



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

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

Agenda Item 7a (Discussion)

TO: Local Agency Formation Commission

PREPARED BY: Brendon Freeman, Executive Officer *BF*
Dawn Mittleman Longoria, Assistant Executive Officer *DML*

MEETING DATE: August 7, 2023

SUBJECT: Draft Municipal Service Review and Sphere of Influence Review for the Napa County Resource Conservation District

RECOMMENDATION

It is recommended the Commission discuss the attached draft Municipal Service Review (MSR) and Sphere of Influence (SOI) Review for the Napa County Resource Conservation District (NCRCD), included as Attachment One, and provide direction for possible further development of the draft report prior to public hearing and action on a final report at a future meeting. No formal action will be taken as part of this item.

SUMMARY

Staff has prepared a draft report representing the scheduled MSR and SOI review for NCRCD, included as Attachment One. The draft report follows the Commission's last MSR and SOI review for NCRCD, completed in April 2016. The public is invited to review and comment on the draft report through September 8, 2023.

The draft report provides a review of NCRCD's existing boundaries, organizational structure, municipal service provision, and financial standing. The draft report recommends affirming NCRCD's SOI with no changes.

Commissioners are invited to provide feedback to staff on the scope, contents, and format of the draft report. Unless otherwise directed, staff anticipates presenting a final report incorporating any public comments to the Commission at its next regular meeting.

ATTACHMENT

- 1) Draft MSR and SOI Review for NCRCD

Margie Mohler, Chair
Councilmember, Town of Yountville

Beth Painter, Commissioner
Councilmember, City of Napa

Mariam Aboudamous, Alternate Commissioner
Councilmember, City of American Canyon

Anne Cottrell, Vice Chair
County of Napa Supervisor, 3rd District

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Joelle Gallagher, Alternate Commissioner
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Kenneth Leary, Commissioner
Representative of the General Public

Eve Kahn, Alternate Commissioner
Representative of the General Public

Brendon Freeman
Executive Officer



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

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

Napa County Resource Conservation District
Municipal Service Review and Sphere of Influence Review

Prepared in accordance with Government Code §56425 and §56430

Draft Report August 2023



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

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Margie Mohler, Chair, City Member
Anne Cottrell, Vice Chair, County Member
Beth Painter, Commissioner, City Member
Kenneth Leary, Commissioner, Public Member
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We wish to express appreciation to the following Napa RCD staff for their assistance:

Lucas Patzek, Executive Director

Frances Knapczyk, Program Director



I. EXECUTIVE SUMMARY

The purpose of a municipal service review (MSR) is to provide an inventory and analysis for improving efficiency, cost-effectiveness, accountability, and reliability of public services provided by cities and special districts. An MSR evaluates the structure and operation of these agencies, highlights agency accomplishments, and discusses possible areas for improvement and coordination. MSRs are used by the Local Agency Formation Commission (LAFCO) when reviewing and, as appropriate, updating a sphere of influence (SOI), and can be used by subject agencies when considering changes in their operations.¹

This report comprehensively reviews municipal services provided by, and the sphere of influence of, the Napa County Resource Conservation District (Napa RCD), an independent special district. The Commission's most recently prepared an MSR for Napa RCD in 2016. Napa RCD's SOI was originally established by the Commission in 1985 and most recently reviewed in 2016. This report includes determinative statements based on factors required to be considered as part of the MSR component and also includes a recommendation to affirm the District's SOI with no changes. A map depicting Napa RCD's current jurisdictional boundary and SOI is included in this report as Figure 1.

II. AGENCY OVERVIEW



Napa RCD is charged with protecting and restoring natural resources within a jurisdictional boundary that includes most of Napa County and a small portion of Solano County. The origins of conservation districts date back to the national "Dust Bowl" crisis of the 1930s as drought and attendant soil losses destroyed millions of acres of cropland. On April 27, 1935, in response to the Dust Bowl, Congress established the Soil Conservation Service as part of the United States Department of Agriculture (USDA) for the purpose of conserving natural resources on agricultural lands. To deliver these services locally, state governments began adopting legislation to allow for the formation of conservation districts to provide assistance and leadership in the management of soil and water resources.

In 1945, Napa RCD was formed under California's Soil Conservation District Act to provide non-regulatory soil and water conservation services to farmers and ranchers in Napa County.² Over the years the range of services provided by Napa RCD has expanded to include soil, water, forest, and habitat conservation services for non-agricultural lands, general watershed conservation services for all residents, and public education related to conservation. **Table 1**³ provides an agency profile for Napa RCD. Napa RCD enjoys a special partnership with the U.S. Department of Agriculture (USDA) Natural Resources Conservation Service (NRCS) which spans the history of the organization. The agencies share an office, and frequently work together to provide locally led technical and funding assistance to land managers to implement conservation practices on private lands.

¹ This report is presented as part of a process mandated by §56425 and §56430 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

² This legislation was reorganized in 1975 as part of the Resource Conservation District Act.

³ Range of services and programs are listed in greater detail in "Services and Programs."

Today, Napa RCD’s jurisdictional boundary includes most of Napa County with the exception of those portions of the City of Napa that were incorporated as of 1945. Napa RCD’s jurisdictional boundary also encompasses a small portion of Solano County known as “Cullinan Ranch.” This approximate 2,070-acre area is located in southwestern Solano County and was annexed to Napa RCD in 1952. Cullinan Ranch is owned by the United States Fish and Wildlife Service and is comprised of tidal wetlands providing habitat for a number of native fish, plants, and wildlife species. **Figure 1** provides a map depicting Napa RCD’s current SOI and jurisdictional boundary.

Table 1
NCRCD: Agency Profile

District Formation:	1945
Enabling Legislation:	Public Resources Code, Division 9
District Type:	Independent
District Boundary:	506,200 acres
District Sphere:	507,500 acres
Staff:	14 FTE
FY 22/23 Budget:	\$4.166 million
Services Provided:	Conservation



Boundary and Population

Napa County covers approximately 505,850 acres, of which 94% are unincorporated lands. Although Napa RCD has jurisdiction throughout Napa County (except where noted in the City of Napa), the District’s priority is the conservation, protection, and restoration of agricultural, rural, grazing, farming, parks, and open space land – which constitutes the majority of land in Napa County.

Figure 1

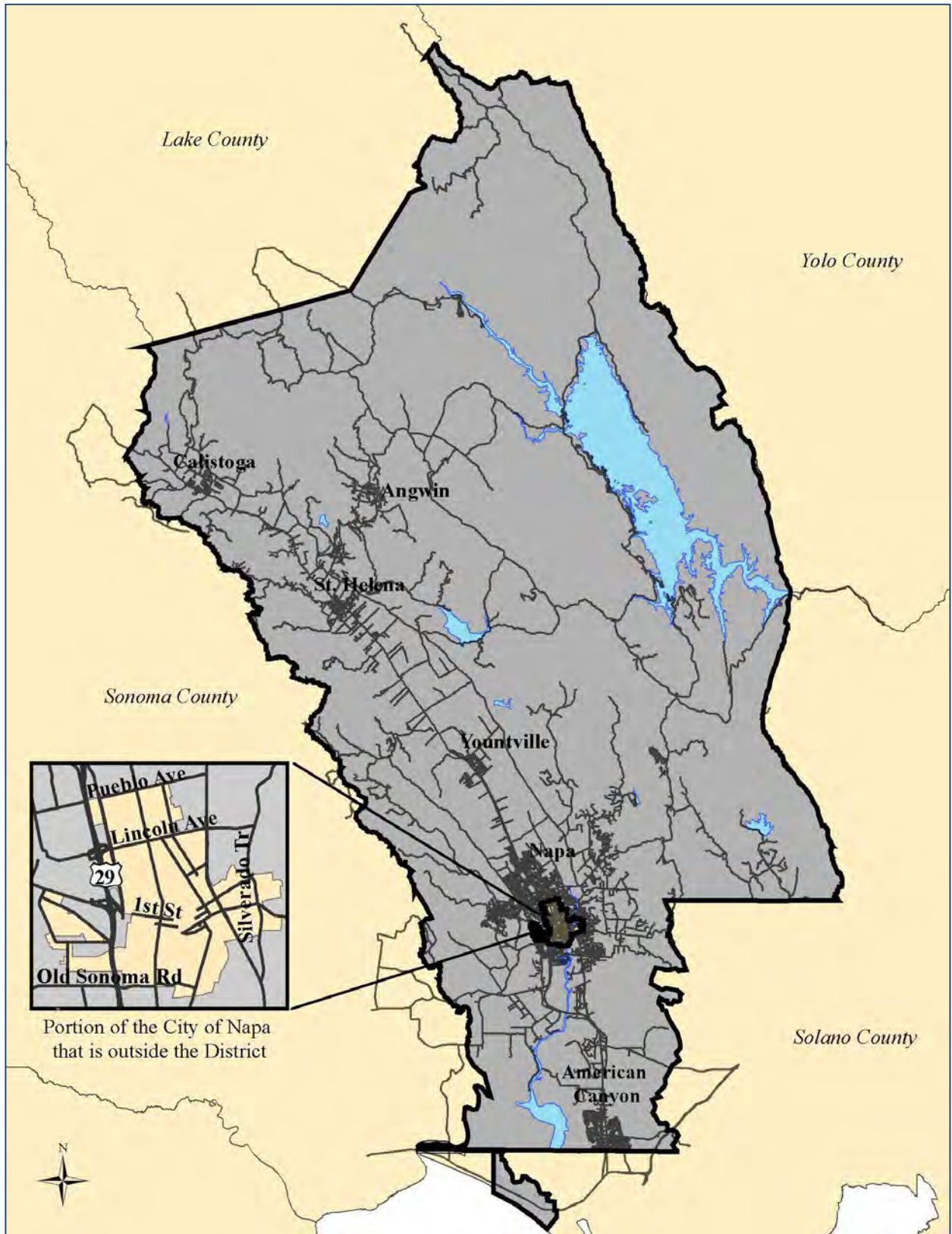


Table 3
Population Projections

Jurisdiction	2015	2025	2040
American Canyon	20,500	22,600	25,280
Calistoga	5,200	5,400	5,600
Napa	78,800	82,800	86,715
St. Helena	5,900	6,100	6,800
Yountville	3,000	3,300	3,535
Unincorporated	26,900	28,400	30,120
Total	140,300	148,600	158,050

Source: ABAG-MTC 2040 Projections

According to the California Department of Conservation, urban growth resulted in the conversion of 696 acres of agricultural lands in Napa County between 2010 and 2016.⁴ More recent statistics show an increase in agricultural land of 353 acres between 2016 and 2018. In this same period urban land increased by 103 acres. These trends are expected to marginally decrease over the next 15 years as population growth in Napa County is projected to increase 0.9 percent as shown in **Table 3**.

Napa County, like many other regions in California, is subject to residential and commercial development to accommodate demands of a growing population. Although local policies have slowed the premature encroachment of urban uses onto open space and agricultural lands, the gradual expansion of urban boundaries and intensification of development underscores the need for Napa RCD to contend with population growth and urban encroachment in a conscientious method that addresses watershed conservation and agricultural needs. In spite of controls on urban encroachment, the Napa County environment has been affected by rural development, such as wineries. This form of development can disrupt habitat corridors and increase the need for fuels management and firefighting to reduce fire risks.

Napa County, like many other regions in California, is subject to residential and commercial development to

Service Boundary Issues



Napa RCD desires to annex portions of the City of Napa that were incorporated as of 1945, which have been excluded from its boundary since its formation as an independent special district in 1945. This gap area is included in Napa RCD’s SOI and is wholly within the City of Napa. Other than this gap area, Napa RCD’s service area includes all of Napa County. Napa RCD has a long history of programming throughout the City of Napa, including providing technical assistance, educational programs, and monitoring programs. Annexation of this area would allow for Napa RCD’s boundary to accurately reflect the geographic scope of current programming and would provide the following community benefits: the ability for any City of Napa resident to serve on Napa RCD’s governing board; the ability for Napa RCD to locate its office anywhere within the City of Napa; and the ability for Napa RCD Board of Directors to convene a meeting anywhere within the City of Napa.

⁴ This includes lands classified by the California Department of Conservation as grazing land, prime farmland, farmland of statewide importance, unique farmland, and farmland of local importance.

III. MISSION AND GOALS

Mission

Napa RCD has adopted the following mission statement: “To support and empower everyone in Napa County to conserve, protect, and restore natural resources and sustainably manage working lands.”



Strategic Plan

Napa RCD has prepared a Strategic Plan that identifies and promotes service objectives from 2020 through 2024, and it is preparing to complete a new Strategic Plan in the current fiscal year. According to Napa RCD’s 2020-2024 Strategic Plan, the primary focus in the next two years will be on the following actions:

- “Creating ongoing opportunities for all community members to learn from and inspire each other as we actively participate in stewarding our shared resources.
- Providing education, technical assistance, and financial support to help landowners steward their agricultural land, forest land, open spaces, and urban properties.
- Collecting information about the health of our watersheds and sharing that information with community leaders and land managers to help them make sound management decisions for working lands and natural resources.
- Restoring rivers and streams, supporting native vegetation and wildlife habitat, and implementing state-of-the-art agricultural and rangeland practices as well as sustainable wildfire management projects.
- Partnering with other organizations — in Napa County, regionally, and statewide — on large-scale approaches to the most pressing natural resource challenges of our time, including climate change.
- Reflecting Napa RCD’s full commitment to community and conservation through our operations at every level.”



Goals

Napa RCD's 2020-2024 Strategic Plan is organized in terms of the following specific goals and focus areas:

Goal 1: The communities of Napa County effectively plan for and monitor the health of our watersheds so they provide safe drinking water, sustainable irrigation, and intact natural habitat for native fish, wildlife, and plants.

- Collect, assess, and communicate data and information on the health of Napa County's watersheds.
- Proactively share watershed health information with partner organizations, community leaders, and residents to inform decision-making.
- Develop a plan to most beneficially use Napa RCD's Huichica Creek Sustainable Demonstration Farm property in pursuit of the vision, mission, and goals expressed above.
- Increase Napa RCD's leadership in climate change response and resilience.
- Collaborate with other local organizations to explore the creation of a "Conservation Blueprint" guiding restoration activities for Napa County.
- Provide technical guidance to the Napa County Groundwater Sustainability Agency.
- Collaborate with community partners to plan for increased availability and access to locally produced food in Napa County.



Goal 2: The wild and working lands of Napa County provide environmental and community benefit and are managed in ways that prepare us and build resiliency for climate change.



- Assist private and public landowners and managers in implementing best management practices in erosion control, water management and conservation, soil health, invasive species management, forest health, and climate-smart agriculture. Proactively share watershed health information with partner organizations, community leaders, and residents to inform decision-making.
- Implement in-stream and riparian restoration projects in local watersheds.
- Implement programs to restore native terrestrial habitats in Napa County.
- Work with local and regional partners to implement best landscape management practices to minimize wildfire impacts on human life and property in the urban-wildlands interface and restore natural fire regime patterns in undeveloped areas consistent with a changing climate.
- Expand programs to assist urban residents of Napa County in implementing conservation measures with a focus on climate change mitigation and resilience.

Goal 3: Napa County develops a shared culture of conservation that includes all community members.

- Partner with a diverse array of organizations, including new community partners, to assess community interest, needs, and assets related to natural resources.
- Engage all segments of the Napa County community in the work of Napa RCD.
- Expand youth education programming and youth volunteer programs.
- Expand adult education and volunteer programs to reach throughout the county.



Goal 4: Diverse revenue streams allow Napa RCD to advance its mission and vision.

- Revisit indirect cost rate to be able to incorporate appropriate expenditures into grant and contract cost accounting.
- Cultivate increased support from local governments for restoration and watershed monitoring.
- Become a truly county-wide district by annexing portions of the City of Napa that were incorporated as of 1945.
- Seek additional private funding for Napa RCD programs.
- Increase connections, coordination, collaboration, and partnerships with higher education and science institutions.
- Develop and implement fee-for-service programs for activities such as irrigation evaluations, tree planting, and climate change mitigation.
- Develop a strategic marketing and communications plan to support Napa RCD’s revenue goals.

Goal 5: The Napa RCD Board of Directors and staff have the capacity and tools to implement the strategic plan goals.

- Develop and support a diverse, skilled, and engaged Board of Directors.
- Continue to hire and retain a highly skilled professional staff.
- Sustain Napa RCD’s excellent organizational culture.
- Ensure Napa RCD has the space and equipment needed to reach its goals.



In addition to its Strategic Plan, Napa RCD's Board of Directors unanimously passed a Climate Emergency Resolution in 2022 to acknowledge climate change as one of the greatest challenges of our time and commit the District to the reduction in countywide greenhouse gas emissions to net-zero no later than 2030. The resolution describes key actions which Napa RCD will support and undertake in response to the climate emergency, including:

- It will supply technical expertise, research-based best practices, and collaboration for a regional climate action plan coordinated among public and private entities.
- It will design and deliver objective, science-based programs and advisory services that encourage climate change mitigation in areas such as forest health, watershed sustainability, and regenerative agriculture.
- It will make its outreach, community engagement, and education efforts more effective and efficient.
- It will reduce climate pollutants associated with its internal operations.

IV. DISTRICT OPERATIONS

Public Accountability

Napa RCD coordinates a public education program consisting of newsletters, website, demonstration projects, tours, workshops, presentations to schools and community groups, field trips, development of fact sheets and guides, and other activities. In addition, Napa RCD pursues interest from local news media and invites media representatives to workshops and events.



Napa RCD maintains a primary website, <https://naparcd.org>, as a resource for a broad range of service information. Board meetings are conducted on the second Thursday of each month at the Napa Valley Transit Authority's (NVTA's) Board Room and are open to the public. Napa RCD provides an annual summary of projects, initiatives, and financial standing in its Annual Report.

Governance and Staffing

Napa RCD is governed by an independent board of directors that includes seven Directors appointed in lieu of election by the Napa County Board of Supervisors. The roles of Napa RCD's Board of Directors are to establish priorities, set policies and guidelines, and oversee general operations. Additionally, Associate Directors serve the organization in an advisory capacity. The Board of Directors meets on the second Thursday of every month. Meetings are posted on-site at NVRTA and Napa RCD's office, on Napa RCD's website, and distributed virtually via email notification.

The Board of Directors appoints an Executive Director who is responsible for managing services and overseeing staff. Napa RCD's staff is comprised of thirteen conservation scientists and outreach and administrative professionals. Staff for Napa RCD is currently comprised of the following positions:

- Coordinator, Youth Education & Forestry
- Environmental Scientist II
- Environmental Scientist III
- Executive Director
- Forestry Program Manager II
- Principal Program Manager, Forestry
- Program Director
- Program Manager, Conservation
- Project Manager, Community Engagement
- Project Manager, Conservation
- Project Manager, Education
- Project Manager, Forestry
- Sustainable Agriculture Program Manager II

Services and Programs

Pursuant to Division 9 of the State of California Public Resources Code, Napa RCD is authorized to operate "for the purposes of soil and water conservation, the control of runoff, the prevention and control of soil erosion, and erosion stabilization, including, but not limited to, these purposes in open areas, agricultural areas, urban development, wildlife areas, recreational developments, watershed management, the protection of water quality and water reclamation, the development of storage and distribution of water, and the treatment of each acre of land according to its needs." Napa RCD provides services in conjunction with the USDA's local NRCS office. This includes sharing an office space, vehicles, equipment, and staff resources. The two agencies work together in their outreach efforts to introduce emerging conservation methods, technologies and science to land managers and residents in Napa County. These agencies also work together in providing leadership in facilitating community and land management forums to encourage the formulation of effective and practical conservational policies and practices. Napa RCD services emphasize public education and information and therefore the District does not have the typical physical infrastructure associated with other special districts.



The services that Napa RCD provides help our community achieve conservation goals by providing technical assistance, educational programs, monitoring programs, and funding sources on issues ranging from fisheries to forest health, soil management, water conservation and quality, and more. We work

directly with landowners, land managers, government agencies, non-profits, local schools, and individual or groups of community members. Services and programs provided by Napa RCD include the following:

- Community Engagement
 - School Programs – offering K-12 classes opportunities to get outdoors, improve environmental literacy, and take stewardship action
 - Internships & Scholarships – enhancing local conservation workforce
 - Events – responding to community needs to build stewardship skills and create community
 - Garden Programming – advancing climate-smart landscaping
 - Volunteer Programs – connecting community to action via trash cleanups, habitat restoration, and community science
- Forest Health
 - Forest Planning – providing technical assistance and planning at a variety of geographic scales to facilitate stewardship and access to cost-share funding
 - Tree Planting & Maintenance – taking a science-based approach to planting, maintaining, and monitoring trees for long term success
 - Wildfire Recovery & Resiliency – creating connections to funding for recovery, and building resiliency at the property- and watershed-scale through project planning and implementation
- Sustainable Agriculture
 - Irrigation Efficiency – providing technical assistance, assessments, and cost-share related to drip irrigation efficiency and water security
 - Soil Health & Carbon Farming - providing technical assistance, assessments, and cost-share related to carbon sequestration
 - Habitat Projects - providing technical assistance, assessments, and cost-share related to enhancing pollinator and other habitat on farms
 - LandSmart – providing farmers with pathway to compliance for local water quality regulations
- Watershed Enhancement
 - Environmental Monitoring – monitoring critical indicators of watershed health and project impact, including fish, and wildlife, vegetation, water quality, streamflow, and stream channel characteristics
 - Fish Passage remediating artificial barriers to fish migration and restoring in-stream habitat and riparian corridors
 - Habitat Projects – assessing potential of all properties to provide essential habitat
 - Road Storm-Proofing – reducing sediment deliver from dirt roads, a key pollutant in waterways



Cooperative Efforts

Napa RCD provides individual services to land managers primarily in conjunction with NRCS as well as other organizations. Special demonstration projects, applied conservation research, and general community outreach are used to introduce emerging conservation approaches and technologies to landowners and community leaders. Napa RCD participates in a number of cooperative efforts with public, private, and volunteer organizations with respect to protecting and restoring natural resources in Napa County. An existing memorandum of understanding (MOU) with Sonoma RCD, Gold Ridge RCD, and Mendocino RCD allows Napa RCD to implement the LandSmart conservation program, which encompasses much of its work related to planning and implementation of sustainable agriculture projects. This MOU involves staff from each RCD working closely together along with shared grants, information, and documents. Additionally, Napa RCD is an active member of several regional partnerships and programs, including the North Coast Soil Hub, North Bay Forest Improvement Program, Inner Coast Collaborative under the Regional Forest and Fire Capacity (RFFC) Program, and North Coast RCD Durable Collaboration. At the state level, Napa RCD is a member of the California Association of Resource Conservation Districts and the California Special Districts Association.

Other organizations Napa RCD regularly works with include the following:

- American Canyon Community and Parks Foundation
- California Coastal Commission
- California Department of Conservation
- California Department of Fish and Wildlife
- California Department of Food and Agriculture
- California Department of Forestry and Fire Protection (CAL FIRE)
- California State Coastal Conservancy
- California State Parks
- California State Regional Water Quality Control Boards
- Calistoga Joint Unified School District
- City of American Canyon
- City of Napa
- City of St Helena
- County of Napa*
- Friends of the Napa River
- Land Trust of Napa County
- Napa Communities Firewise Foundation
- Napa County Farm Bureau
- Napa County Farmworker Foundation
- Napa County Flood Control and Water Conservation District**
- Napa County Park and Open Space District
- Napa Green
- Napa Valley Grapegrowers
- Napa Valley Unified School District
- Napa Valley Vintners
- UC Cooperative Extension
- United States Department of Agriculture Natural Resources Conservation Service
- And many more



*Since 1991, Napa RCD has had a contractual agreement with the County of Napa. Initially, the contract covered technical reviews of agricultural erosion control plans. Over time, the agreement has evolved to include assisting the County with watershed education, trainings and workshops, specific watershed assessment and monitoring studies, and forestry and fire resiliency planning and project implementation.

**Napa RCD has had a contractual relationship with the Napa County Flood Control and Water Conservation District since the early 2000's to assist with implementation of the Napa Countywide Stormwater Pollution Prevention Program, stream monitoring, and stream maintenance.

V. FINANCES

Budget Preparation

Napa RCD's Executive Director works with staff in March and April of each fiscal year to draft a budget based upon anticipated revenues and expenses in accordance with the District's budget preparation policy. Napa RCD maintains a Standing Finance Committee that reviews the draft budget prior to it being presented to the Board of Directors as part of a public hearing that generally occurs in May each year. A final budget is presented to Napa RCD's Board of Directors for adoption in June.

Financial Policies

Napa RCD has 11 financial policies:

- Budget Preparation
- Fixed Asset
- Fund Balance
- Revenue Recognition
- Fee for Service
- Petty Cash
- Reimbursement
- Cal-Card Usage
- Purchasing
- Procurement of Professional Services
- Procurement of Construction Services

Napa RCD regularly reviews policies to identify gaps, and adopts new policies as needed. A schedule for periodic policy review and update is tracked and monitored.

Revenues and Expenses

Napa RCD's major source of revenue is fee-for-service contracts and grants. In current and past few years, Napa RCD holds approximately 15 fee-for-service contracts and 25 grants at any given time.

Typically, Napa RCD holds fee-for-service contracts with the following organizations:

- CAL FIRE
- City of Napa
- City of St Helena
- County of Napa
- Napa County Flood Control and Water Conservation District

Typical grantors include the following:

- CAL FIRE
- California Coastal Commission
- California Coastal Conservancy
- California Department of Conservation
- California Department of Fish and Wildlife
- California Department of Food and Agriculture
- California Department of Water Resources
- California Water Resources Control Board
- California Wildlife Conservation Board
- United States Environmental Protection Agency
- United States National Oceanic and Atmospheric Administration
- United States Natural Resources Conservation Service

Additional revenue sources for Napa RCD include donations and property taxes. Although revenue sources are typically short-term, they have consistently increased over the past several years. Major expense categories are:

- Personnel
- Professional Services
- Supplies related to operating natural resource programs.

Napa RCD’s adopted budgets have averaged \$2.75 million over the past five fiscal years. Its adopted budget for the 2022-2023 fiscal year totals \$4.167 million. This amount represents Napa RCD’s total approved expenses or appropriations for the fiscal year. Revenues are budgeted at \$4.585 million and primarily expected to be drawn from contracts, grants, donations, and property tax proceeds. Napa RCD’s adopted revenues and expenses for the last five fiscal years are provided below.

Category	2018-19	2019-20	2020-21	2021-22	2022-23
Adopted Revenues	\$1,705,514	\$2,229,329	\$2,406,662	\$3,363,582	\$4,585,298
Adopted Expenses	\$1,795,870	\$2,029,941	\$2,032,987	\$2,948,479	\$4,166,992
Difference	(\$90,356)	\$199,388	\$373,675	\$415,103	\$418,306

Current Agreements

Napa RCD currently holds the following grant agreements, contracts, joint powers agreements (JPAs), and professional services agreements to implement services and programs. When funding for the contract comes from a source other than the contracting entity, the funding source is noted in parentheses.

- CAL FIRE: Implement North Bay Forest Improvement Program
- CAL FIRE: Professional Services Agreement
- California Coastal Commission: Stream Watch
- California Coastal Conservancy: Wildfire Resiliency Enhancement
- California Department of Conservation: Regional Forest and Fire Capacity Program
- California Department of Food & Agriculture: HSP & SWEEP Technical Assistance
- California Trout: Sulphur Creek Fish Passage Barrier Restoration (CDFW and SCC)
- California Wildlife Conservation Board: Carbon Farm Planning

- CARCD: Monarch education for youth (USFS)
- Carneros/Huichica Streamgages
- City of Napa: Parks & Recreation Support
- City of Napa: Water Division Support
- City of St Helena: York Creek Monitoring
- County of Napa Groundwater Sustainability Agency: Technical Advisory Group
- County of Napa: JPA with Planning, Building and Environmental Services for support of Conservation Regulations, Forestry, Watershed Education, and Watershed Monitoring
- County of Napa Public Works: Napa River Restoration Monitoring (USEPA)
- County of Napa Wildlife Conservation Commission: Monarch Habitat Enhancement
- Gasser Foundation: Fish Passage Barrier Prioritization & Planning
- Land Trust of Napa County: Technical Assistance
- Napa County Ag Commissioner: Weed Management Area (CDFA)
- Napa County Flood Control and Water Conservation District: Fisheries and River Restoration Monitoring (SCC)
- Napa County Flood Control and Water Conservation District: Watershed Maintenance Support, Napa River Monitoring Support, Outfall Monitoring, Napa Countywide Stormwater Support
- Napa County Farm Bureau: Monitoring for Napa River and Sonoma Creek Waste Discharge Requirements
- National Association of Conservation Districts: Forestry and Ag Technical Assistance (USDA NRCS)
- Napa Communities Firewise Foundation: On-call Technical Assistance
- Napa Green: Technical Assistance
- Private Foundation: General Support & Communications Capacity Building
- Treasury Wine Estates: Soil Health (USDA WSARE)
- Tuleyome: Knoxville OHV Road Improvements (Napa County Measure A)
- UC ANR: Cover Crop Research (USDA WSARE)
- USDA Farm Services Agency: Emergency Fire Restoration Program
- USDA Natural Resources Conservation Service: Contribution Agreement for irrigation Technical Assistance
- USDA Natural Resources Conservation Service: Conservation Innovation Grant for North Coast Soil Health Hub

Audited Financial Statements

Napa RCD has annual independent audits and periodically changes auditors as required by law. Larry Bain, CPA, completed Napa RCD's 2016-2017, 2017-2018, and 2018-2019 audits. Beginning with its fiscal year 2019-2020 audit, Napa RCD contracted with Napa County for auditing services through Brown Armstrong Accountancy Corporation. Napa RCD engages the Napa County Auditor-Controller in preparing for its annual audit and presenting results to its Board of Directors.

Recent audits reveal that revenues have exceeded expenditures in four of the past five fiscal years. Actual revenues and expenses for Napa RCD over the last five fiscal years are provided below.

Category	2016-17	2017-18	2018-19	2019-20	2020-21
Actual Revenues	\$1,494,384	\$1,381,042	\$1,487,718	\$2,198,450	\$1,958,532
Actual Expenses	\$1,486,348	\$1,289,881	\$1,502,637	\$2,111,693	\$1,886,867
Difference	\$8,036	\$91,161	(\$14,919)	\$86,757	\$71,665

Napa RCD’s 2020-2021 audit identifies that the District received revenues totaling \$1.959 million and incurred expenses totaling \$1.887 million, resulting in a total operating income of \$71,665 during the fiscal year. Napa RCD received approximately 80% of its revenue from federal, state, and local grants and contracts. The remaining portion of Napa RCD’s revenue is drawn from its proportional share of property tax assessments, and interest on investment funds. Total grants and contributions increased by about 33% after 2018-19. Audited revenue amounts by sources are summarized below.

Revenue Sources	2016-17	2017-18	2018-19	2019-20	2020-21
Taxes	\$312,649	\$341,639	\$365,276	\$392,623	\$402,920
Intergovernmental	\$967,114	\$811,190	\$784,683	\$1,453,163	\$1,209,479
Other: Charges for Services, Other Grants, Sales, and Donations/Contributions	\$214,621	\$228,213	\$337,759	\$161,629	\$346,133
Total	\$1,494,384	\$1,381,042	\$1,487,718	\$2,198,450	\$1,958,532

Approximately 67% of Napa RCD’s expenditures relate to staff salaries and benefits. The remaining 33% of Napa RCD’s expenses relate to grant services and supplies.



As shown in **Table 4**, Napa RCD had \$2.045 million in total assets and \$0.921 million in total liabilities as of June 30, 2021. Napa RCD had \$1.383 million in current assets including cash, accounts receivable, and short-term investments. Long-term assets totaled \$0.662 million. Napa RCD maintains a fund balance that is reasonable to cover anticipated operating expenses for approximately three months. Napa RCD has sufficient current assets to meet current liabilities with a ratio of 8.7:1. Long-term debt is in the form of compensated absences.

Napa RCD has established \$475,000 of its fund balance for budget stabilization. Napa RCD’s unassigned general fund balance as of June 30, 2021 totaled \$584,906, which is available for any purpose. Napa RCD’s fund balance policy ensures the District maintains an adequate total fund balance equivalent to a minimum of two months operating expenses. While not technically categorized as reserves, this fund balance amount serves a similar purpose to ensure Napa RCD is protected against significant economic downturns and unforeseen emergencies. Napa RCD’s unassigned fund balance at the end of each of the last five fiscal years is provided below.

Table 4
Balance Sheet Ending June 30, 2021

Assets	Amount
Current Assets	\$1,382,986
Capital assets, net of depreciation	\$472,555
Deferred outflows - pensions	\$189,682
Total Assets	\$2,045,223
Current Liabilities	\$158,233
Non-Current Liabilities	\$762,961
Total Liabilities	\$921,194
Deferred inflows of resources-pensions	\$84,532
Total Deferred Inflows of Resources	\$84,532
Invested in Capital Assets, net of related debt	\$472,555
Unrestricted equity	\$566,942
Total Net Assets	\$1,039,497

Source: NCRCD Audited Financial Statements, 2020-2021 (Brown Armstrong, CPAs)

	2016-17	2017-18	2018-19	2019-20	2020-21
Committed Fund Balance	\$475,000	\$475,000	\$475,000	\$475,000	\$475,000
Unassigned Fund Balance	\$235,035	\$326,319	\$334,707	\$422,062	\$584,906
Total	\$710,035	\$801,319	\$809,707	\$897,062	\$1,059,906

Financial Issues

A key financial issue for Napa RCD is that its revenue stream is heavily dependent on competitive grant funding. The dependency on grants to fund its service operations requires extensive work by Napa RCD to continually apply and maintain due to increasing competition. Additionally, many grant programs limit indirect cost rates which make it difficult for the agency to recoup its costs. The result is that Napa RCD is financially reliant on a revenue stream that is subject to fluctuations and imposes burdensome cost restrictions. Its other main revenue source is property tax-based assessments that increase slowly and may be subject to fluctuations in the economy. Napa RCD completed a fund development strategy in 2014 which focused on diversification of funding sources through pursuing private foundations and donors. Since then, Napa RCD has made several strides towards acquiring general support and project funding from local and regional foundations, and has increased its donations from individuals steadily each year through participation in the Napa Valley Give! Guide. This year Napa RCD launched the Million Trees

Program to support forest stewardship projects and has raised more funding from individual private donors than it ever has before. Another key component to financial security is regional partnership development, such as LandSmart, North Coast Soil Hub, North Bay Forest Improvement Program, and Inner Coast Regional Fire and Forestry Collaborative, and development of direct funding relationships between state agencies and these collaborations.



VI. MUNICIPAL SERVICE REVIEW DETERMINATIONS

The following determinations address the service and governance factors enumerated for consideration by the Commission under G.C. §56430 as well as required by local policy. These factors range in scope from considering infrastructure needs and deficiencies to relationships with growth management policies. The determinations serve as independent conclusions of the Commission on the key issues underlying growth and development within the affected community and are based on information collected, analyzed, and presented in this report and are specific only to Napa RCD.

Growth and Population Projections

- a) Napa RCD’s jurisdictional boundary includes most of Napa County with the exception of an approximate 1,300-acre inhabited portion of the City of Napa. While specific population projections are not available, all 140,300 people currently residing in Napa County (as estimated by the Association of Bay Area Governments) benefit from Napa RCD’s conservation services.
- b) The Association of Bay Area Governments projects an annual population growth rate for Napa County of 0.6 percent over the next 10 years. Although limited, this projected growth rate will contribute to the intensification of land uses and result in the continued demand for conservation services in Napa County.
- c) It is the policy of the County of Napa to direct urban development to the incorporated areas and to preserve surrounding lands for agricultural and open-space uses through restrictive zoning standards. This policy is reflected in the land use policies of the five incorporated cities and town and helps to ensure that agriculture and open-space remain predominant land uses within Napa RCD’s jurisdictional boundary.



Present and Planned Capacity of Public Facilities, Adequacy of Public Services, and Infrastructure Needs or Deficiencies



- a) Napa RCD does not own or maintain substantial infrastructure or equipment. Napa RCD relies on staff resources to deliver information and technical assistance to private landowners, organizations, and local jurisdictions involving its conservation services.
- b) Napa RCD has made a measurable investment in staff over the last 20 years. The increase in staff corresponds with Napa RCD’s decision to expand the scope of its conservation services to address watershed and urban resource management issues.

Financial Ability to Provide Services

- a) Napa RCD is primarily funded by intergovernmental revenues, including contracts and grants. The dependency on contracts and grants to fund its conservation services makes Napa RCD financially reliant on a revenue stream that is subject to fluctuations. Napa RCD would benefit from securing a more stable source of revenues.
- b) Napa RCD serves as an instrument in securing federal and state grants that would not be otherwise available to fund conservation services in Napa County.

Status and Opportunities for Shared Facilities

- a) Napa RCD maintains a long-standing partnership with the United States Department of Agriculture's Natural Resources Conservation Service. This partnership, which includes the sharing of office space, equipment, and staff resources, is formalized through a memorandum of understanding and helps to coordinate and enhance local conservation activities.
- b) Napa RCD works with local agencies, citizens, and organizations on a variety of watershed protection and flood prevention projects in Napa County. These projects range from monitoring stream flows to organizing volunteer stewardship groups and help to connect private and public interests to serve common conservation goals.

Accountability for Community Service Needs, Including Government Structure and Operational Efficiencies

- a) Napa RCD is the only public agency authorized to provide a full range of soil and water conservation services within its jurisdictional boundary. The conservation services provided by Napa RCD are important in restoring and protecting the community's natural resources.

Location and Characteristics of Any Disadvantaged Unincorporated Communities within or Contiguous to the Existing Sphere of Influence

- a) No disadvantaged unincorporated communities meeting the definition under State law and local policy have been identified anywhere in Napa County. Furthermore, there are no disadvantaged unincorporated communities located within the immediate vicinity of the portion of Napa RCD that extends into Solano County.

Other Local Policy Issues

- a) Do agency operations affect the Agricultural Preserve and the voter approved Measure P?

Napa RCD provides a positive impact on these established land use ordinances by providing needed technical assistance for the long-term viability of agriculture in the County. Napa RCD does not have any land use planning function.



- b) Does the agency have any existing outside service agreements?
No.

- c) Are there joint power agreements (JPA) involving the direct provision of public services?

Napa RCD is a participant in a variety of JPAs as noted in the report section “Current Agreements”. As noted, Napa RCD has a variety of cooperative agreements with relevant service providers.

- d) Does the agency affect the growth goals and policies of the land use authorities in Napa County?

Special districts, such as Napa RCD, have no authority over land use and hence no direct participation on the policy level that would connect the activities of the District with regional growth. However, Napa RCD’s services support the preservation of agricultural and open space lands consistent with the growth goals and policies of the County of Napa.

- e) Do agency operations affect climate change?

Napa RCD’s programs focus on conserving, protecting, and restoring natural resources and sustainably managing working lands. Napa County, its residents, economy, and environment have experienced adverse and severe effects associated with climate change, including more severe wildfire seasons, rising temperatures, and severe droughts. This has motivated a shift both in the demand for Napa RCD’s programs and their design.

For instance, the agricultural sector has been demanding more financial and technical assistance related to water conservation and climate-friendly practices. Napa RCD has responded by securing additional state and federal grant funding to provide this support. For instance, Napa RCD was awarded funding to provide technical assistance to prospective applicants and awardees of CDFA's Climate Smart



Agriculture programs, as well as funding under a CA Wildlife Conversation Board block grant to support carbon farm plan implementation across the county. To date, Napa RCD has utilized grant funding to complete 78 carbon farm plans covering 4,900 acres in Napa County using a methodology it pioneered for vineyards in partnership with neighboring resource conservation districts, UC

Cooperative Extension, and USDA. It has also conducted 179 irrigation evaluations and helped many growers implement new irrigation management methods and technologies to improve on-farm water use efficiency. Napa RCD is co-located and has a unique relationship with the USDA NRCS and has been increasingly supporting the federal agency in deploying its assistance programs, primarily the Environmental Quality Incentives Program (EQIP) and Conservation Stewardship Program (CSP), as demand for them has grown.

Motivated by more frequent and severe wildfires and significant tree die-offs resulting from climate stressors, Napa RCD has significantly expanded its forest health program over the last five years. Its primary focus is on providing technical and financial assistance to private and public forestland owners, educating community members, and supporting collaboration and capacity-building in this area. Napa RCD partnered with resource conservation districts and non-profits in neighboring counties to develop the North Bay Forest Improvement Program to support planning and implementation of forest management projects on private properties. Napa RCD also helped secure a Regional Conservation Partnership Program to increase USDA funded technical and financial assistance related to vegetative fuels management in the region. Napa RCD was awarded a block grant from the CA Department of Conservation to administer Regional Forest and Fire Capacity Program to support technical capacity building, peer networking to advance the dissemination of best practices, and coordination. Following the 2020 wildfires, Napa RCD became the technical assistance provider to the USDA for its Emergency Forest Restoration Program deployment in Napa County.



Is climate change expected to affect agency operations in the future?

In 2022, Napa RCD adopted a resolution committing to action on the global climate emergency with the goal of achieving net zero climate pollution by or before 2030. Napa RCD acknowledges that climate change is one of the greatest challenges of our time and is expected to impact our entire society and biological support systems, and through its resolution describes key actions it will support and undertake in response in the coming years.

These actions are anticipated to include:

- Supplying technical expertise, research-based best practices, and collaboration for a regional climate action plan coordinated among public and private entities.
- Designing and delivering objective, science-based programs and advisory services that encourage climate change mitigation in areas such as forest health, watershed sustainability, and regenerative agriculture.
- Making outreach, community engagement, and education efforts more effective and efficient.
- Reducing climate pollutants associated with internal operations.



- f) Does the agency enhance or hinder housing goals, including affordable housing and workforce housing?

Special districts, such as Napa RCD, have no authority over land use and hence no direct participation on the policy level that would connect the activities of the District with housing goals.

- g) Is the agency identified in regional transportation plans?

No.

- h) Are there cumulative service impacts related to current and planned development?

No. Napa RCD has no land use authority.

VII. SPHERE OF INFLUENCE REVIEW

The analysis conducted as part of the municipal service review portion of this study identifies that Napa RCD is providing an adequate and effective level of conservation services within its jurisdictional boundary. These conservation services have been instrumental in enhancing and restoring natural resources for the benefit of both rural and urban areas and have contributed to the preservation of local agricultural and open space lands. Napa RCD has developed sufficient capacities and service programs to continue to provide an effective level of conservation services within its existing SOI. Based on outreach to resource conservation districts in neighboring counties, no additional areas beyond Napa RCD's existing SOI appear to require services that could be provided by the District within the timeframe of this SOI review.

Adoption of Sphere of Influence and Subsequent Reviews

Napa RCD's SOI was originally adopted by the Commission in 1985. The SOI was designated to include all incorporated and unincorporated lands in Napa County as well as approximately 2,070 acres in Solano County, the latter of which was annexed into Napa RCD in 1952. The Commission affirmed Napa RCD's SOI with no changes in 2007 and 2016 as part of comprehensive reviews.

Jurisdictional Boundary and Land Use Authorities

Napa RCD's SOI encompasses approximately 507,500 total acres. Of this amount, approximately 1,300 contiguous acres are located outside Napa RCD's jurisdictional boundary. This portion of the SOI represents the City of Napa's incorporated boundary as of 1945, which was excluded from Napa RCD at the time of its formation. Annexation of these 1,300 acres would require Napa RCD to submit an application to the Commission, including associated application fees along with a final map and geographic description consistent with the requirements of the State Board of Equalization. A map depicting Napa RCD's current SOI and jurisdictional boundary is provided in this report as Figure 1.

Napa RCD operates under the land use authorities of seven local jurisdictions. These jurisdictions include the Counties of Napa and Solano, Cities of American Canyon, Calistoga, Napa, St. Helena, and the Town of Yountville. In addition, the Federal Government owns a substantial portion of unincorporated land in northeast Napa County, including the shoreline of Lake Berryessa. The State of California also owns a substantial portion of unincorporated wetlands in south Napa County. These lands are not subject to local land use policies.

VIII. SPHERE OF INFLUENCE RECOMMENDATION

It is recommended that the Commission affirm Napa RCD's existing SOI, which includes all lands in Napa County as well as the Cullinan Ranch area in Solano County. Pursuant to California Government Code §56425(e), the following statements have been prepared in support of the recommendation:

Present and Planned Land Use

The present and future land uses in the area are planned for in the general plans prepared by the seven land use authorities whose jurisdictions overlap the jurisdictional boundary of Napa RCD. The exercise of Napa RCD's conservation services, which benefit both urban and non-urban areas, will not affect the level or type of development identified in the general plans of the land use authorities.

Present and Probable Need for Public Facilities and Services

Napa RCD's provision of conservation services helps to ensure the protection and restoration of natural resources, which are essential to the social and economic health of the area.

Present Capacity and Adequacy of Public Services

Napa RCD has developed policies, service plans, and programs to provide adequate and effective conservation services for the area.

Social and Economic Communities of Interest

The social and economic health of the area is measurably enhanced by the conservation services provided by Napa RCD.

Present and Probable Need for Public Services for Disadvantaged Unincorporated Communities

No disadvantaged unincorporated communities meeting the definition under State law and local policy have been identified anywhere in Napa County. Furthermore, there are no disadvantaged unincorporated communities located within the immediate vicinity of the portion of Napa RCD that extends into Solano County.