

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

Agenda Item 8a (Action)

TO:	Local Agency Formation Commission				
PREPARED BY:	Brendon Freeman, Executive Officer				
MEETING DATE:	October 5, 2020				
SUBJECT:	Streamlined Island Annexation Proceedings and Maps				

#### RECOMMENDATION

It is recommended the Commission discuss the information presented by staff related to unincorporated islands and, if appropriate, provide direction to staff to return with respect to any desired island annexation efforts.

#### BACKGROUND

The Commission's adopted *Strategic Plan 2018-2022* contemplates the Commission seeking to partner with the City of Napa and Napa County to develop an island annexation program.

In 2017, the Commission received several reports summarizing the background of local island annexation outreach efforts, service inefficiencies that islands perpetuate, financial and service considerations, and resources needed to pursue an island annexation program.

On February 3, 2020, the Commission adopted its *Policy on Unincorporated Islands* ("the Policy"), included as Attachment One. The Policy includes a definition of "island" that clarifies the criteria for areas that are eligible for the streamlined island annexation proceedings codified under California Government Code (G.C.) Section 56375.3. The Commission also requested staff return with maps of all unincorporated areas located within each city or town's sphere of influence that show the County's General Plan land use designations.

On May 4, 2020, the Commission requested staff return with information regarding the streamlined island annexation process codified under G.C. Section 56375.3.

In August 2020, staff added a page to the Commission's website with substantial information related to islands in Napa County. The website page is available online at: <u>https://www.napa.lafco.ca.gov/r\_island\_annexation.aspx</u>.

Kenneth Leary, Chair Councilmember, City of American Canyon

Margie Mohler, Commissioner Councilmember, Town of Yountville

Scott Sedgley, Alternate Commissioner Councilmember, City of Napa Diane Dillon, Vice Chair County of Napa Supervisor, 3rd District

Brad Wagenknecht, Commissioner County of Napa Supervisor, 1st District

Ryan Gregory, Alternate Commissioner County of Napa Supervisor, 2nd District Gregory Rodeno, Commissioner Representative of the General Public

Eve Kahn, Alternate Commissioner Representative of the General Public

> Brendon Freeman Executive Officer

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#### SUMMARY

This report provides the information on islands that was requested by the Commission. The Commission is invited to discuss the information and consider whether any future changes to the Policy would be appropriate for purposes of revising the locally adopted definition of an "island". If changes are desired, it is recommended the Commission provide direction to staff to return with a proposed amendment to the Policy at a future meeting.

A summary of the streamlined island annexation process and information on existing islands in Napa County follows.

#### **Streamlined Island Annexation Process**

On January 1, 2001, Assembly Bill 2838 (Hertzberg) was enacted and significantly expanded the objectives, powers, and procedures underlying LAFCOs and their ability to coordinate logical growth and development while preserving agricultural and open space resources. This included establishing a streamlined process for cities and towns to annex unincorporated pockets that are either entirely or substantially surrounded by their jurisdictional boundaries, which are commonly referred to as "islands". This streamlined process is codified under G.C. Section 56375.3 and allows cities and towns to annex islands under certain conditions while avoiding protest proceedings. The streamlined process also curtails LAFCOs' discretion by directing LAFCO to approve the annexation.

The streamlined island annexation process must be initiated by a city or town by resolution of application and must involve one or more entire islands. Similar to the standard annexation process, a tax sharing agreement with the County and prezoning of the island by the city or town are required.<sup>1</sup>

The Policy definition of "island" requires all of the following criteria to be met for an unincorporated area to be eligible for the streamlined island annexation process:

- Located entirely within a city or town's sphere of influence (SOI)
- Does not exceed 150 acres in size
- Does not contain prime agricultural as defined under G.C. Section 56064
- Does not contain lands subject to Measure P or designated by the County for an agricultural land use
- Designated for urban development by the annexing city or town
- Has an outer boundary that is 50% or more contiguous to the annexing city or town
- The outer boundary is the city or town's boundary, the city or town's SOI, and/or property owned by the State of California
- The territory is developed or developing
- The territory receives municipal service benefits from the city or town, or would benefit from the city or town following annexation

<sup>&</sup>lt;sup>1</sup> In 1980, the City of Napa and Napa County entered into a master property tax sharing agreement that applies to all territory within the City's SOI, including the islands. However, the City and the County retain the option to negotiate a separate tax sharing agreement for any proposed annexations.

It is important to note the Commission's adopted fee schedule specifies the fees typically collected by LAFCO to process annexation proposals will be waived if annexation is initiated by a city or town consistent with the streamlined island annexation process.

#### Summary of Islands and Similar Unincorporated Areas

There are 13 unincorporated areas in Napa County that meet the definition of an "island" under the Policy and are eligible for the streamlined annexation process. All 13 islands are located within the City of Napa's SOI. In addition, there are 16 unincorporated areas within a local city or town's SOI, but do not meet the local definition of an "island" and therefore they are ineligible for the streamlined annexation process.

An inventory chart of all islands and similar unincorporated areas within a city or town's SOI is included as Attachment Two. The inventory chart addresses all of the local policy criteria to inform whether or not each area meets the definition of "island" and is therefore eligible for the streamlined island annexation process.

Notably, the non-island named "Foster/Grandview" is not considered an island solely due to the presence of a small amount of land that appears to be designated for an agricultural land use in the County General Plan and thus also subject to Measure P. However, every parcel within this area is already developed with a single-family residence. Further, the GIS mapping layers for the County General Plan land use designations appear to be approximations with susceptibility to errors. The "Foster/Grandview" area may in fact qualify as an island if errors are found in the GIS mapping layers. Further study is required to determine the precise County General Plan agricultural land use boundaries prior to initiation of annexation proceedings for this area.

In addition, the non-island areas named "Saratoga/Capitola" and "Shurtleff/Cayetano" are not considered islands solely due to the presence of a single vacant parcel smaller than 0.5 acres that meets the state's technical definition of prime agricultural land under G.C. Section 56064. Notably, under state law the mere presence of any prime agricultural land within an area automatically disqualifies the area from the streamlined island annexation process. However, it is impractical to expect these small parcels – which are planned for residential land use by the City and also surrounded by urban land uses – to have significant value for agricultural purposes. This highlights an unintended consequence relating to the Legislature's goal to expedite the annexation of islands while also preserving agricultural lands. Staff recommends the Commission consider the merits of pursuing a legislative amendment to the definition of prime agricultural land under G.C. Section 56064 to remedy this unintended consequence.

### Maps of Islands and Similar Unincorporated Areas

As requested by the Commission, staff prepared maps of all unincorporated areas located within each city or town's SOI showing the County's General Plan land use designations, included as Attachment Three. For purposes of providing additional reference materials, staff prepared maps of each of the five cities and town showing the County's General Plan land use designations for surrounding areas outside SOIs, included as Attachment Four.

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#### Next Steps

Staff has been in communication with City of Napa staff regarding the process for initiating annexation for the islands. The City is currently studying existing infrastructure conditions within the islands, including an identification of estimated costs of improvements that would bring existing infrastructure in compliance with City standards. Coordination with Napa County will also be required.

In addition, the Commission's Outreach Committee (Chair Leary and Alternate Commissioner Kahn) will focus on information delivery strategies to ensure island landowners and residents are aware of the possible boundary change affecting them and have access to clear information. As mentioned on page one of this report, staff recently added a new page to the Commission's website that is dedicated to providing information related to island annexation.

Staff recommends the Commission discuss the information contained in this report and consider if any additional direction is appropriate. The Commission's considerations should include, but are not limited to, the following options:

- Direct staff to pursue a legislative amendment to the definition of prime agricultural land under G.C. Section 56064;
- Direct staff to send formal correspondence to the City with a recommendation to initiate island annexation proceedings;
- Direct staff to return with any additional information as desired (e.g., precise County General Plan agricultural land use boundaries);
- Direct staff to schedule a future public workshop to provide information related to island annexation and answer questions from the public;
- Direct the Policy Committee (Commissioners Mohler and Rodeno) to return with an amended local policy to remedy any unintended or undesired consequences; and
- Direct the Outreach Committee (Chair Leary and Alternate Commissioner Kahn) to take any immediate public education and outreach actions as desired.

### ATTACHMENTS

- 1) Policy on Unincorporated Islands
- 2) Inventory Chart of Unincorporated Areas Within City/Town Spheres
- Maps of Each Unincorporated Area Within City/Town Spheres Showing County General Plan Land Use Designations
- 4) Maps of Each City/Town Showing County General Plan Land Use Designations



### LOCAL AGENCY FORMATION COMMISSION OF NAPA

**Policy on Unincorporated Islands** (Adopted: February 3, 2020)

#### I. Background

Unincorporated islands (hereinafter "islands") are areas of unincorporated territory that are completely or substantially surrounded by an incorporated city or town. The Cortese-Knox-Hertzberg Local Government Reorganization (CKH) Act of 2000 includes provisions for streamlining the annexation of islands to cities and towns (California Government Code (G.C.) §56375.3). CKH prohibits creation of new islands unless the Commission determines the prohibition would be detrimental to the orderly development of the community and that the area is located such that it could not reasonably be annexed to another city or town, or incorporated as a new city or town (G.C. §56744). As a condition of annexation to a city or town that includes territory located within an island, the Commission may require that the annexation include the *entire* island (G.C. §56375(a)(5)).

#### **II.** Purpose

It is the intent of the Commission to establish a policy that clearly defines the characteristics of islands in Napa County to allow for their streamlined annexation to cities and towns. This is consistent with the intent of the California Legislature when it enacted special legislation, originally adopted in 1977 and subsequently expanded, that made it possible for certain islands to be annexed *without* a protest hearing or election. In approving this legislation, the Legislature recognized the following:

- A) Islands continue to represent a serious and unnecessary statewide governmental inefficiency and that this inefficiency would be resolved if these islands were annexed into the appropriate surrounding city or town.
- B) Property owners' ability to vote on boundary changes is a statutory privilege and not a constitutional right.
- C) Islands are inherently inefficient and that these inefficiencies affect not just residents within islands, but also those residing throughout the city or town and the county.

#### **III. Annexation Procedures**

In order to utilize the streamlined annexation provisions codified under <u>G.C. §56375.3</u>, a city or town is required to initiate the process by adopting a resolution of application and submit the adopted resolution to the Commission. The Commission shall approve the annexation at a noticed public hearing and waive protest proceedings. The Commission may not disapprove the annexation. A property tax sharing agreement between the County and the affected city or town is required before the Commission may take final action on annexation consistent with <u>Revenue and Taxation Code §99</u>. The Commission encourages any city or town to enter into tax sharing agreements for affected islands prior to adoption of a resolution of application.

#### IV. Local Policy Definition of "Island"

The Commission defines an "island" in Napa County to include unincorporated territory that meets all of the following criteria:

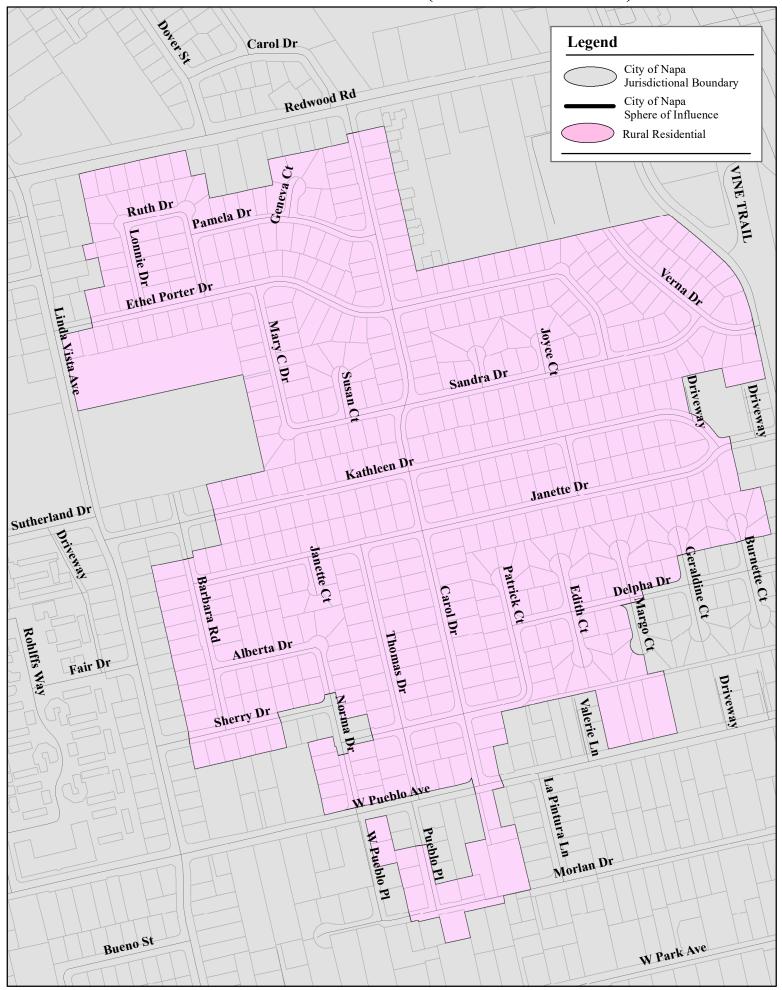
- A) Located entirely within a city or town's sphere of influence;
- B) Does not exceed 150 acres in size;
- C) Does not contain prime agricultural land as defined in the Cortese-Knox-Hertzberg Act (G.C. §56064);
- D) Does not contain lands subject to Measure P or has a General Plan designation of Agricultural Resource or Agriculture, Watershed and Open Space as reflected in the County of Napa General Plan Land Use Map;
- E) Designated for urban development in the general plan of the annexing city or town;
- F) Surrounded or substantially surrounded by the annexing city or town. Substantially surrounded territory is unincorporated territory with an outer boundary that is 50% or more contiguous to the annexing city or town's jurisdictional boundary;
- G) The outer boundary is the annexing city or town's jurisdictional boundary, the annexing city or town's sphere of influence, and/or property owned by the State of California;
- H) The territory is developed or developing. This determination is based on the availability of public utilities, the presence of public improvements, or the presence of physical improvements on the parcels within the area; and
- I) The territory is currently receiving municipal service benefits from the annexing city or town, or would benefit from the city or town following annexation.

## Unincorporated Areas Within a City or Town's Sphere of Influence

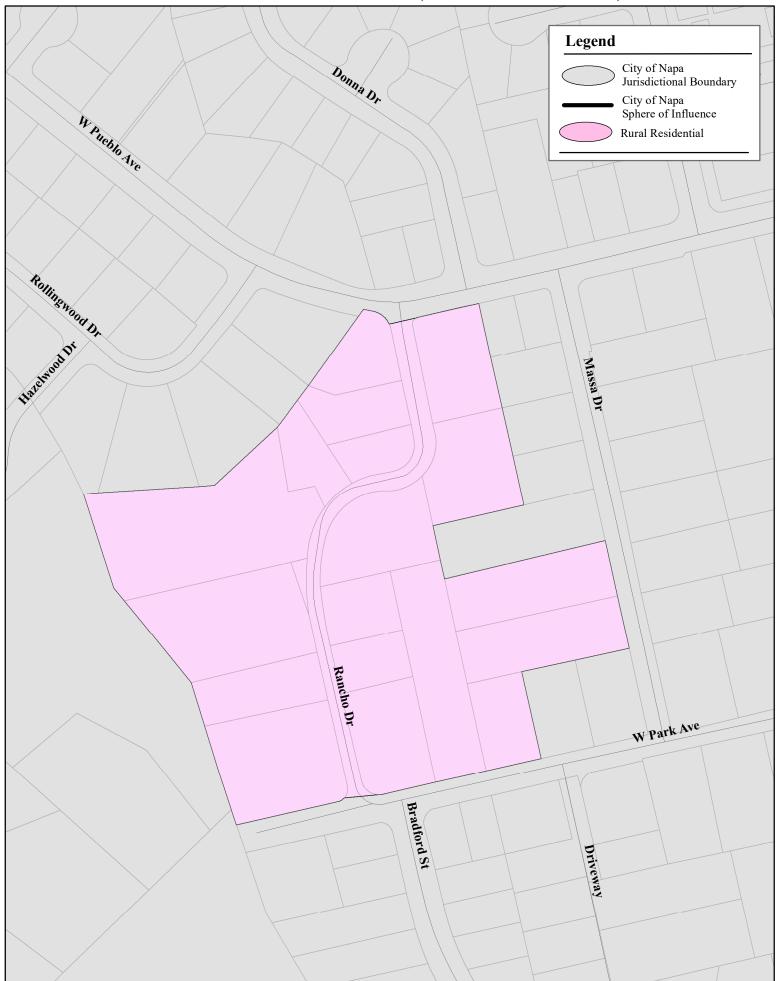
Island	Surrounding	Surrounded	Total	Total	Developed	Estimated	Public Water	Public Sewer	Urban City/Town General	Prime	Designated Agriculture	Subject to
Vicinity	City/Town	By City/Town (%)	Acres	Parcels	Parcels	Population	Service (%)	Service (%)	Plan Designation (%)	Agriculture	County General Plan (%)	Measure P
West Pueblo / Linda Vista	Napa	100	87.4	543	538	1399	98	100	100	No	0	No
West Pueblo / West Park	Napa	100	10.1	19	18	47	68	100	100	No	0	No
Browns Valley / Kingston	Napa	100	14.8	11	10	26	55	22	100	No	0	No
West F / Solano	Napa	100	6.7	13	13	34	100	100	100	No	0	No
Terrace / Wyatt	Napa	100	1.6	6	6	16	50	100	100	No	0	No
Terrace / Mallard	Napa	100	2.2	3	3	8	0	100	100	No	0	No
Wilkins / Shetler	Napa	100	0.6	2	2	5	50	100	100	No	0	No
Silverado / Saratoga	Napa	100	1.9	1	1	3	0	100	100	No	0	No
Imola / Parrish	Napa	93	32.0	213	208	541	97	100	100	No	0	No
Silverado / Stonecrest	Napa	82	23.6	10	10	26	80	49	100	No	0	No
Imola / Tejas	Napa	71	5.3	16	16	42	81	100	100	No	0	No
Shurtleff / Hillside	Napa	70	2.5	3	2	5	0	100	100	No	0	No
Devita / Hilltop *	Napa	50	0.2	1	1	3	100	100	100	No	0	No
Saratoga / Capitola	Napa	100	3.6	4	3	8	0	100	100	Yes	0	No
Shurtleff / Cayetano	Napa	100	3.5	4	3	8	75	100	100	Yes	0	No
Foster / Grandview	Napa	81	7.6	6	6	16	83	0	100	No	10	Yes
Redwood / Lynn	Napa	79	7.1	16	14	36	88	0	100	Yes	15	Yes
Basalt / Kaiser	Napa	94	70.4	3	0	0	0	33	0	Yes	10	Yes
Redwood / Montana	Napa	76	8.1	4	4	10	100	17	100	No	90	Yes
Penny / Madrid	Napa	66	2.9	5	5	13	0	100	100	No	100	Yes
Redwood / Forest	Napa	59	22.7	23	21	55	78	100	100	Yes	20	Yes
Hilltop / Griggs	Napa	56	6.0	4	3	8	75	100	100	No	80	Yes
Big Ranch / Rosewood	Napa	55	66.3	12	9	23	0	100	100	Yes	0	No
Foster / Golden Gate	Napa	52	146.8	9	6	16	0	100	100	Yes	15	Yes
Penny / Imola	Napa	50	3.3	2	2	5	0	100	100	No	100	Yes
Napa State Hospital / County Jail	Napa	35	348.4	5	4	1100	100	100	0	No	5	No
Watson / Paoli	American Canyon	77	77.7	16	11	29	81	13	100	Yes	35	Yes
Wastewater Pond	Calistoga	50	5.3	1	1	0	0	0	0	Yes	100	Yes
Domaine Chandon	Yountville	50	8.8	1	1	0	0	100	100	No	100	No
Totals		N/A	977.2	956	921	3479	18 Areas > 0%	26 Areas > 0%	27 Areas > 0%	9 Yes / 20 No	13 Areas > 0%	11 Yes / 18 No

13 areas meet the local policy definition of "island" and are eligible for streamlined annexation 16 areas do not meet the definition of "island" pursuant to local policy \* Requires confirmation of % of perimeter surrounded by city/town

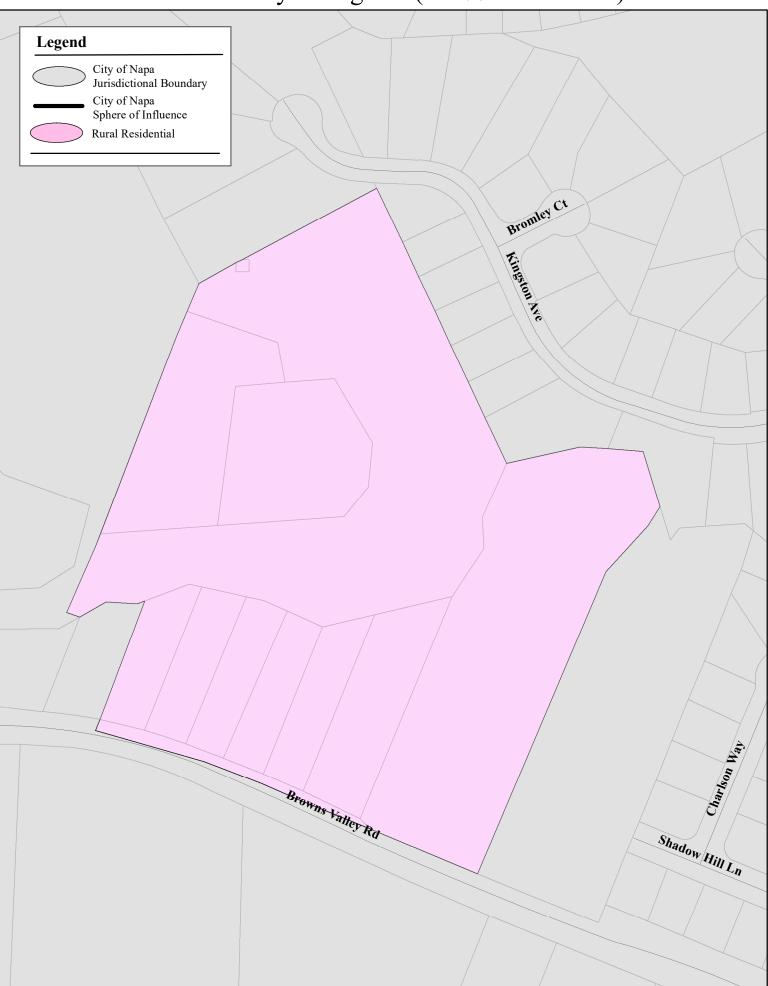
Attachment Three West Pueblo / Linda Vista (100% Surrounded)



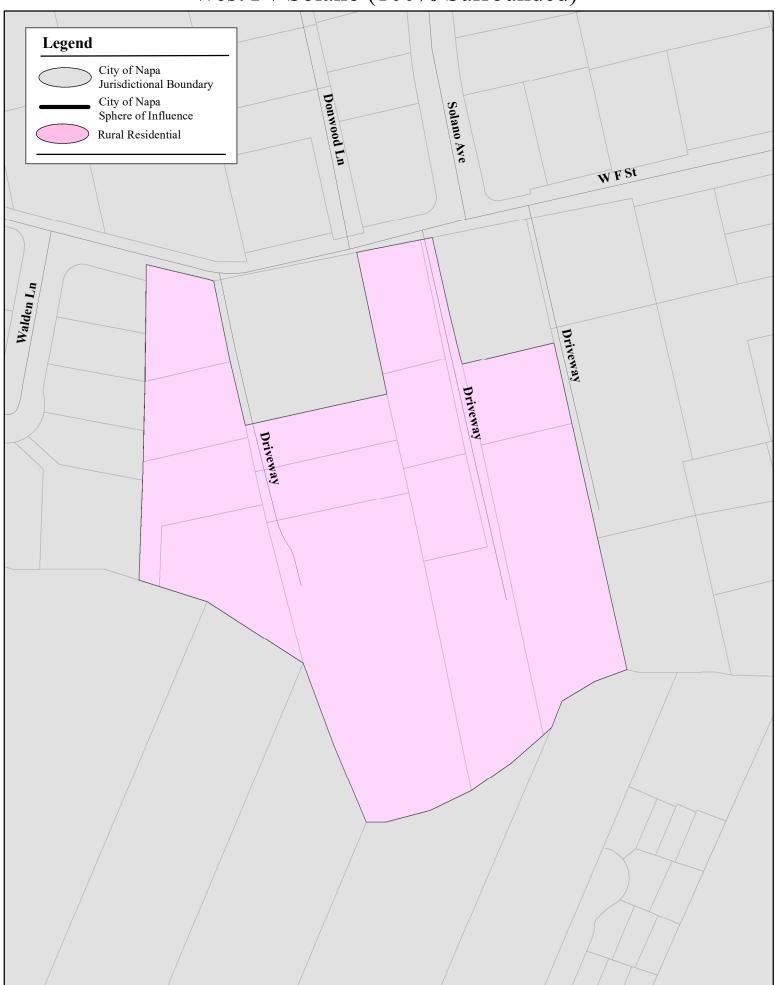
Attachment Three West Pueblo / West Park (100% Surrounded)



Attachment Three Browns Valley / Kingston (100% Surrounded)



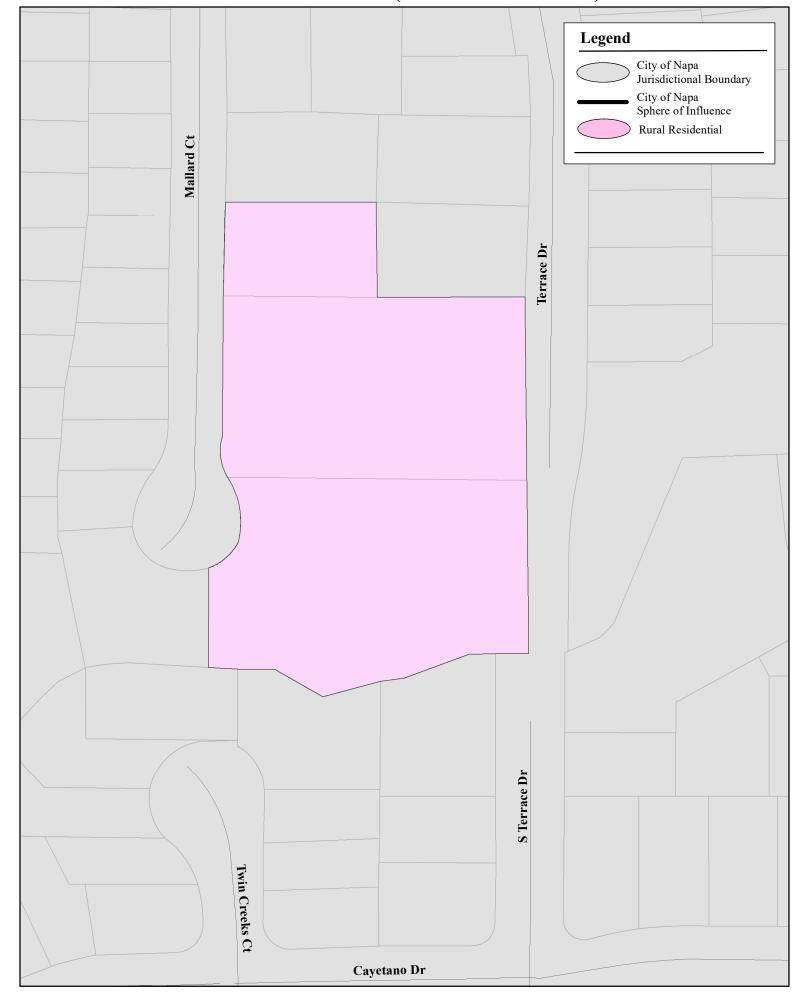
Attachment Three West F / Solano (100% Surrounded)



## Attachment Three Terrace / Wyatt (100% Surrounded)

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		Wyatt	Ave			
– Legend			n Ct			
City of Na Jurisdictio	apa onal Boundary		Saffron Ct			
City of Na Sphere of	apa Influence					
Rural Res	sidential					
				$\langle \rangle$		

Attachment Three Terrace / Mallard (100% Surrounded)



Attachment Three Wilkins / Shetler (100% Surrounded)

Drivevay Shetler Ave	Legend City of Napa Jurisdictional Boundary City of Napa Sphere of Influence Rural Residential
	WIKins Ave

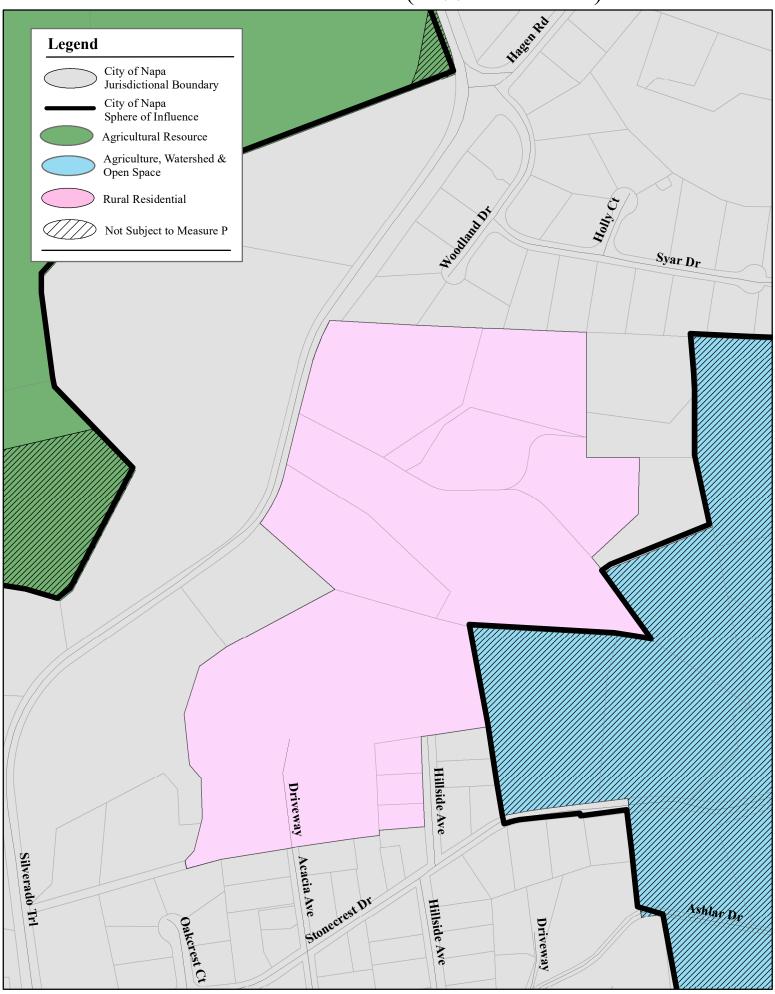
Attachment Three Silverado / Saratoga (100% Surrounded)



## Attachment Three Imola / Parrish (93% Surrounded) **Belvedere** Ct Legend City of Napa Jurisdictional Boundary City of Napa Sphere of Influence Rural Residential Public Institutional **Republic Ave** S Terrace Dr London Way Mayfair Dr Holmes Ave Lisa Ct Shetler Ave Shurtleff Ave **Coronado** Ave Driveway Shar Cir Driveway Rd Driveway Parrish Wilkins Ave **Hopkins** Ln **Hopkins** Ln **Marshall Ave** Whitney Ave Sylvia Ct Imola Ave Napa State Hospital \* a \* Part of the outer boundary under local policy for purposes of determining if perimeter of area is "substantially surrounded"

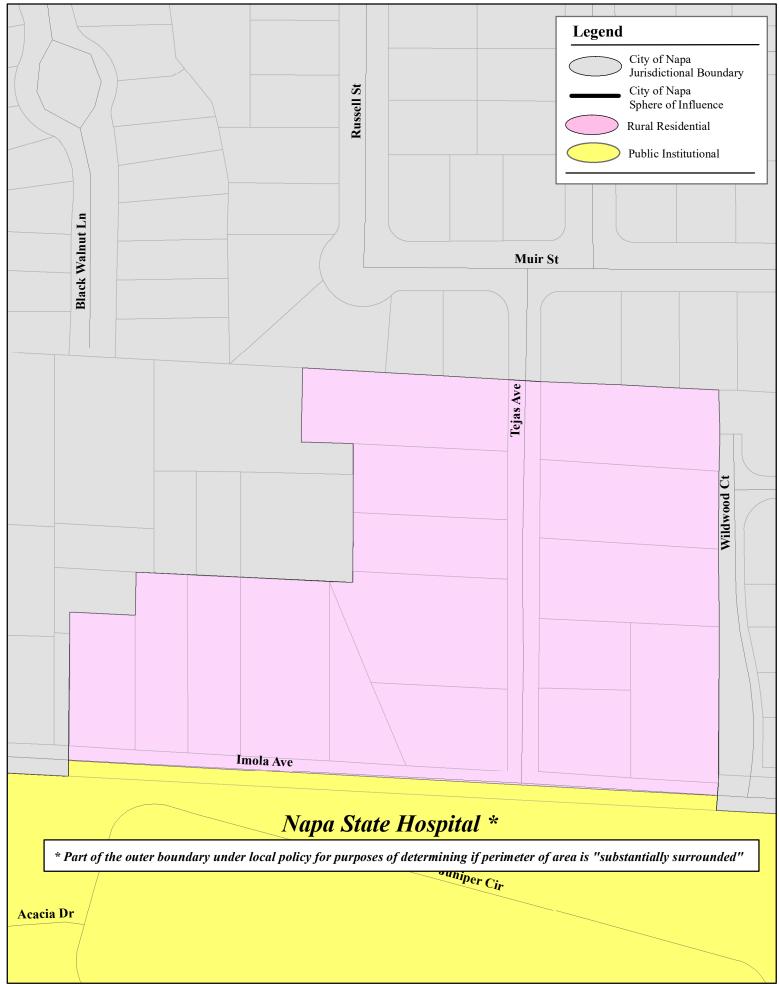
N Oak Dr N Oak Dr

Attachment Three Silverado / Stonecrest (82% Surrounded)

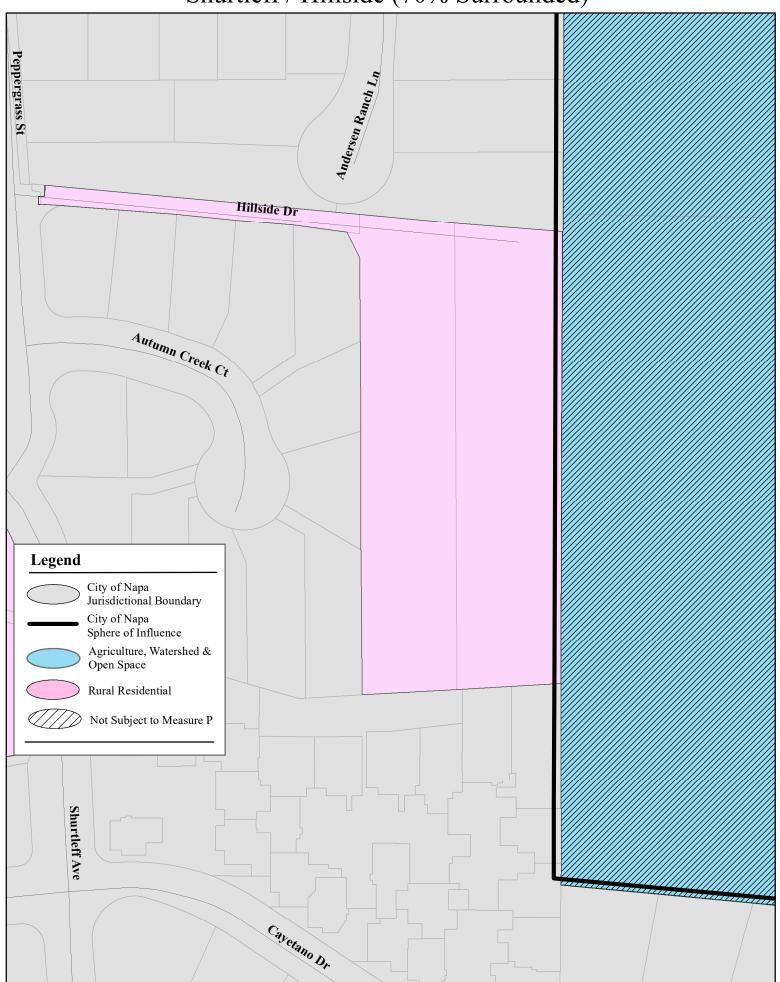


Attachment Three

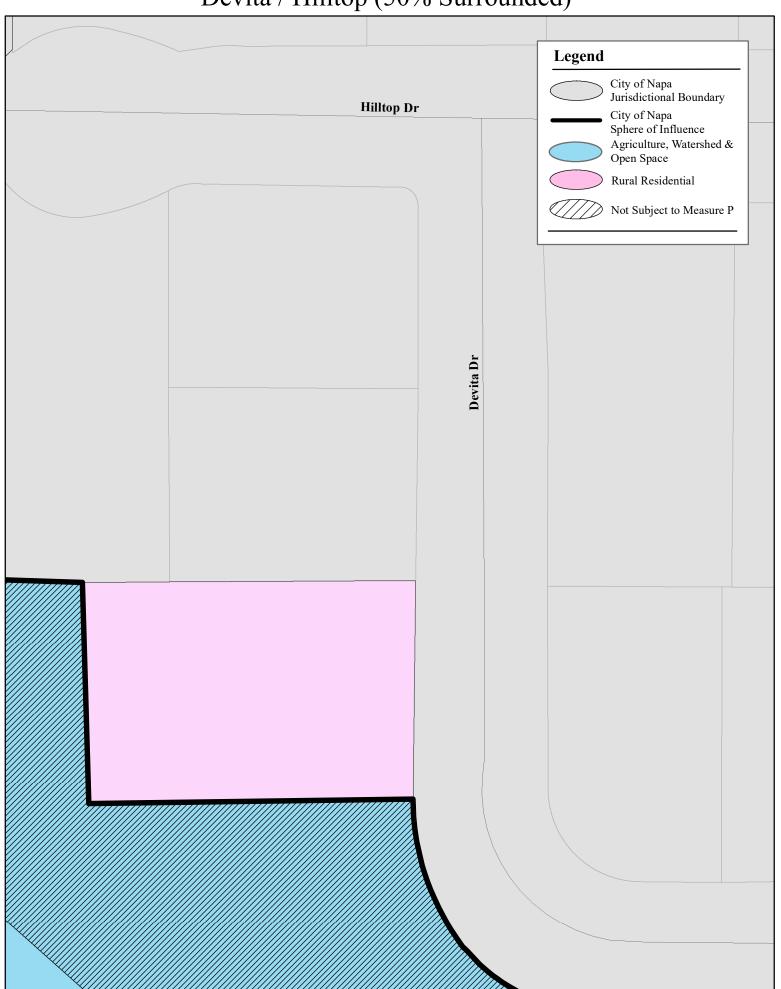
Imola / Tejas (71% Surrounded)



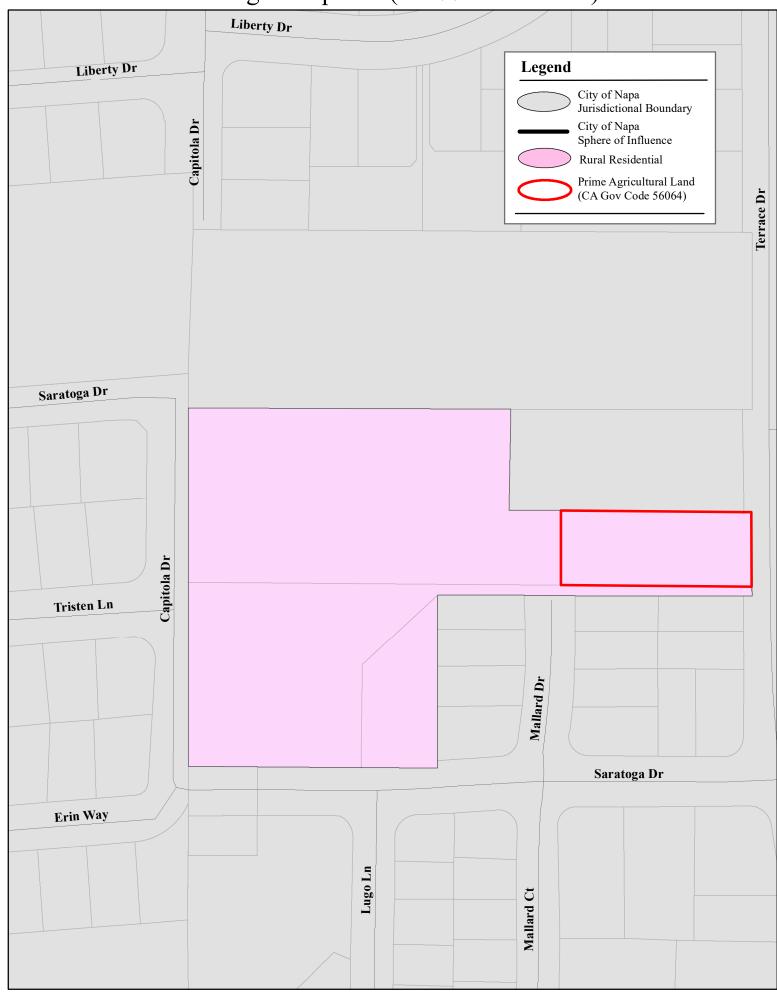
Attachment Three Shurtleff / Hillside (70% Surrounded)



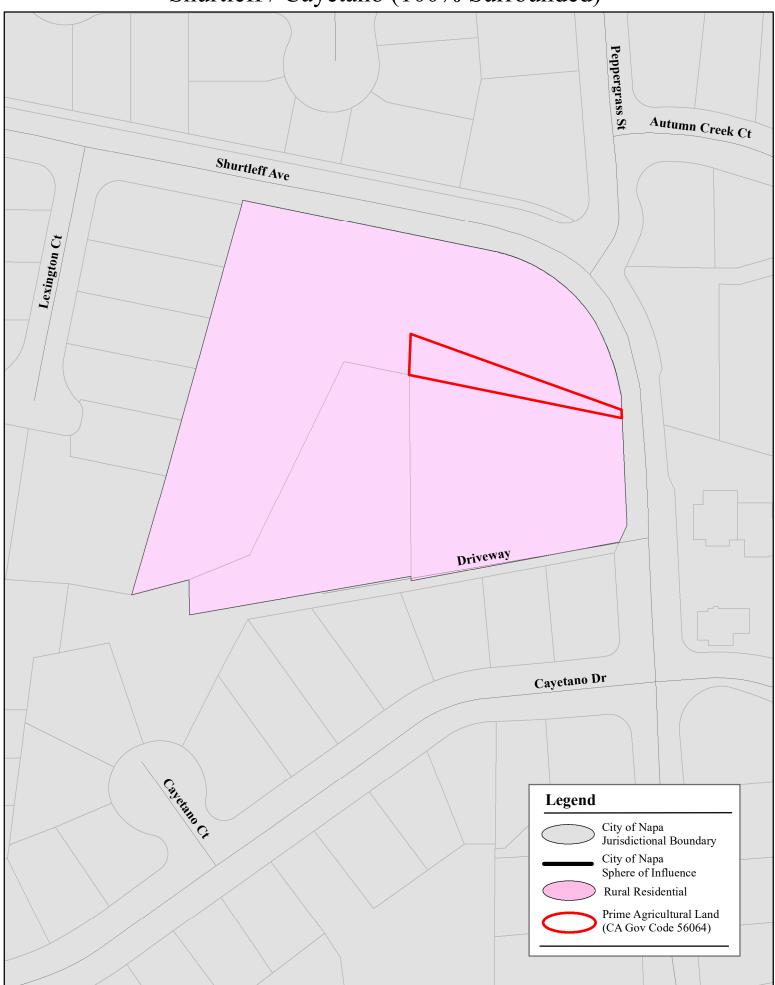
Devita / Hilltop (50% Surrounded) Attachment Three



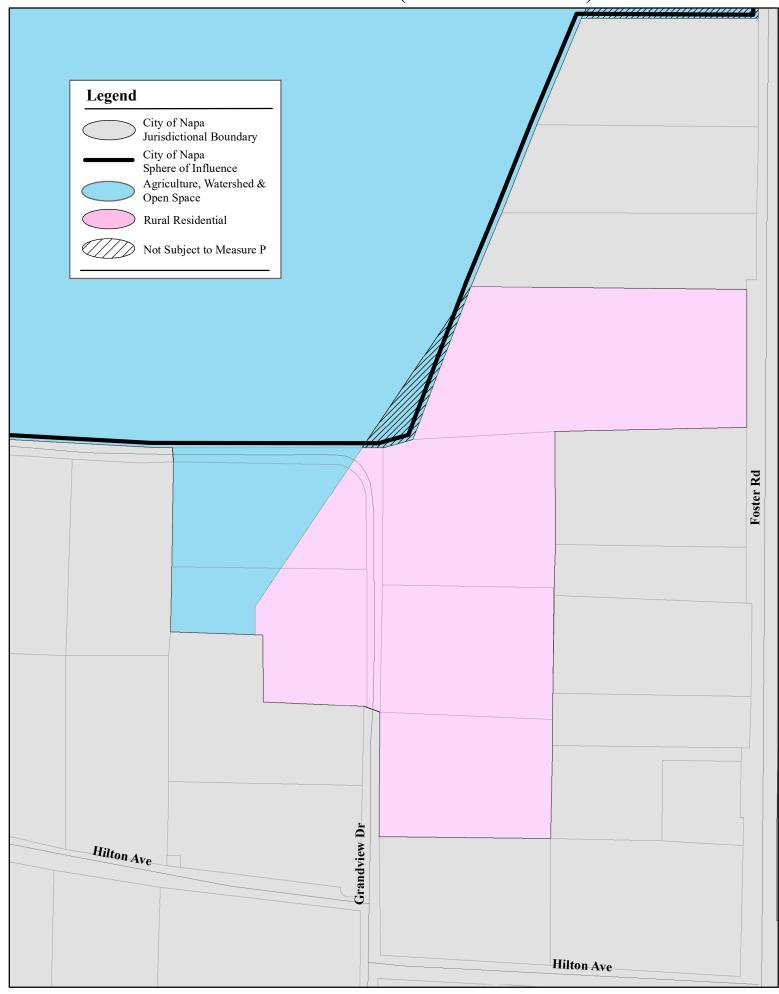
Attachment Three Saratoga / Capitola (100% Surrounded)



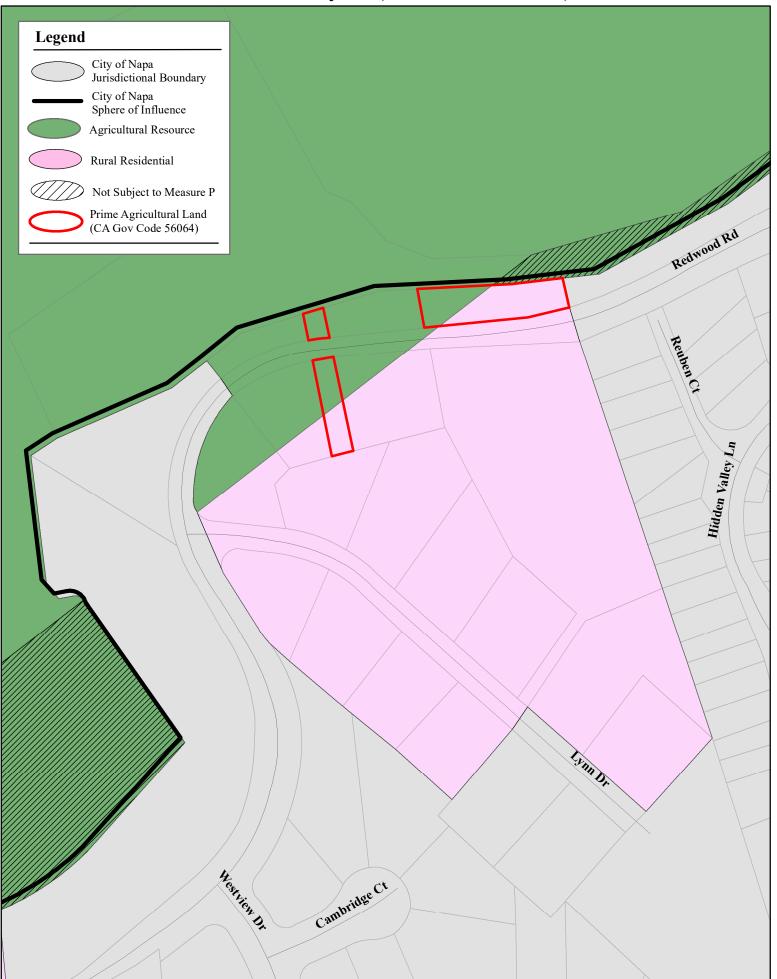
Attachment Three Shurtleff / Cayetano (100% Surrounded)



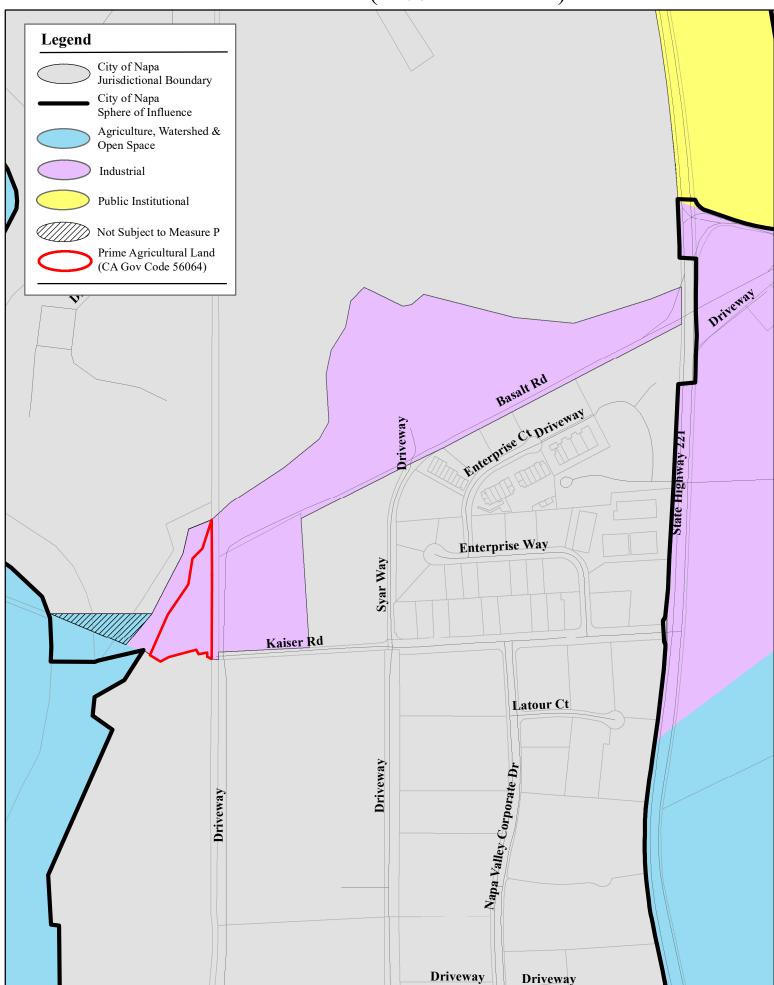
Attachment Three Foster / Grandview (81% Surrounded)



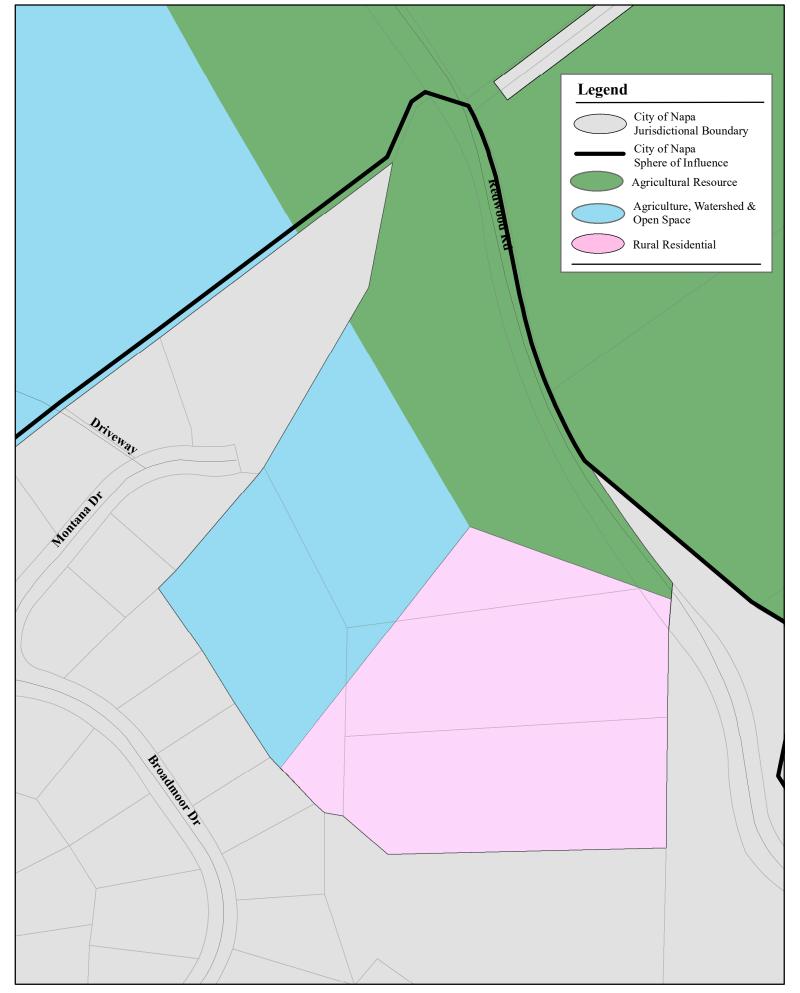
## Attachment Three Redwood / Lynn (79% Surrounded)



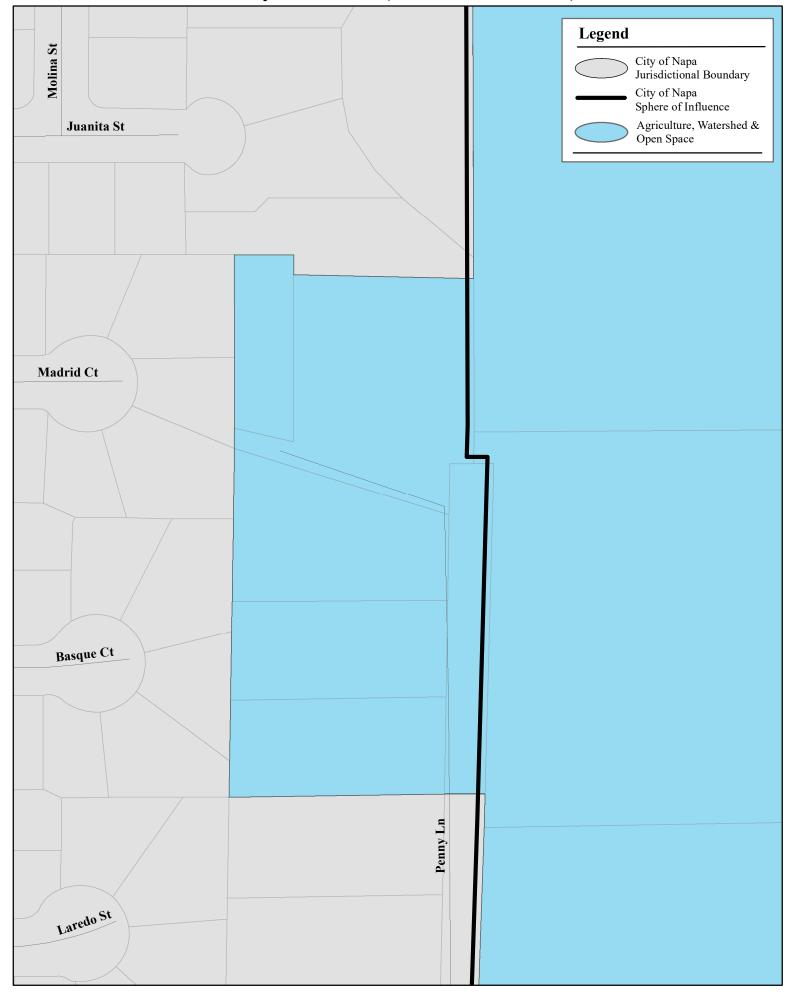
Basalt / Kaiser (94% Surrounded) Attachment Three



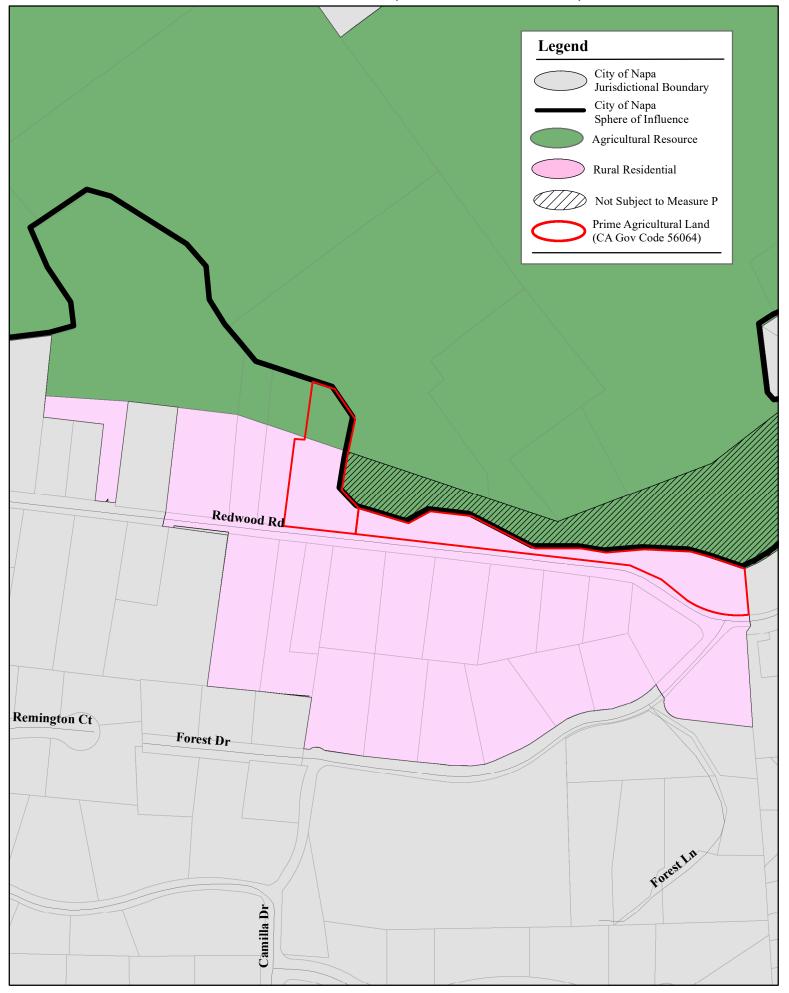
## Attachment Three Redwood / Montana (76% Surrounded)



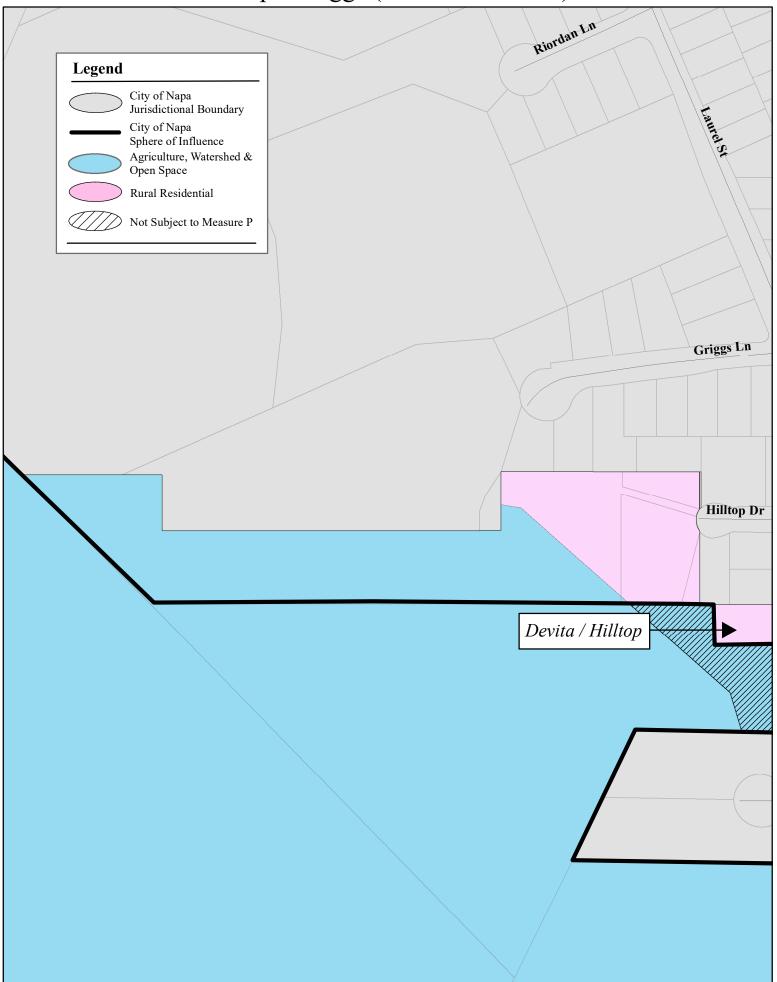
Penny / Madrid (66% Surrounded) Attachment Three



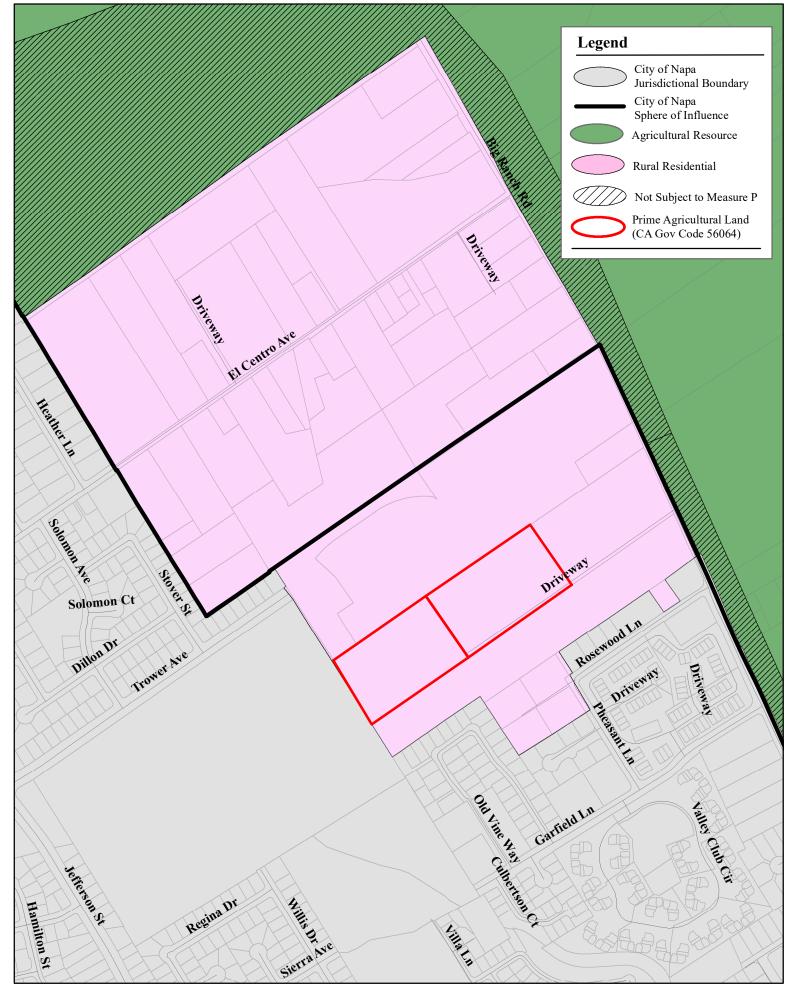
## Attachment Three Redwood / Forest (59% Surrounded)



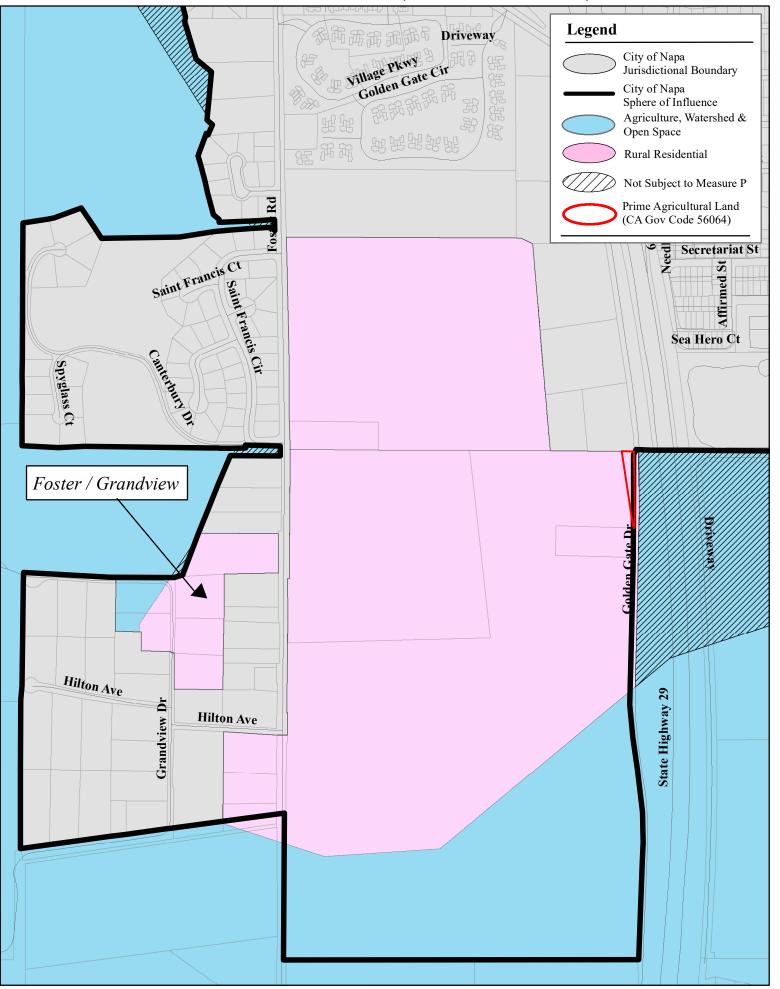
Attachment Three Hilltop / Griggs (56% Surrounded)



## Attachment Three Big Ranch / Rosewood (55% Surrounded)

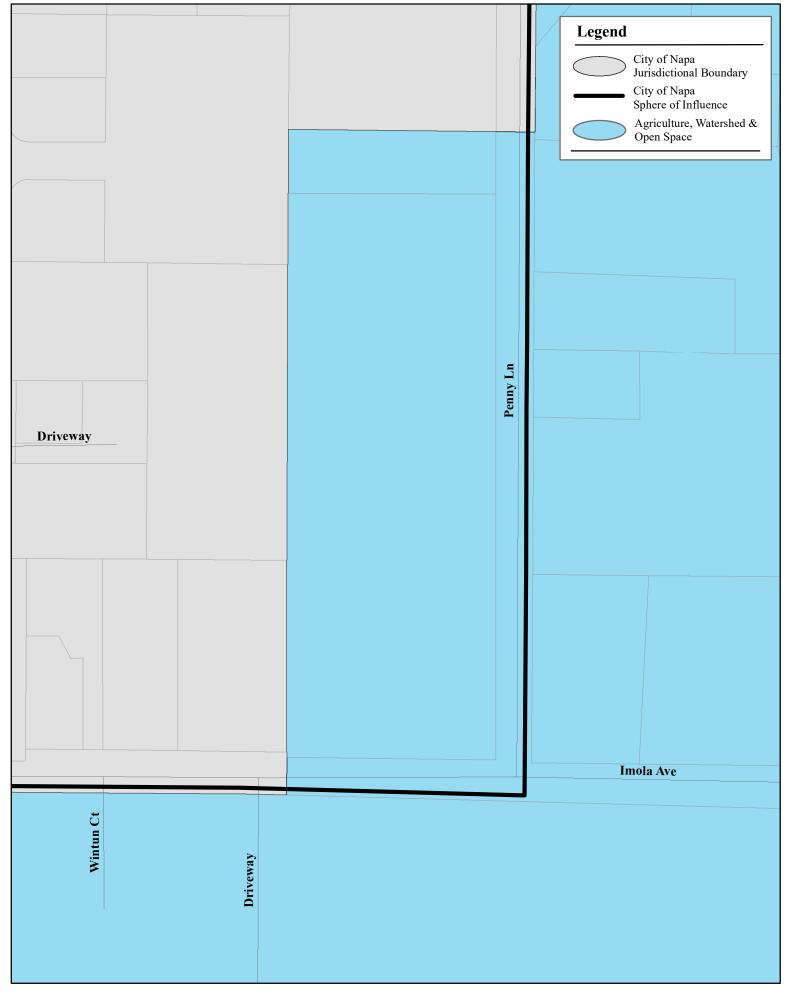


## Attachment Three Foster / Golden Gate (52% Surrounded)

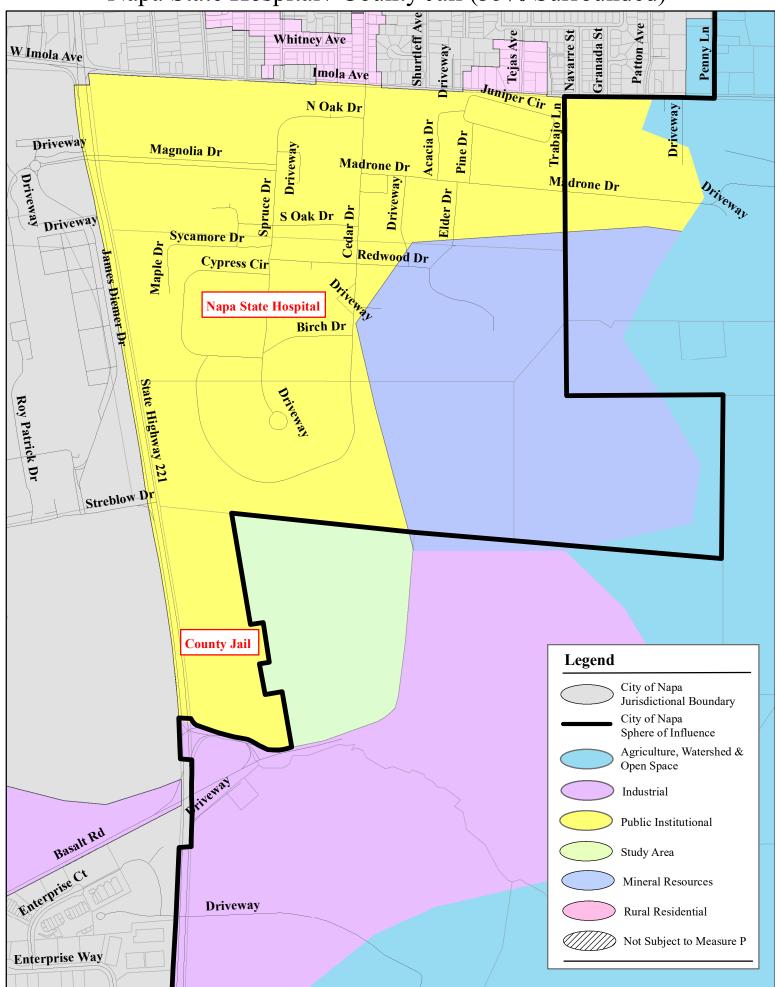


Penny / Imola (50% Surrounded)

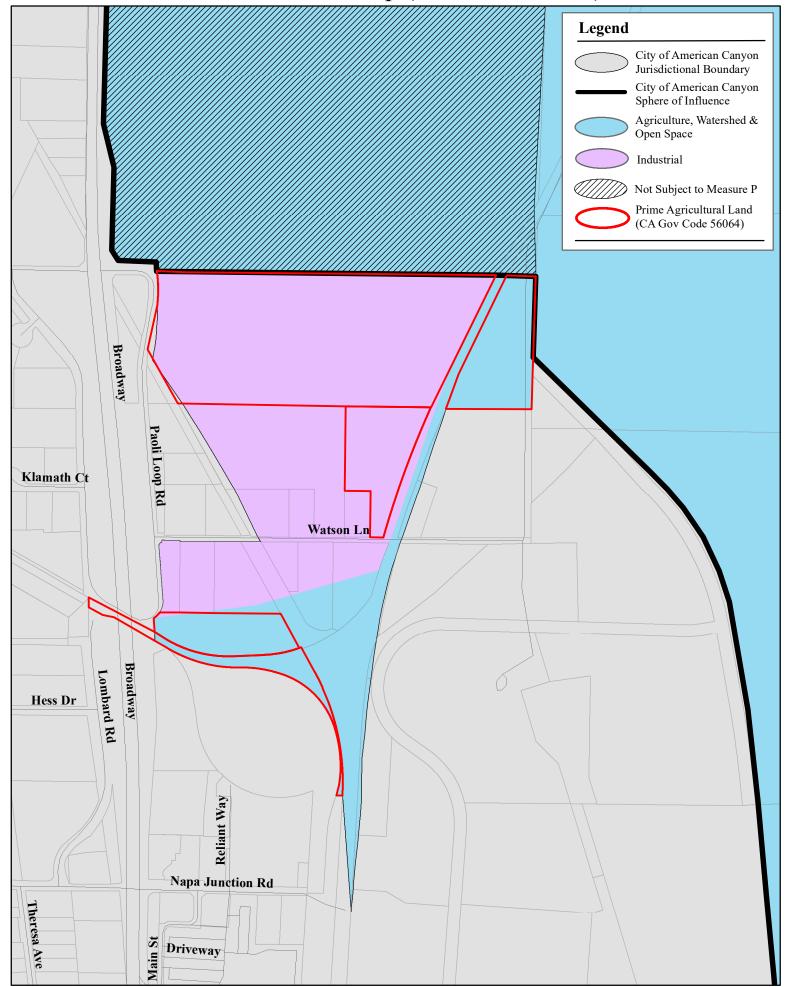
Attachment Three



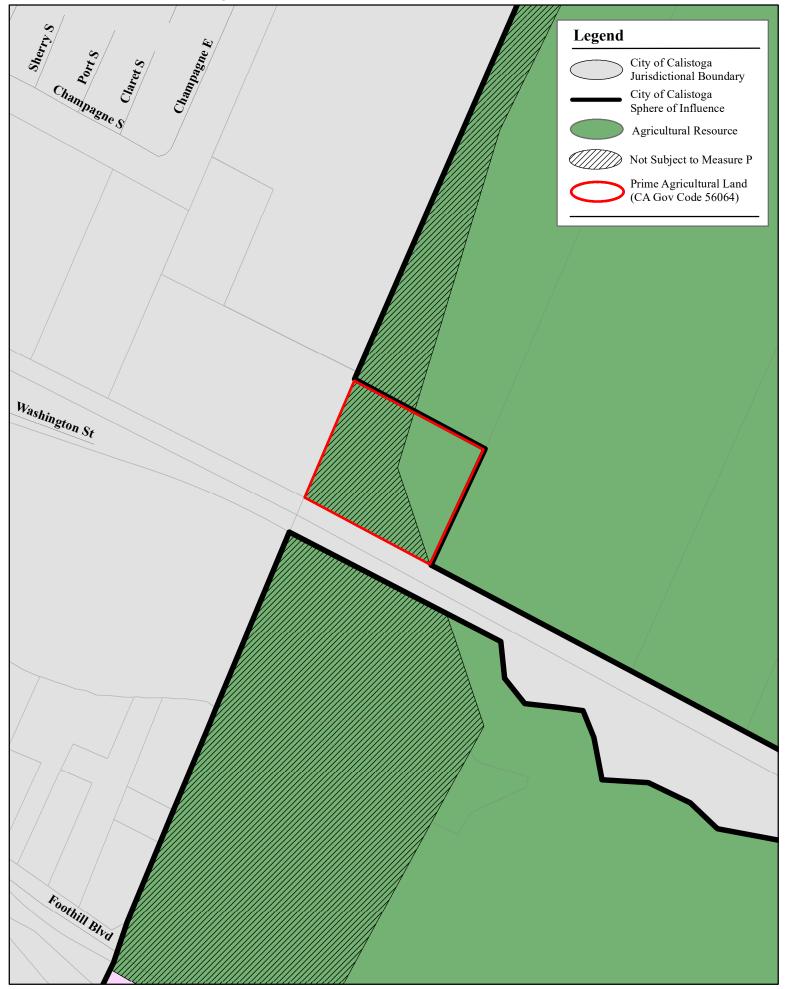
Attachment Three Napa State Hospital / County Jail (35% Surrounded)



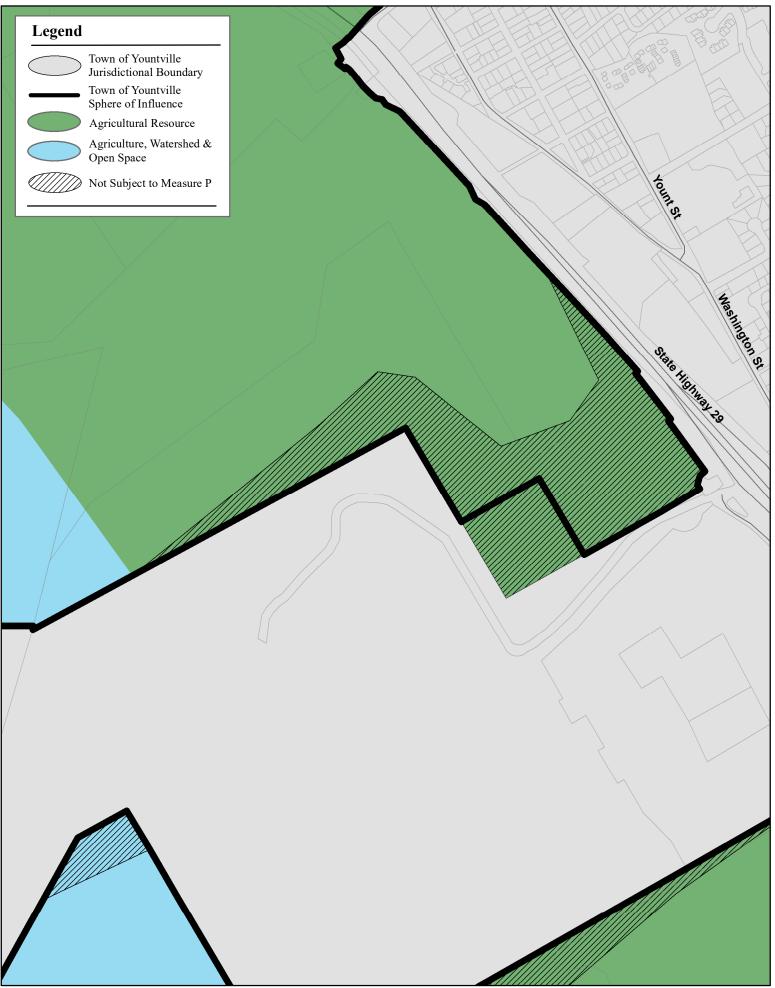
# Attachment Three Watson / Paoli Loop (77% Surrounded)



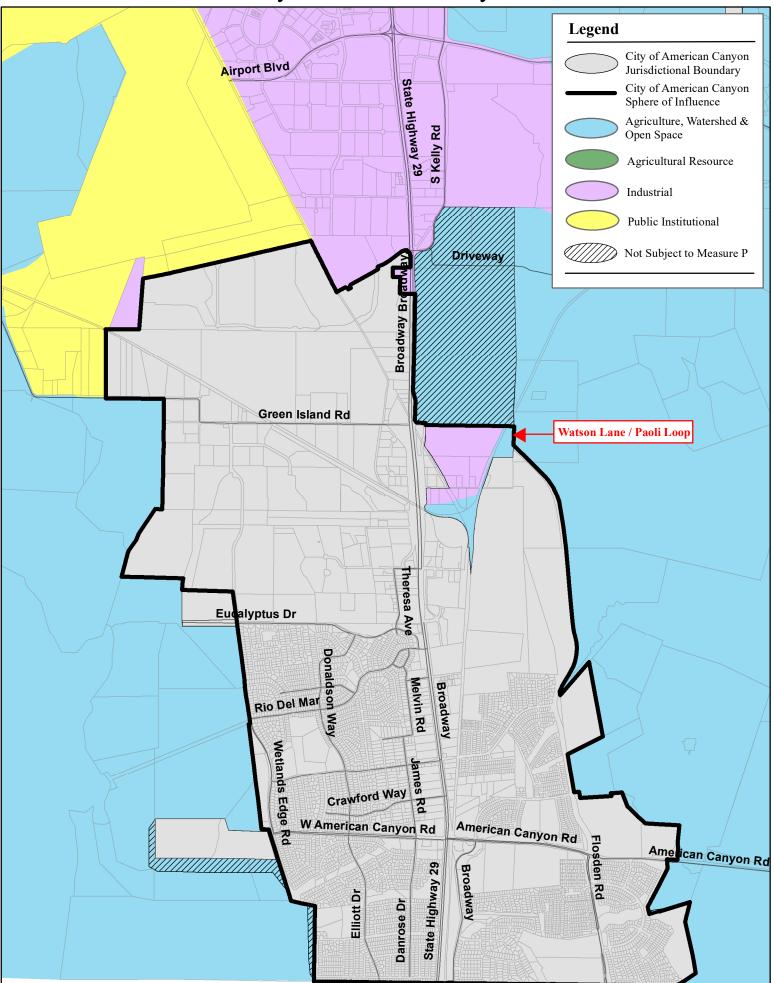
## Attachment Three Calistoga Wastewater Pond (50% Surrounded)



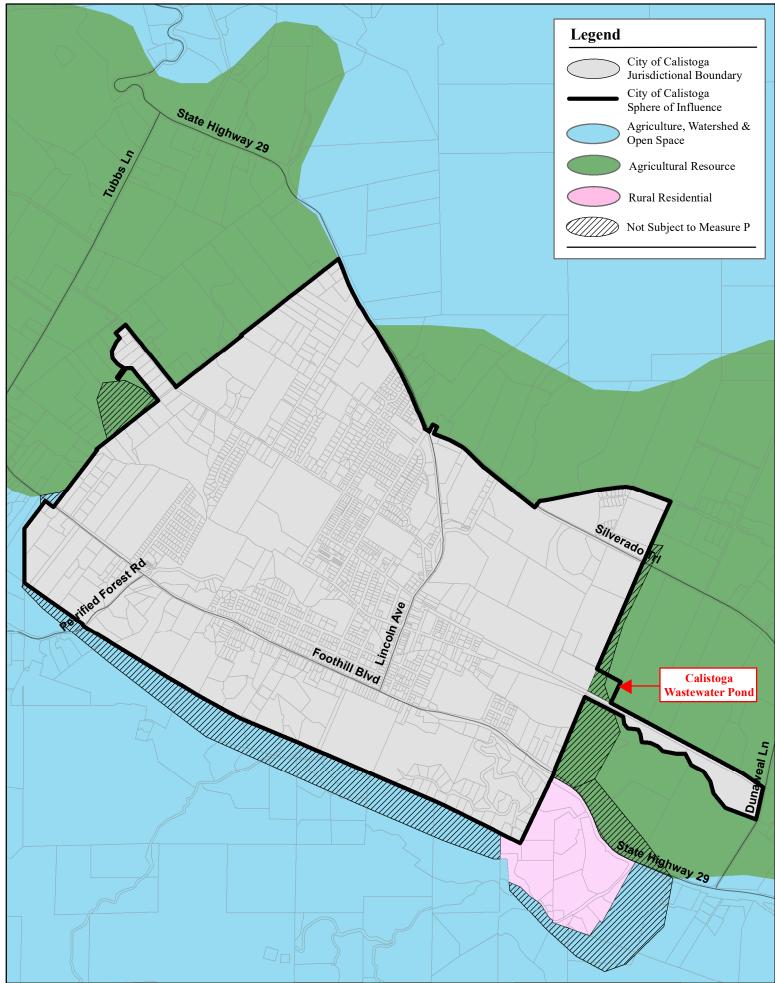
## Attachment Three Domaine Chandon Commercial Site (50% Surrounded)



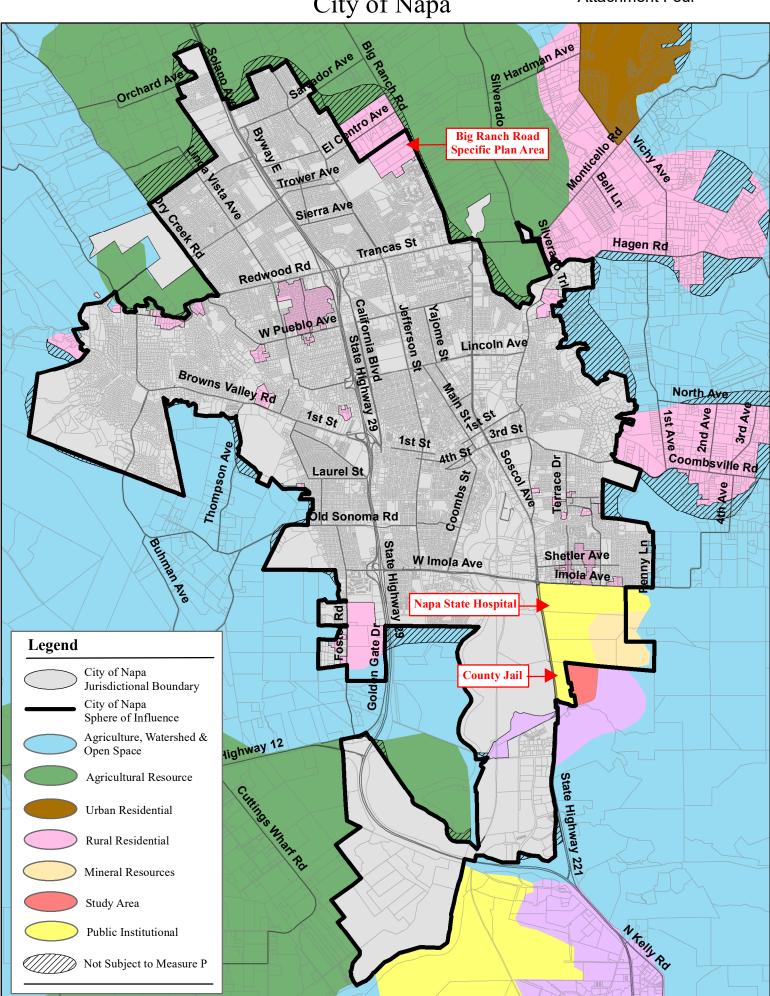
## City of American Canyon



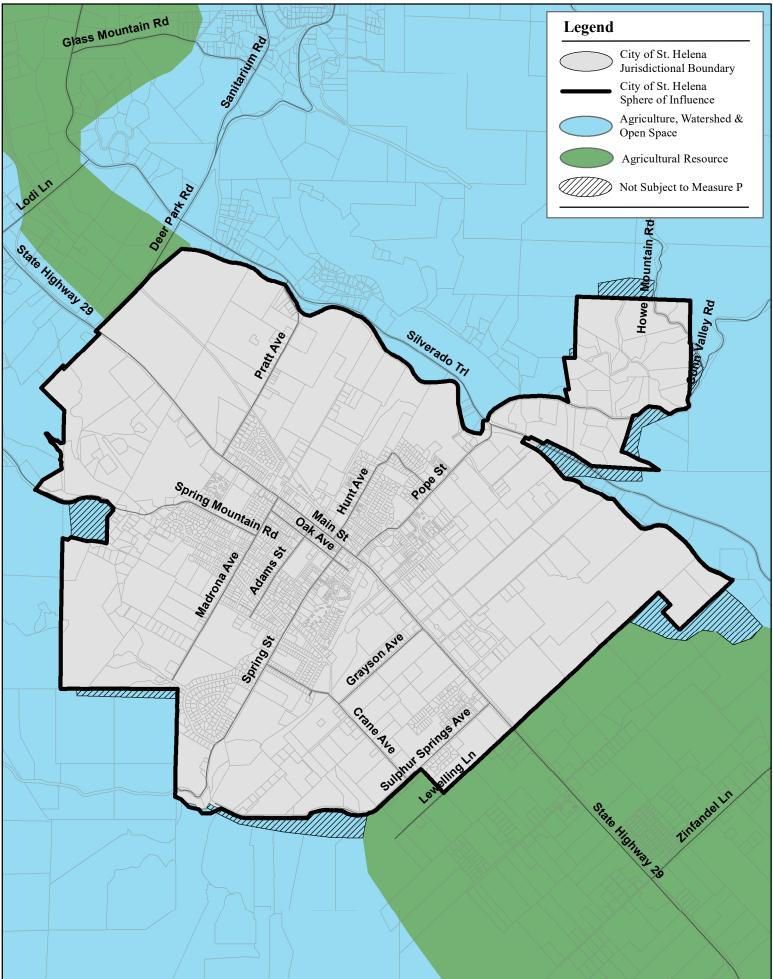
## City of Calistoga



## City of Napa



## City of St. Helena



## Town of Yountville

