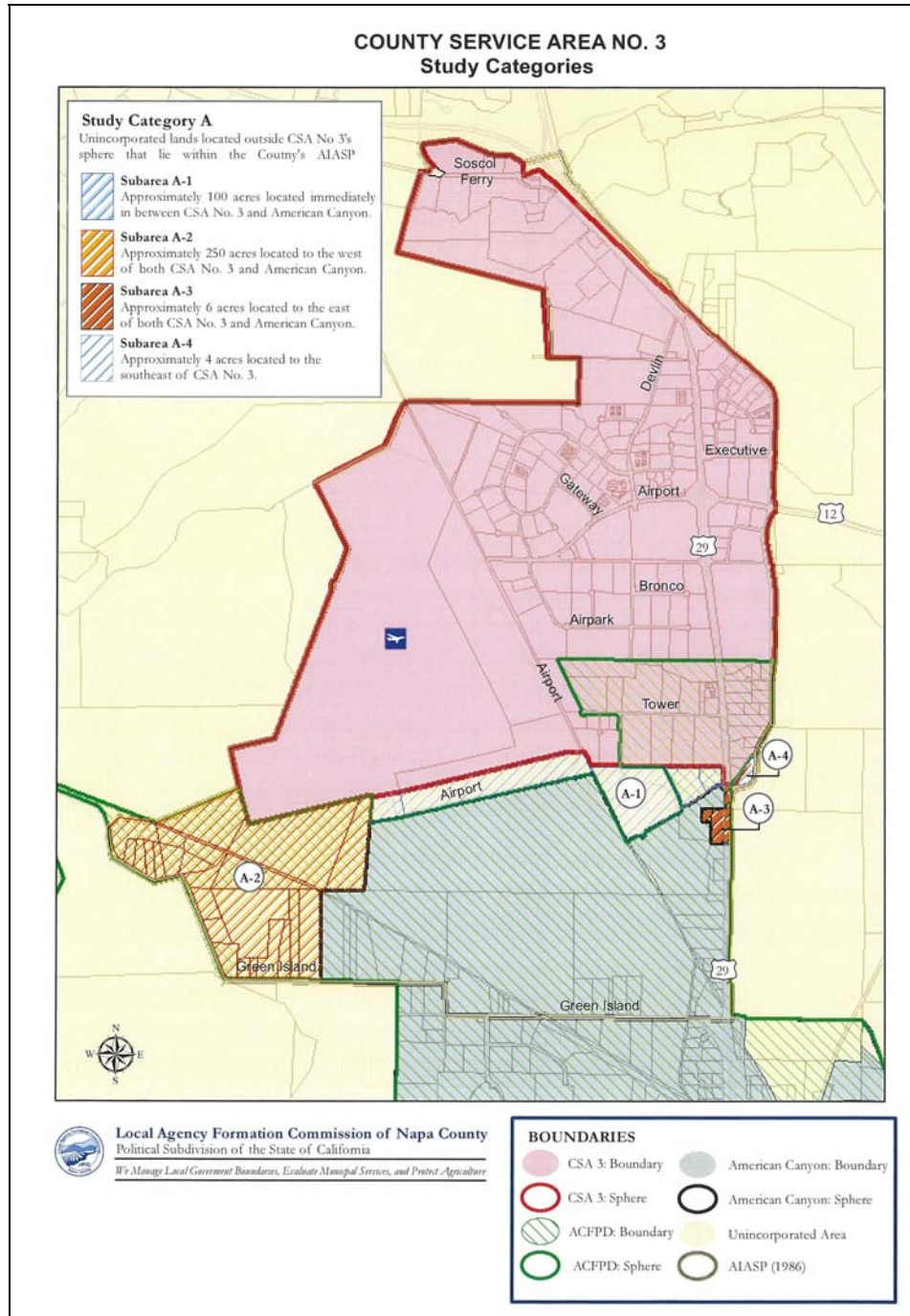
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<sup>16</sup> Measure P – formerly Measure J – was initially enacted by Napa County voters in 1990 and prohibits the County from amending agricultural or open-space land use designations for urban uses without electorate approval through 2050. Measure P only applies to unincorporated lands.

<sup>17</sup> LAFCOs are directed to consider 15 specific factors under G.C. Section 56668 anytime it reviews a proposed boundary change for purposes of informing the appropriateness of the action. Additionally, it is Commission policy to discourage annexations to cities and districts involving undeveloped or underdeveloped lands without a known project or development plan.

## 2.0 Selection

Based on the criteria outlined in the preceding paragraph, one study category – “A” – has been selected for evaluation in this report for possible inclusion into CSA No. 3’s existing sphere. This study category has been selected for review given it represents lands totaling 360 acres that are all (a) outside the current sphere, (b) unincorporated, and (c) lie within the County’s AIASP. Further, due to geopolitical considerations, this study category has been divided in four distinct subareas labeled “A-1,” “A-2,” “A-3,” and “A-4.” A map depicting the lone study category and its four subareas follow.



## VI. ANALYSIS

### 1.0 Evaluation Factors

The evaluation of the lone study category and its four subareas selected for review as part of this report is organized to focus on addressing the five factors the Commission is required to consider anytime it makes a sphere determination under CKH. These five factors are: (a) present and planned uses; (b) present and probable need for public facilities and services; (c) present adequacy and capacity of public services; (d) existence of any social or economic communities of interest; and (e) if the agency provides water, sewer, or fire protection, present and probable need for these services for any disadvantaged unincorporated communities. Conclusions are offered for each subarea relative to evaluating the preceding factors along with incorporating the policies of the Commission in administering LAFCO law in Napa County. This includes, in particular, considering the merits of any proposed changes relative to the Commission's four basic and interrelated policies with respect to determining the appropriate constitution of a special district sphere as summarized below.

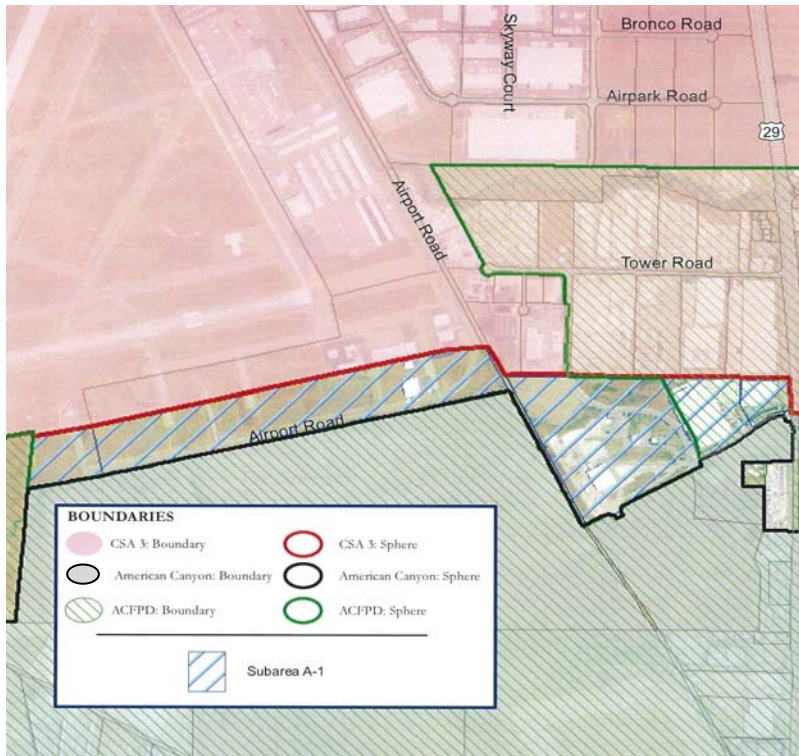
- The location of a special district's sphere shall serve to promote appropriate urban uses as independently determined by the Commission with limited exceptions.
- A special district's sphere should reflect existing and planned service capacities based on information independently analyzed by the Commission.
- Lands designated for agricultural or open-space uses shall not be included in a special district's sphere for purposes of facilitating urban development unless special and merited circumstances exist as determined by the Commission.
- A special district's sphere shall guide annexations within a five-year planning period. Inclusion of land within a sphere, however, shall not be construed to indicate automatic approval of a subsequent annexation proposal; annexations will be considered on their own merits with deference assigned to timing.

### 2.0 Study Category A

Study Category A encompasses all or portions of 35 legal parcels totaling approximately 360 acres. All of the affected lands lie outside CSA No. 3's existing sphere and have been further divided into four distinct subareas based on geopolitical distinctions identified by Commission staff. Markedly, the study category and its four subareas comprise lands that are all (a) unincorporated and (b) lie within the County's AIASP: the planning document of record since 1986 with respect to coordinating (standards and funding) the urban development of the region consistent with the County General Plan.

### 2.1 Subarea A-1

A-1 comprises approximately 100 unincorporated acres located immediately between the jurisdictional boundaries of CSA No. 3 and American Canyon. The subarea is completely uninhabited and includes six entire parcels along with a portion of a seventh parcel. This seventh parcel, notably, comprises a railroad track owned and operated by Southern Pacific and effectively divides the subarea into two equal segments on a west to east orientation. The subarea also includes segments of Airport Road, Devlin Road, and South Kelly Road.



#### *Present and Planned Uses*

The entire subarea is presently developed and/or used for urban type purposes. As referenced, a railroad track effectively divides the subarea into two equal and distinct segments with more intensive existing uses lying to the east of the track. These lands lying east of the railroad track are designated under the County General Plan as *Industrial* and presently include a regional garbage/recycling transfer station, a corporate office, and a distribution warehouse.<sup>18</sup> Lands lying to the west of the railroad track are designated under the County General Plan as *Public Institutional* and entirely comprised of aircraft hangers and taxing-runways tied to the Napa County Airport. None of the affected lands qualify as prime agriculture under LAFCO law. The subarea lies outside American Canyon’s recently revised urban growth boundary and the City’s sphere, which was last updated by the Commission in 2010.

<sup>18</sup> Lands in the subarea designated as *Industrial* are zoned *Industrial Park: Airport Compatibility*. Lands in the subarea designated as *Public-Institutional* are zoned *Industrial: Airport Compatibility*. All lands in the subarea are assigned as *Business/Industrial Park* under the AIASP.

### ***Present and Probable Need for Public Facilities and Services***

An expanded range of municipal services in the subarea is presently needed as well as into the probable future given existing and planned urban uses under the County General Plan and supporting policy documents. Essential municipal services needed include water, sewer, fire protection, and law enforcement services. Additionally, given existing roadways, elevated street services also appear needed.<sup>19</sup> The *availability* of these needed municipal services in the subarea follows (emphasis added).

#### *Water Service*

American Canyon is the appointed water provider for the entire subarea based on the Commission's previous action to include the affected lands within the City's extraterritorial water service area established in October 2007; an action that allows American Canyon to provide new or extended service to the affected lands without additional approval from the Commission. Five of the seven parcels currently receive water service from American Canyon. It appears water service to the remaining parcels could be readily accommodated through lateral connections based on existing infrastructure.

#### *Sewer Service*

American Canyon is the appointed sewer provider for the entire subarea based on the Commission's previous action to include the affected lands within the City's extraterritorial sewer service area established in October 2007; an action that allows American Canyon to provide new or extended service to the affected lands without additional approval from the Commission. Three of the seven parcels currently receive sewer service from American Canyon. It appears sewer service to the remaining parcels could be accommodated pending an approximate 100 to 1,000 foot extension to the collection system.

#### *Fire Protection*

ACFPD is the appointed fire protection provider for approximately one-tenth of the subarea consisting of three parcels making up the eastern perimeter based on the Commission's previous action to include this portion into ACFPD's sphere. Two of these three parcels have already annexed to ACFPD. All of the remaining parcels in the subarea continue to receive fire protection services from the County. Information previously collected indicates these remaining parcels receive a relatively higher level of service compared to most unincorporated areas given their immediate proximity and vehicle access to the County's Greenwood Ranch Station; the fire station located within and partially funded by CSA No. 3.

#### *Law Enforcement*

The County provides law enforcement services to the entire subarea. These services are provided at a relatively high level compared to most unincorporated areas given the affected lands' immediate proximity and vehicle access to the Sheriff's station located on Airport Drive in CSA No. 3; the station anchoring the County law enforcement services for the entire unincorporated area.

<sup>19</sup> A new roadway in the subarea is planned in the AIASP to include a new collector between State Highway 29 and Devlin Road. However, the planned collector is assigned to the portion of the subarea already developed with a corporate office and distribution warehouse.

*Street Services*

The County provides basic street services for the entire subarea consisting of road maintenance/repairs and street signage. Elevated street services, including lighting, cleaning, and landscaping, are not provided.

*Present Adequacy and Capacity of Public Services*

A detailed review of the adequacy and capacity of CSA No. 3's services was performed in the Commission's recently completed municipal service review on the southeast county region. The municipal service review indicates CSA No. 3 has generally developed adequate administrative controls and service capacities to provide an effective level of miscellaneous street and fire protection services within its existing jurisdiction in manner consistent with constituent needs. There is no information in the municipal service review indicating CSA No. 3 would be unable to efficiently and adequately provide services to the subarea *if* approved by the Commission (emphasis added).

*Existence of Any Social or Economic Communities of Interest*

The subarea's inclusion in the County's AIASP establishes distinct social and economic ties with CSA No. 3 based on the District's direct role in implementing the specific plan as it relates to providing miscellaneous street and fire protection services. CSA No. 3's ties to the subarea have also been further strengthened and evident by three additional factors. First, the subarea is immediately adjacent and accessible to CSA No. 3 and therefore would appear to represent a linear expansion of the District. This includes recognizing vehicle access to the subarea is effectively limited to roads already within and served by CSA No. 3. Second, there appears to be significant interest among the affected landowners within the subarea to annex into CSA No. 3 based on communications provided by the District. Third, American Canyon's recent decision to remove the subarea from its revised urban growth boundary reinforces the assumption all foreseeable long-term planning will remain with the County and facilitated by its subsidiary agent – CSA No. 3 – in providing the referenced urban supporting services. Other social and economic ties existing with the subarea and other governmental agencies appear less substantive.<sup>20</sup>

*Present and Probable Need for Water, Sewer, or Fire Protection for Any Disadvantaged Unincorporated Communities*

The subarea does not qualify as a disadvantaged unincorporated community under LAFCO law.

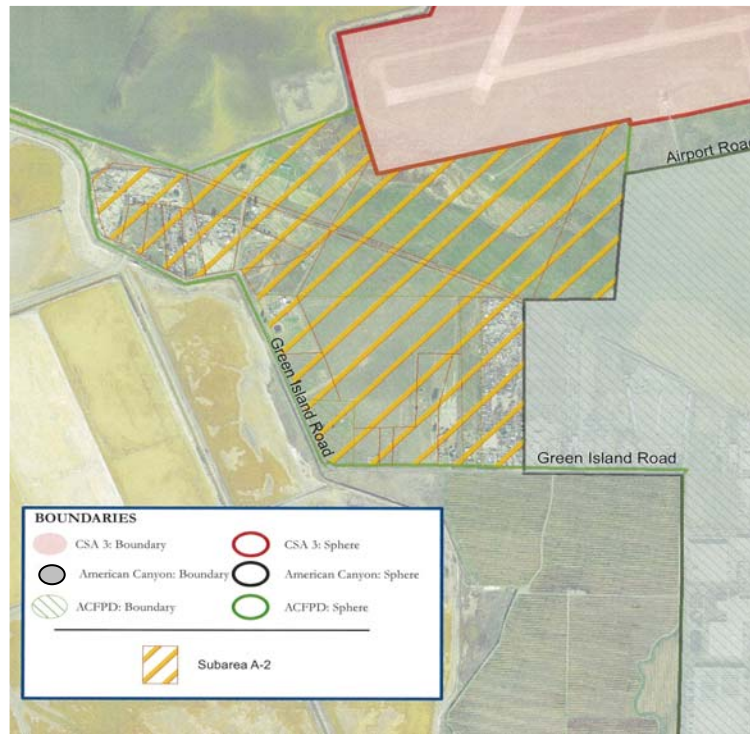
<sup>20</sup> This statement includes recognizing the subarea's ties to American Canyon based the City's role in providing outside water and sewer services to the affected lands. The Commission has previously chosen to formally recognize these ties by including the subarea within American Canyon's formal extraterritorial water and sewer service areas; an action memorializing the Commission's determination the City is the appropriate and exclusive water and sewer service provider for the affected lands.

## CONCLUSION

Amending CSA No. 3’s sphere to include A-1 appears merited at this time. Inclusion of the subarea would facilitate an orderly expansion of CSA No. 3 and its services to include developed urban lands immediately adjacent and accessible to the District. It appears the subarea can be reasonably served by CSA No. 3 based on current capacities and controls and would recognize the affected lands’ existing and strengthening social and economic ties to the District. Inclusion would also be responsive to the perceived preferences of the landowners to establish services with CSA No. 3 as well as complement the pending completion of the Devlin Road extension; a project that will improve traffic circulation in the subarea and, accordingly, warrant elevated street and fire protection services. Inclusion would – importantly – also improve continuity between municipal providers in the south county region by facilitating a definitive demarcation of the jurisdictional authorities of CSA No. 3 and American Canyon.

### 2.2 Subarea A-2

A-2 comprises approximately 260 unincorporated acres located immediately to the west of both the jurisdictional boundaries of CSA No. 3 and American Canyon. The subarea is inhabited with six occupied residential structures yielding an estimated population of 16. There are a total of 25 entire parcels in the subarea. One of the affected parcels includes an active railroad track owned by Sonoma-Marín Area Rapid Transit and divides the subarea in two relatively equal segments in a north-south orientation.<sup>21</sup> The subarea also includes dedicated segments of Green Island Road.



<sup>21</sup> The Sonoma-Marín Area Rapid Transit (“SMART”) purchased the affected parcel in the late 2000s as part of a larger transaction with Southern Pacific. The subject track line is actively used by neighboring landowners Kendall Jackson and Biagi Brothers as part of their regional wine bottle distribution operations.

### ***Present and Planned Uses***

Approximately one-fourth of the subarea is presently developed and/or used for urban type uses. This existing development is generally located south of the railroad track that bisects the subarea and is largely concentrated to the west near the terminus of Green Island Road. Current uses within this portion of the subarea include automobile salvage yards, single-family residences, and a livestock slaughter facility. The remaining three-fourths of the subarea located north of the railroad track are undeveloped with the exception of one single-family residence. The County General Plan designates nearly the entire subarea as *Public Institutional* with the exception of several acres of land in the eastern perimeter demarked as *Industrial*.<sup>22</sup> None of the affected lands qualify as prime agriculture under LAFCO law. Nearly all of the subarea lies outside American Canyon's recently revised urban growth boundary with the exception of a single northwest parcel known as the "Atkins" lot.<sup>23</sup> The entire subarea lies outside American Canyon's sphere, which was updated by the Commission in 2010.

### ***Present and Probable Need for Public Facilities and Services***

An expanded range of municipal services is presently needed within the approximate one-fourth portion of the subarea that has been developed and/or used for urban uses. This present need is concentrated in the portion of the subarea south of the railroad track and near the western terminus of Green Island Road. It is also reasonable to assume the probable need for an extended range of municipal services will eventually include the entire subarea given its planned urban uses under the County General Plan and supporting policy documents. Essential municipal services needed either presently and/or in the probable future include water, sewer, fire protection, and law enforcement services. Additionally, given existing and planned roadways, elevated street services also appear needed.<sup>24</sup> The *availability* of these needed municipal services relative to the subarea follows (emphasis).

#### *Water Service*

American Canyon is the appointed water provider for the entire subarea based on the Commission's previous action to include the affected lands within the City's extraterritorial water service area established in October 2007; an action that allows American Canyon to provide new or extended service to the affected lands without additional approval from the Commission. None of the parcels, however, currently receive water service. It also appears establishing water service to the subarea would require relatively significant capital improvements to accommodate, among other items, a distribution line extension extending as far as 6,000 feet.

<sup>22</sup> Zoning within the subarea is divided between four different types of urban uses consistent with the County General Plan. Lands in the west of the subarea are zoned *General Industrial: Airport Compatibility*. Lands in the center of the subarea are zoned *Airport: Airport Compatibility*. Lands in the west of the subarea are zoned either as *General Industrial: Airport Compatibility* or *Industrial Park: Airport Compatibility*. All lands within the subarea are assigned as either *General Industrial* or *Airport* under the AIASP.

<sup>23</sup> The Atkins lot (057-040-007) was conditionally added to American Canyon's sphere of influence in June 2010 as part of a scheduled update. The addition of the subject lot, however, was termed on the landowners entering into an easement agreement with American Canyon to ensure the permanent industrial uses for the approximate 25.4 acre lot. This term was not satisfied by the August 4, 2012 deadline established by the Commission and, as a result, the subject lot remains outside American Canyon's sphere.

<sup>24</sup> A roadway improvement for Green Island Road in the subarea is planned in the AIASP to make it a three-lane collector.



### Sewer Service

American Canyon is the appointed sewer provider for the entire subarea based on the Commission's previous action to include the affected lands within the City's extraterritorial sewer service area established in October 2007; an action that allows American Canyon to provide new or extended service to the affected lands without additional approval from the Commission. None of the parcels, however, currently receive sewer service. It also appears establishing sewer service to the subarea would require relatively significant capital improvements to accommodate, among other items, a collection line extension extending as far as 6,000 feet.

### Fire Protection

ACFPD is the appointed fire protection provider for the entire subarea based on the Commission's previous action to include the affected lands with ACFPD's sphere. ACFPD currently provides fire protection to 18 of the 25 affected parcels; most of which represent the portion of the subarea presently developed with urban type uses. The remaining parcels in the subarea continue to receive fire protection services from the County. Information previously collected indicates these remaining parcels currently receive a slightly elevated level of fire protection services from the County relative to most unincorporated areas given the affected lands' general proximity and vehicle access to the Greenwood Ranch Station; the station located within and partially funded by CSA No. 3.

### Law Enforcement

The County provides law enforcement services to the entire subarea. These services are provided at a slightly elevated level compared to most unincorporated areas given the affected lands' general proximity and vehicle access to the Sheriff's station located on Airport Drive in CSA No. 3; the station anchoring the County law enforcement services for the entire unincorporated area.

### Street Services

The County provides basic street services consisting of road maintenance/repair and street signage for the entire subarea. Elevated street services, including lighting, cleaning, and landscaping, are not provided.

## ***Present Adequacy and Capacity of Public Services***

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A detailed review of the adequacy and capacity of CSA No. 3's services was performed in the Commission's recently completed municipal service review on the southeast county region. The municipal service review indicates CSA No. 3 has generally developed adequate administrative controls and service capacities to provide an effective level of miscellaneous street and fire protection services within its existing jurisdiction in manner consistent with constituent needs. There is no information in the municipal service review indicating CSA No. 3 would be unable to efficiently and adequately provide services to the subarea *if* approved by the Commission (emphasis added).

### *Existence of Any Social or Economic Communities of Interest*

The subarea's inclusion in the County's AIASP establishes distinct social and economic ties with CSA No. 3 based on the District's direct role in implementing the specific plan as it relates to providing miscellaneous street and fire protection services. These ties, however, have remained stagnant and not strengthened by any subsequent service or planning action taken either by the County or its subsidiary agent in CSA No. 3. This latter statement is predicated on recognizing the subarea – while adjacent to the current boundary – is not readily accessible to CSA No. 3 based on existing or planned roadways and therefore would not appear to represent a linear expansion of the District.<sup>25</sup> This statement also recognizes there is insufficient information available to reasonably infer whether landowners are interested in receiving and funding services from CSA No. 3 given limited communication between the parties with the lone exception involving the aforementioned Atkins property as detailed in the accompanying footnote.<sup>26</sup>

### *Present and Probable Need for Water, Sewer, or Fire Protection for Any Disadvantaged Unincorporated Communities*

The subarea appears to qualify as a disadvantaged unincorporated community under LAFCO law.<sup>27</sup> The Commission has already taken formal actions in recognizing and addressing the need for water, sewer, and fire protection services within the subarea as detailed in the preceding sections.

## **CONCLUSION**

Amending CSA No. 3's sphere to include A-2 does not appear merited at this time. Exclusion appears appropriate given the subarea, despite its planned urban uses, is predominately undeveloped and not readily accessible to CSA No. 3 in terms of existing or planned roadways. It also appears the social and economic ties between the subarea and CSA No. 3 have been stagnant since the adoption of the AIASP in 1986 and have seemingly been matched – if not surpassed – by the affected lands' interests with American Canyon. It would therefore be advisable for American Canyon and the County, as the two regional land use authorities, to cooperatively evaluate a planning and service strategy to address the specific long-term needs of the subarea to help inform subsequent sphere updates by the Commission.

- \* Irrespective of the preceding conclusion, if it is the preference of the members, a reasonable exception appears to exist for the Commission to add the Atkins lot to CSA No. 3's sphere. Support for this exception is drawn from an existing settlement agreement between the affected landowners and the County of Napa that provides future road access to the subject lot through Airport Drive if a development permit is approved and issued; the settlement agreement also provides coordination for utility extensions. This settlement agreement – while unexercised to date – signals there may be an economic and social tie between the subject lot and CSA No. 3 distinct from the other lots in A-2.

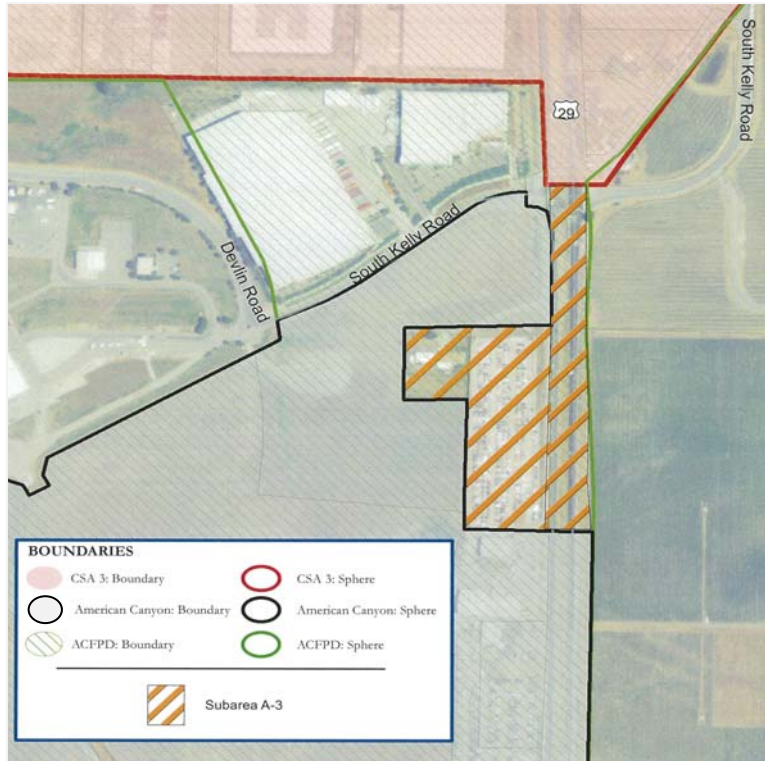
<sup>25</sup> There does appear, contrastingly, to be an emerging tie between the subarea and American Canyon given the City's surfacing as the region's social and economic epicenter; a distinction particularly relevant to the residents of the subarea.

<sup>26</sup> The landowners for the Atkins lot have provided notice to the Commission of their interest in adding the 25.4 acre-lot to CSA No. 3's sphere of influence as part of this update.

<sup>27</sup> Information is not currently available to staff with respect to identifying the subarea residents' average annual income for purposes of verifying whether it meets the definition of a "disadvantaged unincorporated community" under LAFCO law: a community with an annual median household income that is less than 80 percent of the statewide annual median household income.

### 2.3 Subarea A-3

A-3 comprises approximately 7.6 unincorporated acres located to the south of CSA No. 3's jurisdictional boundary; it is also substantially bordered on three sides by American Canyon. The subarea includes one occupied residence yielding an estimated population of three. There are a total of two entire parcels in the subarea. There is also – for purposes of establishing connectivity with CSA No. 3 – an adjacent segment of State Highway 29.



#### ***Present and Planned Uses***

The entire subarea is presently developed and/or used for urban type uses. This includes a single-family residence comprising the western parcel and an automobile salvage yard comprising the eastern parcel. The County General Plan designates the entire subarea as *Industrial*.<sup>28</sup> None of the affected lands qualify as prime agriculture under LAFCO law. The entire subarea lies outside American Canyon's revised urban growth boundary and the City's sphere, which was updated by the Commission in 2010.

#### ***Present and Probable Need for Public Facilities and Services***

An expanded range of municipal services in the subarea appears to be presently needed as well as into the probable future given existing and planned urban uses under the County General Plan. Essential municipal services needed include water, sewer, fire protection, and law enforcement services. Additionally, given the possibility for future division and public way dedications, elevated street services may also be needed in the future. The *availability* of these needed municipal services relative to the subarea follows (emphasis added).

<sup>28</sup> County zoning within the subarea is entirely comprised of *Industrial Park: Airport Compatibility*. All lands within the subarea are also assigned as *Business/Industrial Park* under the AIASP.

### Water Service

American Canyon is the appointed water provider for the entire subarea based on the Commission's previous action to include the affected lands within the City's extraterritorial water service area established in October 2007; an action that allows American Canyon to provide new or extended service to the affected lands without additional approval from the Commission. Neither of the two parcels, however, currently receives water service. It appears water service could be readily accommodated through lateral connections based on existing infrastructure.

### Sewer Service

American Canyon is the appointed sewer provider for the entire subarea based on the Commission's previous action to include the affected lands within the City's extraterritorial sewer service area established in October 2007; an action that allows American Canyon to provide new or extended services to the affected lands without additional approval from the Commission. Neither of the two parcels, however, currently receives sewer service. It appears sewer service could be readily accommodated through lateral connections based on existing infrastructure.

### Fire Protection

ACFPD is the appointed fire protection provider for the entire subarea based on the Commission's previous action to include the affected lands with ACFPD's sphere. ACFPD currently provides fire protection to the parcel comprising the subarea's western perimeter. The other parcel continues to receive fire protection services from the County. Information previously collected indicates this other parcel currently receives a slightly elevated level of fire protection services from the County relative to most unincorporated areas given the land's general proximity and vehicle access to the Greenwood Ranch Station; the station located within and partially funded by CSA No. 3.

### Law Enforcement

The County provides law enforcement services to the entire subarea. These services are provided at a slightly elevated level compared to most unincorporated areas given the affected lands' general proximity and vehicle access to the Sheriff's station located on Airport Drive in CSA No. 3; the station anchoring the County law enforcement services for the entire unincorporated area.

### Street Services

The California Department of Transportation provides basic street services consisting of road maintenance/repair and street signage for State Highway 29; the lone roadway serving the subarea. Elevated street services, including lighting, cleaning, and landscaping, are not provided.

### ***Present Adequacy and Capacity of Public Services***

A detailed review of the adequacy and capacity of CSA No. 3's services was performed in the Commission's recently completed municipal service review on the southeast county region. The municipal service review indicates CSA No. 3 has generally developed adequate administrative controls and service capacities to provide an effective level of miscellaneous street and fire protection services within its existing jurisdiction in manner consistent with constituent needs. There is no information in the municipal service review indicating CSA No. 3 would be unable to efficiently and adequately provide services to the subarea *if* approved by the Commission (emphasis added).

### ***Existence of Any Social or Economic Communities of Interest***

The subarea's inclusion in the County's AIASP establishes distinct social and economic ties with CSA No. 3 based on the District's direct role in implementing the specific plan as it relates to providing miscellaneous street and fire protection services. These ties, however, have remained stagnant and not strengthened by any subsequent service or planning action taken either by the County or its subsidiary agent in CSA No. 3. This statement is predicated on recognizing the subarea – while adjacent by way of State Highway 29 – is measurably surrounded by American Canyon and therefore would not appear to represent a linear and orderly expansion of the District. This statement also recognizes there is insufficient information available to reasonably infer whether landowners are interested in receiving and funding services from CSA No. 3 given the limited communication between the parties.<sup>29</sup>

### ***Present and Probable Need for Water, Sewer, or Fire Protection for Any Disadvantaged Unincorporated Communities***

The subarea does not qualify as a disadvantaged unincorporated community under LAFCO law.

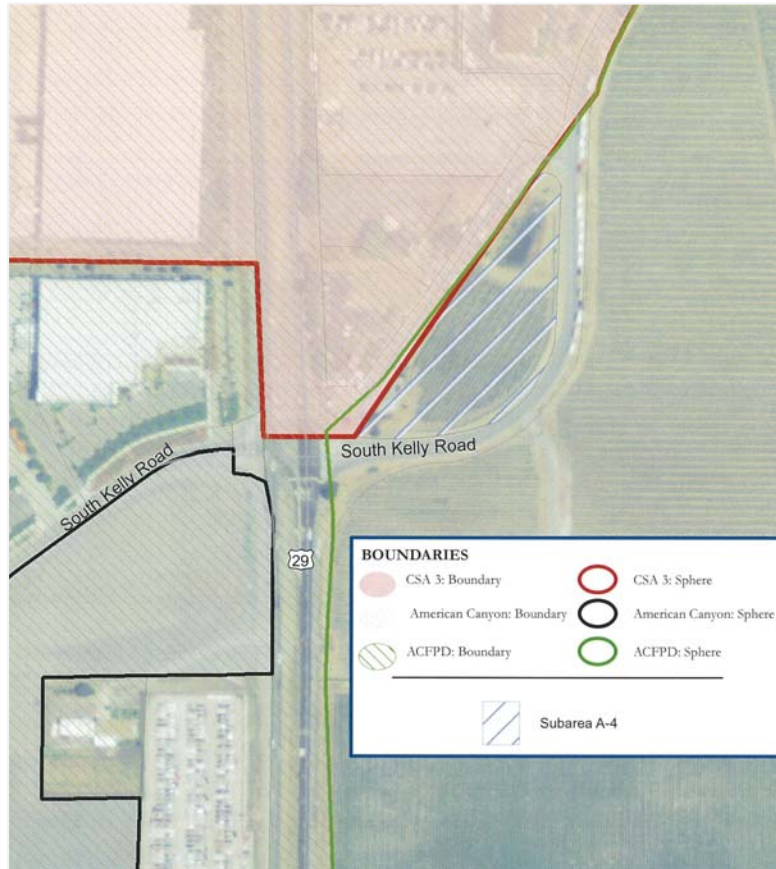
## **CONCLUSION**

Amending CSA No. 3's sphere to include A-3 does not appear merited at this time. Exclusion appears appropriate given the subarea, despite its proximity, is effectively detached from CSA No. 3 based on the affected lands' already being measurably surrounded by American Canyon. Additionally, and to this end, it appears the social and economic ties between the subarea and CSA No. 3 have been stagnant since the adoption of the AIASP in 1986 and have seemingly been matched – if not surpassed – by the affected lands' interests with American Canyon. It would therefore be advisable for American Canyon and the County, as the two regional land use authorities, to cooperatively evaluate a planning and service strategy to address the specific long-term needs of the subarea to help inform subsequent sphere updates by the Commission.

<sup>29</sup> There does appear, contrastingly, to be an emerging tie between the subarea and American Canyon given the City's surfacing as the region's social and economic epicenter; a distinction particularly relevant to the residents of the subarea.

### 2.4 Subarea A-4

This study area comprises approximately 4.7 unincorporated acres located immediately southeast of CSA No. 3’s jurisdictional boundary; it is also immediately north of an area commonly referred to as the Hess Vineyard. The subarea is completely uninhabited and includes one parcel. The subarea also includes an adjacent segment of South Kelly Road.



#### *Present and Planned Uses*

The entire subarea is presently undeveloped and dedicated to an agricultural use. This includes the majority of the affected parcel comprising planted wine grapes. The County General Plan designates the entire subarea as *Industrial*.<sup>30</sup> The subarea qualifies as prime agriculture under LAFCO law. The entire subarea lies outside American Canyon’s revised urban growth boundary and the City’s sphere, which was updated by the Commission in 2010.

<sup>30</sup> County zoning within A-4 is entirely comprised of *Agricultural Watershed: Airport Compatibility*.

### ***Present and Probable Need for Public Facilities and Services***

An expanded range of municipal services in the subarea is not presently needed given existing agricultural uses within the affected lands. There may, however, be a probable future need for an expanded range of municipal services given the subarea's planned urban uses under the County General Plan. Essential municipal services that may be needed in the future include water, sewer, fire protection, and law enforcement services. Additionally, given the possibility for future division and public way dedications, elevated street services may also be needed. The *availability* of these needed municipal services relative to the subarea follows (emphasis added).

#### *Water Service*

American Canyon is the appointed water provider for the entire subarea based on the Commission's previous action to include the affected lands within the City's extraterritorial water service area established in October 2007; an action that allows American Canyon to provide new or extended services to the affected lands without additional approval from the Commission. Water service to the affected parcel, however, has not been established. It appears water service could be readily accommodated through laterals based on existing infrastructure.

#### *Sewer Service*

American Canyon is the appointed sewer provider for the entire subarea based on the Commission's previous action to include the affected lands within the City's extraterritorial sewer service area established in October 2007; an action that allows American Canyon to provide new or extended services to the affected lands without additional approval from the Commission. Sewer service to the affected parcel, however, has not been established. It appears sewer service could be readily accommodated through laterals based on existing infrastructure.

#### *Fire Protection*

The County – by way of no other local agency's appointment by the Commission – is the appointed fire protection provider for the entire subarea. Information previously collected indicates this other parcel currently receives a slightly elevated level of fire protection services from the County relative to most unincorporated areas given the land's general proximity and vehicle access to the Greenwood Ranch Station; the station located within and partially funded by CSA No. 3.

#### *Law Enforcement*

The County provides law enforcement services to the entire subarea. These services are provided at a slightly elevated level compared to most unincorporated areas given the affected lands' general proximity and vehicle access to the Sheriff's station located on Airport Drive in CSA No. 3; the station anchoring the County law enforcement services for the entire unincorporated area.

#### *Street Services*

The County provides basic street services consisting of road maintenance/repair and street signage for South Kelly Road; the lone roadway serving the subarea. Elevated street services, including lighting, cleaning, and landscaping, are not provided.

### ***Present Adequacy and Capacity of Public Services***

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A detailed review of the adequacy and capacity of CSA No. 3's services was performed in the Commission's recently completed municipal service review on the southeast county region. The municipal service review indicates CSA No. 3 has generally developed adequate administrative controls and service capacities to provide an effective level of miscellaneous street and fire protection services within its existing jurisdiction in manner consistent with constituent needs. There is no information in the municipal service review indicating CSA No. 3 would be unable to efficiently and adequately provide services to the subarea *if* approved by the Commission (emphasis added).

### ***Existence of Any Social or Economic Communities of Interest***

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The subarea's inclusion in the County's AIASP establishes distinct social and economic ties with CSA No. 3 based on the District's direct role in implementing the specific plan as it relates to providing miscellaneous street and fire protection services. These ties, however, have been measurably diminished given the subarea's continued agricultural use coupled with the County having rezoned the affected lands for non-urban uses.

### ***Present and Probable Need for Water, Sewer, or Fire Protection for Any Disadvantaged Unincorporated Communities***

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The subarea does not qualify as a disadvantaged unincorporated community under LAFCO law.

## **CONCLUSION**

Amending CSA No. 3's sphere to include A-4 does not appear merited at this time. Exclusion appears appropriate given the subarea, despite its planned urban uses, is presently planted with wine grapes and qualifies as prime agricultural land under LAFCO law. This existing agricultural use, importantly, conflicts with the role and function of CSA No. 3 as intended by the Commission in its earlier approval of the District's formation. There is also no indication of a change in existing land uses within the subarea in the timeframe of this review.



## II. EXECUTIVE SUMMARY

### A. Overview

Napa County's southeast region has experienced significant growth over the last 10 years. This growth is evident in the region's population, which has increased by more than two-thirds from an estimated 9,497 to 16,347. Comparatively, the rest of Napa County has experienced a population increase over the same period of less than one-tenth from an estimated 111,048 to 120,357. The primary factors contributing to the region's growth have been the continued development of American Canyon and the Napa County Airport area. The development of these two distinct communities has not only contributed to the region's growth in terms of population and building but also in expanding the level and range of municipal services to accommodate increasing demands. The relationship is best illustrated by considering the increase demand for water, which is provided throughout the region by American Canyon. During the last 10 years, water demands in the region have more than doubled from 1,761 to 3,953 acre-feet. This increase of 2,192 acre-feet in water demands roughly equals the size of Bell Canyon Reservoir in St. Helena.

This report identifies the three local agencies responsible for directly supporting the region's growth, American Canyon, ACFPD, and CSA No. 3, have generally established adequate administrative controls and service capacities consistent with the needs of their communities. This includes all three agencies making considerable investments recently in expanding public infrastructure and facilities to accommodate their growing constituencies. Prominent examples include American Canyon building a wastewater treatment plant and administrative center as well as partnering with ACFPD on a new joint-use public safety facility. The investment in new public infrastructure and facilities in the region has largely been funded by increasing development-related revenues, such as property taxes, special parcel assessments, and building fees. Notably, American Canyon and ACFPD's annual shares of property tax revenues have increased by 326% and 239%, respectively, during the last 10 years. These amounts represent the largest percentage increases in property tax revenues for all cities and special districts in Napa County.

Given American Canyon and ACFPD are largely dependent on development-related revenues, the current downturn in the economy and its impact in declining property values presents new and considerable challenges in balancing costs with available funding within their respective jurisdictions. Effective financial management in the years leading up to the current downturn has positioned all three agencies in the region to rely on accumulated reserves to absorb spending shortfalls in the short-term. Further, all three agencies currently have fund balances representing more than 20% of their operating costs, which exceeds the national standard of 10%. The longer the downturn persists, however, the more likely capital improvements will need to be deferred and service levels reduced. Additionally, while the downturn has decreased the volume of activity, it is still expected the region will continue to experience the largest percentage of growth in Napa County over the next several years as several vested projects materialize. This includes several non-residential projects that will further diversify land uses in the region, such as the Town Center and Montalcino Resort. Importantly, this anticipated growth will continue to generate new demands for municipal services.

## B. Determinations

As mentioned, as part of the municipal service review process, the Commission must prepare written determinations addressing the service factors enumerated under G.C. Section 56430. The service factors range in scope from considering infrastructure needs and deficiencies to relationships with growth management policies. The determinations serve as statements or conclusions and are based on information collected, analyzed, and presented in the individual agency reviews.

### **Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.**

- American Canyon, ACFPD, and CSA No. 3 have made considerable investments in their public facilities over the last several years to improve the level and range of their respective services in the region.
- American Canyon has made a concerted effort to address the service needs of the unincorporated territory located within its adopted urban limit line. This planning effort provides reasonable assurances American Canyon is capable of efficiently extending services to annexed territory within its urban limit line without adversely affecting existing constituents.
- American Canyon is the only public water service provider in the region and has contracted adequate supplies to meet the current and future needs under normal conditions within the timeframe of this review. These contracted supplies, however, are not sufficient to meet current or future water demands during dry-year conditions when significant cutbacks are made to the State Water Project.
- American Canyon has been diligent in addressing anticipated shortfalls in water supplies during dry-years by proactively purchasing additional supplies as needed. This practice, however, is becoming increasingly expensive and is not recovered by American Canyon through its water service rates.
- American Canyon requires infrastructure improvements to expand its water treatment and storage capacities to independently accommodate existing and future peak demands in the region. In the absence of these improvements, American Canyon's water system is subject to pressure losses and service interruptions during high-demand periods.
- American Canyon is the primary public sewer service provider in the region and has established adequate collection, treatment, and discharge capacities to meet current and future service demands within the timeframe of this review.
- American Canyon's contract with the County of Napa's Sheriff Department for staffing resources provides an appropriate and flexible level of police protection services in the City.

- ACFPD and CSA No. 3 have established effective fire protection services in their respective jurisdictions as measured by their current response times, which both average less than five minutes from dispatch to arrival. These average response times are within the national standard of six minutes and demonstrate both agencies are meeting the service demands in their jurisdictions in an efficient and timely manner.
- CSA No. 3 should adopt and incorporate a standard response time into their contract with the County of Napa for fire protection services. The adoption of a standard response time will help CSA No. 3 measure and manage fire protection resources within its jurisdiction.
- The majority of intersections along State Highway 29 in the region are operating at unacceptable levels of service resulting in significant traffic congestion during peak commute hours. Addressing these deficiencies is critical to improving quality of life for affected commuters and residents. Actual solutions will require considerable funding as well as cooperation between state and local agencies in implementing coordinated traffic circulation improvements in the region.

#### **Growth and population projections for the affected area.**

- The region has experienced an approximate two-thirds increase in population over the last five years. This increase has made the region one of the fastest growing areas in terms of percentages in the Bay Area.
- The significant rise in the region's population over the last five years directly corresponds with an influx of new residential construction in American Canyon, which increased its total number of housing units from 3,246 to 5,591. Nearly four-fifths of the new housing in American Canyon involves single-family residences.
- American Canyon will continue to develop given its land supply and expanding job market. However, it is reasonable to project the current downturn in the economy will reduce American Canyon's population increase relative to recent years to no more than 2.0% annually over the next several years. This projection will result in American Canyon's population reaching an estimated 17,989 by 2013.
- CSA No. 3's jurisdiction has experienced an approximate one-fifth increase in building square feet over the last five years. A review of existing entitlements in CSA No. 3 indicate this growth will continue within the timeframe of this review as nearly all vacant land within its jurisdiction is already tied to an approved or underway project.
- The region has experienced the development of its first four hotels over the last five years. If fully occupied, these hotels are expected to produce an estimated visitor serving population of 824 and will produce new impacts on the region's service infrastructure.

**Financial ability of agencies to provide services.**

- American Canyon, ACFPD, and CSA No. 3 have prudently managed their finances over the last several years allowing the agencies to utilize accumulated reserves to help absorb cost-increases while maintaining service levels during the current economic downturn.
- American Canyon, ACFPD, and CSA No. 3 are in relatively good financial standing given the agencies are expected to finish the current fiscal year with reserves equaling 20% or more of their respective operating costs. Additionally, these agencies have very low debt-to-equity ratios, indicating healthy capital structures.
- American Canyon and ACFPD are dependent on property taxes to fund significant portion of their services. This dependency makes these agencies particularly vulnerable to reducing costs the longer the current economic downturn continues given its negative impact on new building construction and assessed values in the region.
- The extent of the current economic downturn's impact on the region is illustrated by the estimated 1.8% loss in total assessed values in American Canyon since 2007-2008. This estimate represents the first decline in overall assessed values in American Canyon since its incorporation.

**Status of, and opportunities for, shared facilities.**

- American Canyon, ACFPD, and CSA No. 3 actively partner with other local public and private entities to share facilities and resources. These efforts strengthen social and economic ties while expanding and economizing services throughout the region.

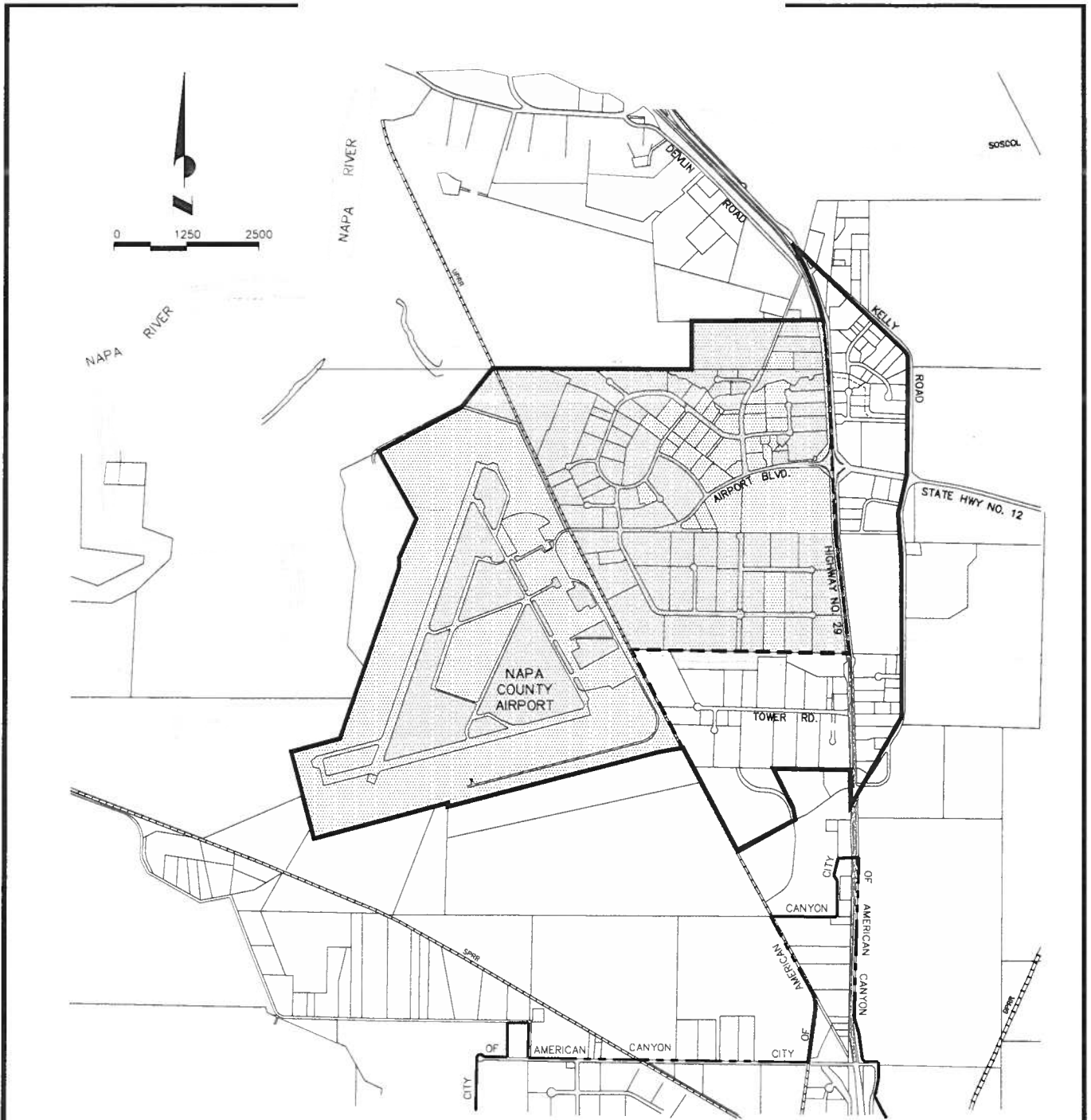
**Accountability for community service needs, including governmental structure and operational efficiencies.**

- American Canyon and ACFPD's meetings are conducted together on the first and third Tuesday of each month and broadcast on local public access television. These regularly scheduled meetings provide an opportunity for the agencies' constituents to ask questions of their representatives and help ensure service information is being effectively communicated to the public.
- The County of Napa conducts the business of CSA No. 3 as needed. Given the lack of meetings, CSA No. 3 should consider establishing a website dedicated to agency business to help inform and engage its constituents.

**Relationship with regional growth goals and policies.**

- American Canyon and the County of Napa recently negotiated an agreement regarding the planned development of the City. The agreement includes a revised urban limit line for American Canyon, which is to remain unchanged through 2030. Notably, as part of the agreement, the County agrees to support American Canyon's request on file with the Commission to amend the City's sphere of influence to include certain properties located in the Napa County Airport industrial area. This agreement represents a collaborative effort by the agencies to establish shared value and vision with regard to regional growth goals and policies.
- CSA No. 3 serves a key role in facilitating the implementation of the County of Napa's Airport Industrial Area Specific Plan with respect to providing organized fire protection and street maintenance services for the affected community.




# ATTACHMENT B



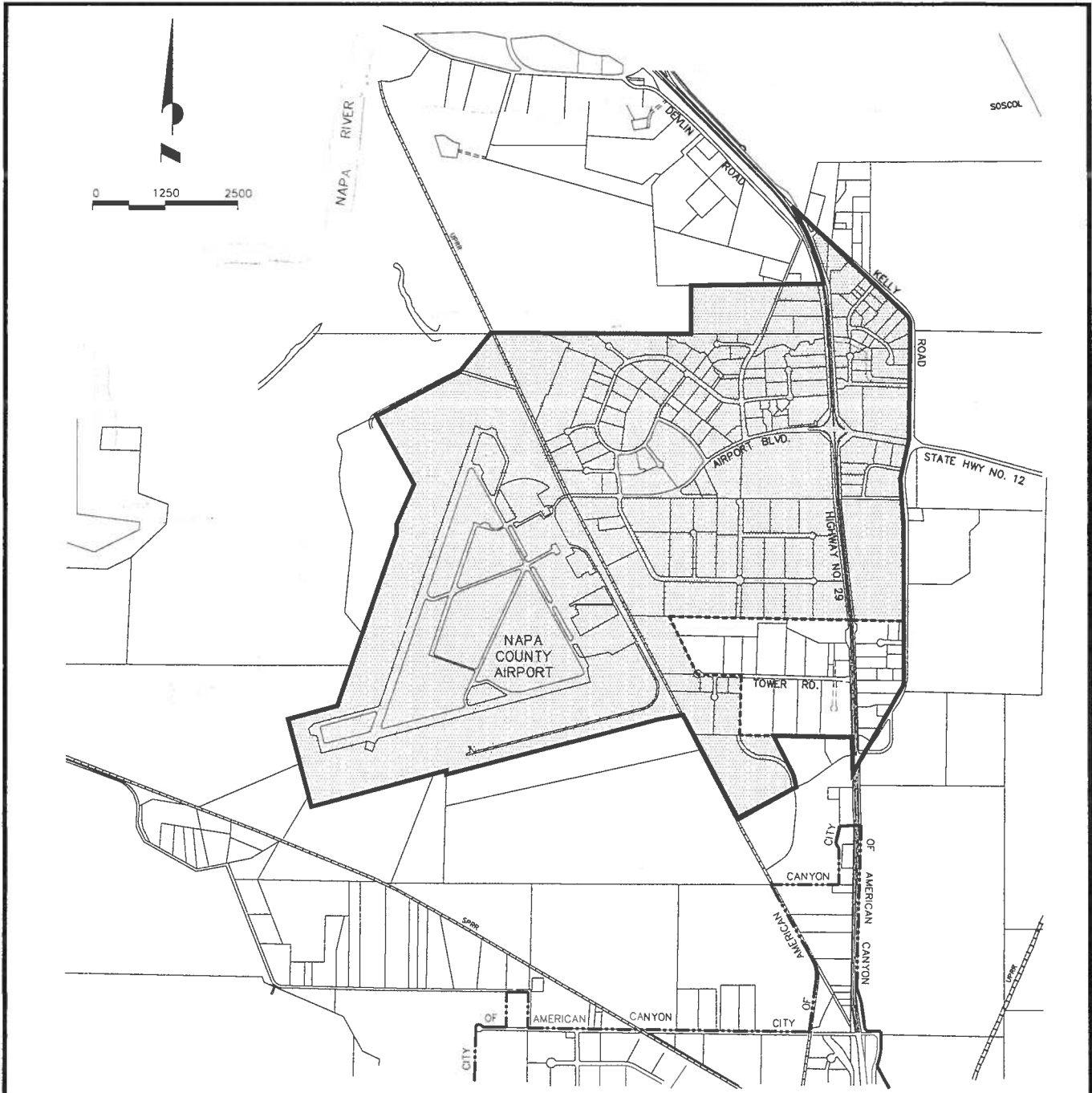
## COUNTY OF NAPA COUNTY SERVICE AREA 3 BENEFIT ZONE 1

MAY 2012

### LEGEND

-  CSA 3 BOUNDARY
-  ZONE BOUNDARY
-  ZONE 1 - STREET LANDSCAPING




**TLA**  
ENGINEERING & PLANNING  
1528 EUREKA ROAD, SUITE 100  
ROSEVILLE, CA 95661 916.786.0685



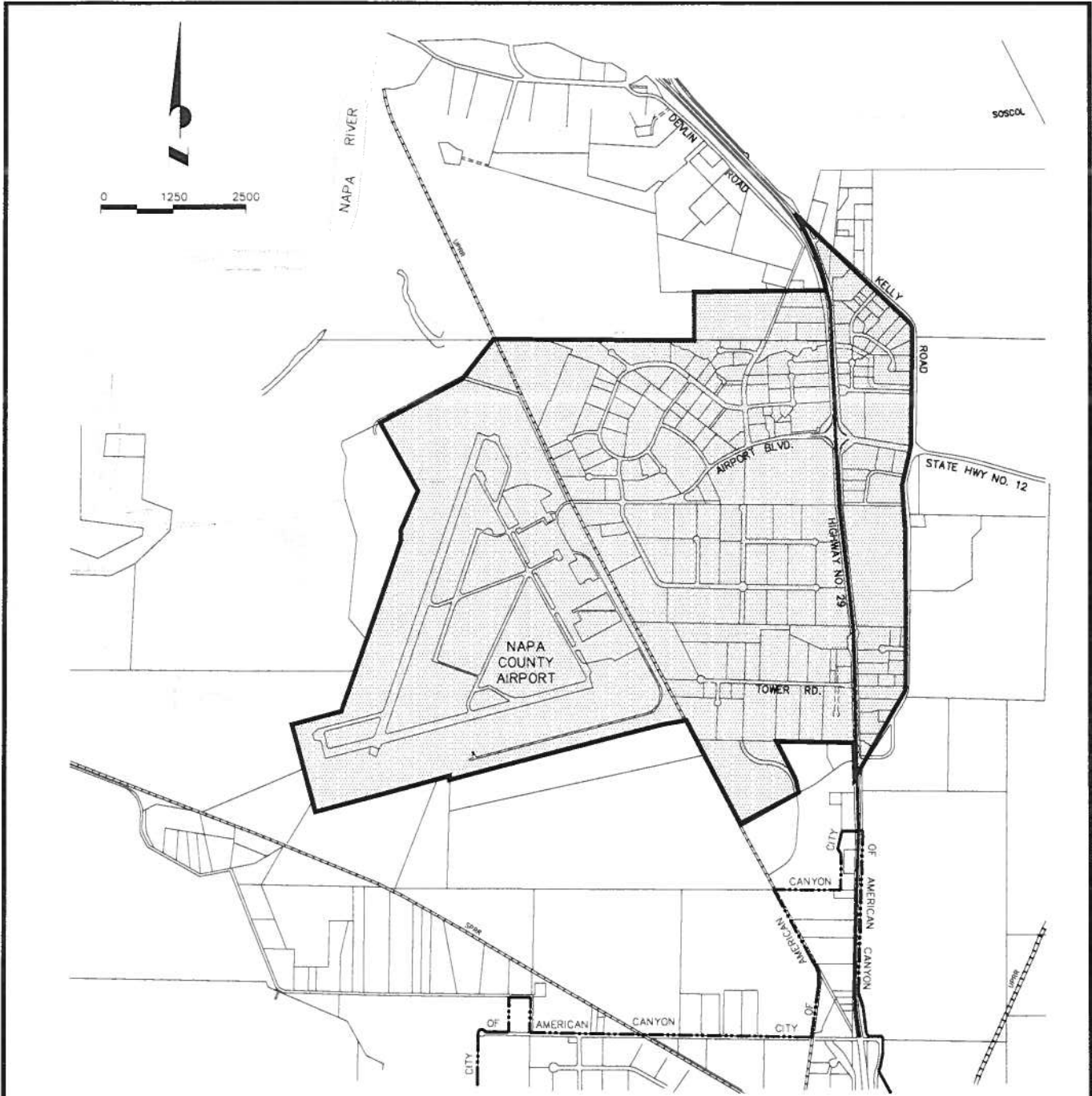
# COUNTY OF NAPA COUNTY SERVICE AREA 3 BENEFIT ZONE 2

MAY 2012

**LEGEND**

-  CSA 3 BOUNDARY
-  ZONE BOUNDARY
-  ZONE 2 - FIRE PROTECTION

**TLA**  
ENGINEERING & PLANNING  
1528 EUREKA ROAD, SUITE 100  
ROSEVILLE, CA 95661 916.786.0685



# COUNTY OF NAPA COUNTY SERVICE AREA 3 BENEFIT ZONE 3

MAY 2012

**LEGEND**

-  CSA 3 BOUNDARY
-  ZONE 3 - STREET SWEEPING & STREET LIGHTING

**TLA**  
ENGINEERING & PLANNING  
1528 EUREKA ROAD, SUITE 100  
ROSEVILLE, CA 95661 916.786.0685