



Local Agency Formation Commission
LAFCO of Napa County

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August 3, 2009
Agenda Item No. 7a (Action)

July 28, 2009

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer
Brendon Freeman, Analyst

SUBJECT: Villa Lane/Trancas Street No. 2 Annexation to Napa Sanitation District
The Commission will consider a proposal from a property owner to annex approximately 6.6 acres of incorporated territory to Napa Sanitation District. Staff is recommending the Commission approve the proposal as modified to include an adjacent 0.3 acre incorporated parcel for the purpose of providing a more logical boundary for the District.

Local Agency Formation Commissions (LAFCO) are responsible under California Government Code (G.C.) Section 56375 to approve, modify, or disapprove changes of organization consistent with its adopted written policies, procedures, and guidelines. LAFCOs are also authorized to establish conditions in approving changes of organization as long as they do not directly regulate land uses. Underlying LAFCOs' determination in approving, modifying, or disapproving proposed changes of organization is to consider the logical and timely development of the affected agencies in context with local circumstances.

A. Proposal Summary

LAFCO of Napa County ("Commission") has received an application from the Queen of the Valley Medical Center proposing the annexation of approximately 6.6 acres of incorporated land to Napa Sanitation District (NSD). The affected territory comprises one parcel located in the City of Napa along Villa Lane north of its intersection with Trancas Street. The affected territory currently consists of a surface parking lot for the Queen of the Valley Hospital. There are also three utility structures located within the affected territory. The City of Napa recently approved a use permit authorizing the development of the affected territory to include a three-story medical facility. Napa has conditioned approval to require, among other items, the affected territory be annexed to NSD for purposes of receiving public sewer service.

Juliana Inman, Vice Chair
Councilmember, City of Napa

Lewis Chilton, Commissioner
Councilmember, Town of Yountville

Joan Bennett, Alternate Commissioner
Councilmember, City of American Canyon

Bill Dodd, Commissioner
County of Napa Supervisor, 4th District

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

Mark Luce, Alternate Commissioner
County of Napa Supervisor, 2nd District

Brian J. Kelly, Chair
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

B. Discussion

Agency Profile

NSD was formed in 1945 to provide public sewer service for the City of Napa and the surrounding unincorporated area of Napa County. The formation of NSD followed an agreement between Napa and the County to coordinate public sewer provision for the purpose of serving existing and planned urban development in south Napa County. NSD presently provides sewer service to most of Napa along with several surrounding unincorporated developments, including the Silverado Country Club, Napa State Hospital, and the Napa County Airport. In all, NSD currently serves 28,611 residential customers within an estimated resident service population of 74,102.¹

Proposal Purpose

As mentioned, the purpose of the proposal is to facilitate the development of the affected territory from an existing surface parking lot to a new three-story medical facility. The medical facility will be located within the western portion of the affected territory and used for intensive care, surgery, and laboratory units. The Napa Planning Commission conditionally approved a use permit for the new medical facility at its July 9, 2009 meeting. Notably, the Planning Commission conditioned its approval to require the affected territory be annexed to NSD.

Possible Modifications

The affected territory represents one of two parcels comprising an “island” completely surrounded by NSD.² The remaining parcel is 0.3 acres in size and used as an internal roadway connecting the affected territory to the rest of the hospital campus. Although sewer service is not needed at this time, staff believes it would be appropriate to modify the proposal to include the remaining parcel to eliminate the island. This modification is not required by statute or policy as it is for eliminating islands within cities, but would provide a more orderly boundary for NSD.³ NSD and the Queen of the Valley Medical Center have provided their consent to the possible modification.

No other possible modifications were identified by staff in the review of the proposal.

¹ Resident service projection based on the 2008 California Department of Finance population per household estimate (2.59) assigned to Napa County and multiplied by the number of residential sewer connections within NSD (28,611). NSD also serves 9,431 non-residential customers, including industrial and commercial users.

² “Island” is not defined under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

³ G.C. Section 56375.3 outlines streamlined procedures for cities to propose annexations for purposes of eliminating entirely or substantially surrounded islands. Commission policies also include directives to modify city annexation proposals for eliminating islands whenever possible. These statutes and policies do not apply to special district annexations.

Required Factors for Review

G.C. Sections 56668 and 56668.3 require the Commission to consider 16 specific factors anytime it reviews proposed changes of organization involving special districts. No single factor is determinative. The purpose in considering these factors is to help inform the Commission in its decision-making process. An evaluation of these factors as it relates to the proposal follows.

1) Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent areas, during the next 10 years.

The affected territory is uninhabited. The affected territory's current land use is urban in nature and consists of a paved surface parking lot and three utility structures. The proposed annexation is intended to facilitate the development of the affected territory to include a three-story, 71,273 square feet, medical facility. Construction of the new medical facility is expected to commence within the next two years if all associated use permit terms are satisfied, including annexation.

Topography within the affected territory is relatively flat with an elevation range between 0.5 and 6.5 feet above sea-level. There are no identifiable natural boundaries or drainage basins. The current assessed value is \$906,671.

The affected territory is surrounded to the south by medical facilities owned and operated by the Queen of the Valley Medical Center. Residential uses surround the affected territory to the east, north, and west. These residential areas are generally built-out to their maximum densities as allowed under the Napa General Plan, which limits the potential for significant new growth in the adjacent areas.

2) The need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.

The proposed annexation will facilitate the logical extension of public sewer service to serve the planned development of a new medical facility within an urbanized area. NSD reports a current daily average dry-weather flow of 6.5 million gallons. This represents 42% of NSD's total daily dry-weather treatment capacity of 15.4 million gallons. The probable daily sewer flow for the underlying development project is 12,950 gallons. This amount represents 0.2% of the current dry-weather flow and can be adequately accommodated by NSD without impacting service levels of current ratepayers.

With respect to alternative courses of action, staff believes it would be appropriate to modify the proposed annexation to include an adjacent parcel located immediately south of the affected territory. This second parcel is used as an internal roadway connecting the affected territory to the rest of the hospital campus and would not create an additional impact on NSD's sewer facilities.

3) The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.

The proposed annexation would strengthen social and economic ties existing between NSD and the area given the District already provides public sewer service to the majority of surrounding properties. The modification of the proposed annexation to include the adjacent parcel located immediately south of the affected territory would further strengthen these ties by eliminating an entire island.

4) The conformity of the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities set forth in G.C. Section 56377.

The proposed annexation is consistent with the adopted policies of the Commission in facilitating the extension of municipal services to support orderly urban development. The affected territory does not include any open-space lands and therefore does not conflict with G.C. Section 56377.

5) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by G.C. Section 56016.

The affected territory does not qualify as agricultural land as defined under G.C. Section 56016.

6) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.

A map and geographic description have been prepared by a licensed surveyor identifying the boundaries of the affected territory in accordance with the requirements of the State Board of Equalization. These documents provide sufficient certainty with regards to the exact boundaries of the affected territory.

As mentioned, the affected territory is one of two parcels comprising an island completely surrounded by NSD. Modification of the proposal to include the second parcel would eliminate the island.

7) Consistency with the city and county general plan and specific plans.

The proposed annexation would facilitate the planned urban development of the affected territory in a manner consistent with the *Public Serving* designation under the Napa General Plan. The County General Plan also contemplates the urban development of the affected territory by designating it as *Cities*. The annexation and subsequent extension of public sewer service to the affected territory is consistent with these designations.

8) The sphere of influence of any local agency which may be applicable to the proposal.

The affected territory is located entirely within NSD's sphere of influence, which was comprehensively updated by the Commission in August 2006.

9) The comments of any affected local agency or other public agency.

On April 1, 2009, LAFCO staff electronically circulated copies of the application materials for review and comment to local governmental agencies. NSD reviewed the proposal and recommends approval contingent upon the agency's standard terms and conditions. No other substantive comments were received.

10) The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.

Information collected and analyzed in the Commission's recent countywide municipal service review on sewer services indicates NSD has adequate service capacities, financial resources, and administrative controls to serve the affected territory at its designated density.

11) Timely availability of water supplies adequate for projected needs as specified in G.C. Section 65352.5.

The affected territory will require water services upon its annexation and subsequent planned development. Napa's current annual water demand is approximately 14,500 acre-feet. This amount represents 49% of Napa's current water supplies under normal conditions.⁴ The probable annual water demand for the underlying development project is 17.4 acre-feet. This amount represents 0.1% of the current annual water demand and can be adequately accommodated by Napa without impacting service levels of current ratepayers.

⁴ Current water supply figure assumes an approximate 20% reduction in contracted State Water Project supplies.

- 12) The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments consistent with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7.**

The proposal does not impact the ability of the County or Napa in achieving their respective regional housing needs assignment as determined by the Association of Bay Area Governments. The proposed annexation will facilitate the development of a new medical facility as contemplated under the Napa General Plan.

- 13) Any information or comments from the landowner or owners, voters, or residents of the affected territory.**

The applicant, Queen of the Valley Medical Center, is the landowner for the affected territory.

- 14) Any information relating to existing land use designations.**

The Napa General Plan designates the affected territory as *Public Serving – 814*, which is defined to provide:

public and quasi-public sites dedicated to community-serving purposes, such as government offices and related community service facilities, city-wide and community parkland, public schools of all levels and private schools with a significant enrollment, and public health facilities.

- 15) The extent to which the proposal will promote environmental justice. As used in this subdivision, “environmental justice” means the fair treatment of people of all races, cultures, and incomes with respect to the local of public facilities and the provision of public services.**

There is no documentation or evidence suggesting the proposal will have a measurable effect with respect to promoting environmental justice.

- 16) Whether the proposed annexation will be for the interest of the landowners or present or future inhabitants within the district and within the territory proposed to be annexed to the district.**

The proposed annexation will facilitate the planned expansion of the Queen of the Valley Medical Center to include the construction of a three-story medical facility. This expansion will increase the capacity of the Queen of the Valley Medical Center to meet the present and future needs of the community.

Property Tax Agreement

California Revenue and Taxation Code Section 99(b)(6) requires the adoption of a property tax exchange agreement by the affected local agencies before LAFCO can consider a change of organization. This statute states jurisdictional changes affecting the service areas or service responsibilities of districts must be accompanied by a property tax exchange agreement which shall be negotiated by the affected county on behalf of the districts.

In 1980, the County adopted a resolution on behalf of NSD specifying no adjustment in the allocation of property taxes shall occur as a result of jurisdictional changes involving the District. This resolution has been applied to all subsequent changes of organization involving NSD. In processing this proposal, staff provided notice to the affected agencies the Commission would again apply this resolution unless otherwise informed. No comments were received.

Environmental Review

Discretionary actions by public agencies are subject to the California Environmental Quality Act (CEQA) any time an underlying activity will result in a direct or indirect physical change to the environment. A lead agency has the principal responsibility for carrying out or approving a project consistent with the provisions of CEQA. This includes determining whether the underlying activity qualifies as a project under CEQA. If the activity is determined to be a project, the lead agency must determine if an exemption applies or if additional environmental review is needed, such as preparing an initial study. A responsible agency is accountable for approving an associated aspect of the underlying activity and must rely on the lead agency's determination in making its own CEQA finding.

Napa serves as lead agency for the proposal and has adopted a mitigated negative declaration for the underlying activity. The mitigated negative declaration is consistent with the findings of an initial study prepared by Napa. Notably, the initial study concluded there would be no significant impact on NSD's wastewater capacity to serve the project's anticipated demand. This determination was based on consultation with NSD.

The Commission serves as responsible agency in approving the annexation of the affected territory to NSD to extend public sewer service as part of the underlying activity. Staff has reviewed the aforementioned initial study and believes Napa has made an adequate determination the extension of sewer service associated with the annexation of the affected territory to NSD will not introduce significant impacts.

D. Alternatives for Commission Action

Staff has identified four alternative actions for Commission consideration with respect to the proposal. These alternatives are:

- Option One:** Approve the proposal as submitted authorizing the annexation of the affected territory to Napa Sanitation District.

Option Two: Approve the proposal as modified authorizing the annexation of the affected territory and a second parcel identified as 038-400-005 to Napa Sanitation District.

Option Three: Continue consideration of the proposal to a future meeting.

Option Four: Deny the proposal. Denial would prohibit the initiation of a similar proposal for one year under G.C. Section 56884.

E. Recommendation

Staff recommends approval of the proposal as modified to include the annexation of the affected territory along with an adjacent parcel as outlined in the preceding section as Option Two. This recommended action would provide a logical jurisdictional boundary for NSD while ensuring any development of the added adjacent parcel would be served by the District and not require additional annexation proceedings.

Respectfully submitted,

Keene Simonds
Executive Officer

Brendon Freeman
Analyst

Attachments:

- ~~1) Aerial Map of Affected Territory~~
- 2) Draft Resolution of Approval
- ~~3) Application Materials~~
- 4) Draft Notice of Determination

RESOLUTION NO. _____

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

**VILLA LANE/TRANCAS STREET NO. 2 DISTRICT ANNEXATION
NAPA SANITATION DISTRICT**

WHEREAS, an application by the Queen of the Valley Medical Center, property owner, proposing the annexation of territory to the Napa Sanitation District has been filed with the Executive Officer hereinafter referred to as "Executive Officer" of the Local Agency Formation Commission of Napa County, hereinafter referred to as "the Commission", pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

WHEREAS, the Executive Officer reviewed said proposal and prepared a report, including his recommendations thereon; and

WHEREAS, said proposal and the Executive Officer's report have been presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a public meeting held on said proposal on August 3, 2009; and

WHEREAS, the Commission considered all the factors required by law under Section 56668 et al of the California Government Code; and

WHEREAS, the Commission found the proposal consistent with the sphere of influence established for the affected agency and with the Commission's adopted policy determinations; and

WHEREAS, the Commission determined to its satisfaction that the landowner included in said proposal consents to the annexation:

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

1. In accordance with the applicable provisions of the California Environmental Quality Act (CEQA), the Commission certifies that it has considered the Initial Study and determination by the City of Napa, lead agency under CEQA, that the proposal will not have a significant effect on the environment because all potential significant impacts have been adequately analyzed and mitigated as part of an adopted mitigated negative declaration. The Commission hereby makes and incorporates by reference the environmental findings set forth in Napa's Initial Study for each significant effect of the proposal, which includes the Commission's finding that this proposal will not result in significant new impacts on wastewater demands or capacity. The Commission findings are based on its independent judgment and analysis. The records upon which these findings are made are located at the LAFCO Office, 1700 Second Street, Suite 268, Napa, California.
2. The proposal is APPROVED subject to the terms and conditions identified in this resolution.

3. The proposal is assigned the following distinctive short-term designation:

**VILLA LANE/TRANCAS STREET NO. 2 DISTRICT ANNEXATION
NAPA SANITATION DISTRICT**
4. The affected territory is depicted on the attached draft map and geographic description provided in the attached Exhibit "A".
5. The affected territory so described is uninhabited as defined in California Government Code Section 56046.
6. Napa Sanitation District utilizes the Regular County assessment roll.
7. The affected territory will be taxed for existing general bonded indebtedness of Napa Sanitation District.
8. The proposal shall be subject to the terms and conditions required of Napa Sanitation District as specified in the attached Exhibit "B".
9. The applicant shall provide written notification to the County of Napa Department of Environmental Management upon connection to the sewer line of Napa Sanitation District.
10. The Commission authorizes conducting authority proceedings to be waived in accordance with California Government Code Section 56663(c).
11. Recordation is contingent upon receipt from Napa Sanitation District of written notification that the terms and conditions specified in the attached Exhibit "B" have been fulfilled.
12. Recordation is contingent upon receipt by the Executive Officer of a final map and boundary description determined by the Executive Officer and County Surveyor to conform to the requirements of the State Board of Equalization.
13. The effective date approving the proposal shall be the date of recordation.
14. Recordation shall occur within one year of approval unless a time extension is requested and approved by the Commission or the proposal shall be abandoned.

The foregoing resolution was adopted by the Local Agency Formation Commission of the County of Napa at a regular meeting held on the 3rd of August, 2009 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST: Keene Simonds
Executive Officer

Recorded by:

Kathy Mabry
Commission Secretary

**RECORDING REQUESTED BY AND
DOCUMENT TO BE RETURNED TO:**

Local Agency Formation Commission of Napa County
1700 Second Street, Suite 268
Napa, California 94559

August 3, 2009

NOTICE OF DETERMINATION

Approving Agency	Local Agency Formation Commission (LAFCO) of Napa County
Proposal Title	<i>Ville Lane/Trancas Street No. 2 Annexation to Napa Sanitation District</i>
Proposal Location	The affected territory is approximately 6.6 acres in size and is located in the City of Napa along Villa Lane north of its intersection with Trancas Street. The affected territory is depicted on the attached map.
LAFCO Action on Proposal	Approved as modified to include an additional 0.3 acre adjacent parcel located to the immediate south of the affected territory.
Applicant's Name and Address	Karen Vegas, Queen of the Valley Medical Center St. Joseph's Health System Facilities and Construction Division 1163 Trancas Street Napa, California 94558
Lead Agency's Name	City of Napa
Name of Person or Agency Carrying Out Proposal	LAFCO of Napa County (Responsible Agency)

This is to advise LAFCO of Napa County has approved the above described proposal and has made the following determinations with respect to the provisions of the California Environmental Quality Act (CEQA):

1. The proposal: *will* *will not* have a significant effect on the environment.
2. An Environmental Impact Report was prepared by the lead agency in relationship to this proposal pursuant to the provisions of CEQA.
 An Initial Study and a Mitigated Negative Declaration were prepared for this proposal by the lead agency pursuant to the provisions of CEQA.

The above document may be examined at the LAFCO office, 1700 Second Street Suite 268, Napa, California 94559

3. Mitigation measures *were* *were not* made a condition of the approval of the proposal.
4. A statement of Overriding Considerations *was*, *was not* adopted for this proposal.

Findings of the Commission:

In accordance with the applicable provisions of the California Environmental Quality Act (CEQA), the Commission certifies that it has considered the Initial Study and determination by the City of Napa, lead agency under CEQA, that the proposal will not have a significant effect on the environment because all potential significant impacts have been adequately analyzed and mitigated as part of an adopted mitigated negative declaration. The Commission hereby makes and incorporates by reference the environmental findings set forth in Napa's Initial Study for each significant effect of the proposal, which includes the Commission's finding that this proposal will not result in significant new impacts on wastewater demands or capacity. The Commission findings are based on its independent judgment and analysis. The records upon which these findings are made are located at the LAFCO Office, 1700 Second Street, Suite 268, Napa, California.

Date: August 3, 2009

Contact:

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