Local Agency Formation Commission
LAFCO of Napa County

1700 Second Street, Suite 268
Napa, California 94559
Telephone: (707) 259-8645
Facsimile: (707) 251-1053
http://napa.lafco.ca.gov

February 1, 2010
Agenda Item No. 6b (Public Hearing)

January 25, 2010

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer
Brendon Freeman, Analyst

SUBJECT: **Linda Vista Avenue No. 20 Annexation to the Napa Sanitation District**
The Commission will consider an application by a landowner to annex 0.83 acres of incorporated territory in the City of Napa to the Napa Sanitation District. Staff recommends approval of the annexation with standard terms and conditions. Staff also recommends the Commission adopt a negative declaration confirming the findings of an initial study finding the annexation will not have a significant effect on the environment.

Local Agency Formation Commissions (LAFCOs) are responsible under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 to regulate the formation and development of local governmental agencies and their municipal services. This includes approving or disapproving proposed changes of organization, such as boundary changes, under Government Code (G.C.) Section 56375. LAFCOs are authorized with broad discretion in establishing conditions in approving changes of organization as long as they do not directly regulate land use, property development, or subdivision requirements.

A. Proposal Summary

LAFCO of Napa County ("Commission") has received an application from John and Karen Bradbury, landowners, proposing the annexation of approximately 0.83 acres of incorporated territory in the City of Napa to the Napa Sanitation District (NSD). The affected territory consists of one parcel developed with an approximate 1,150 square foot single-family residence. The parcel's address is 3558 Linda Vista Avenue and is identified by the County of Napa Assessor's Office as 007-293-005.

Juliana Inman, Chair
Councilmember, City of Napa

Bill Dodd, Vice Chair
County of Napa Supervisor, 4th District

Brian J. Kelly, Commissioner
Representative of the General Public

Lewis Chilton, Commissioner
Councilmember, Town of Yountville

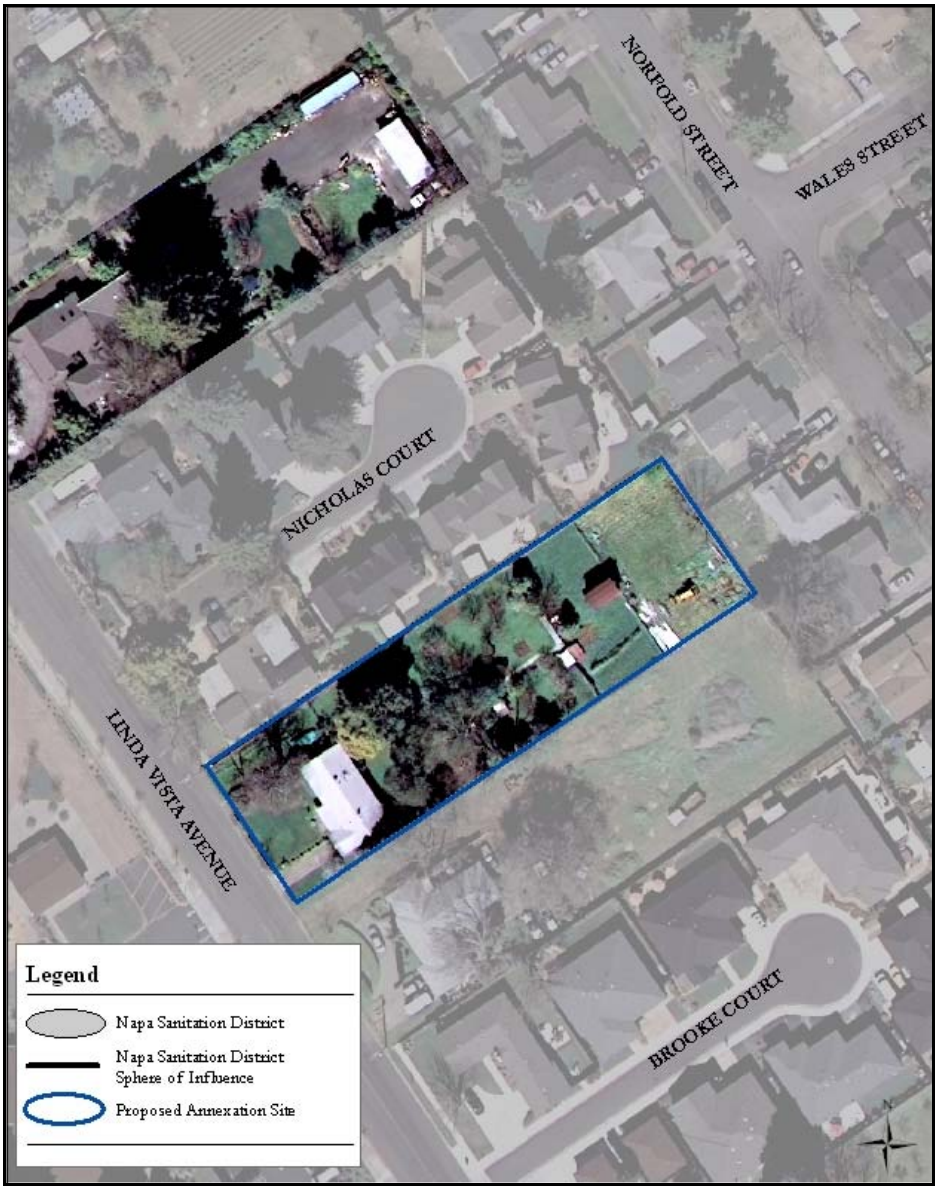
Brad Wagenknecht, Commissioner
County of Napa Supervisor, 1st District

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Joan Bennett, Alternate Commissioner
Councilmember, City of American Canyon

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

Keene Simonds
Executive Officer



B. Discussion

Agency Profile

NSD was formed in 1945 to provide public sewer service for Napa and the surrounding unincorporated area. 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 31,283 residential customers with an estimated resident service population of 81,023.[1]

[1] The 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 (31,283). NSD also serves 4,182 non-residential customers, including industrial and commercial users.

Proposal Purpose

The underlying purpose of the proposal is to facilitate the extension of public sewer service to an existing single-family residence, which is currently served by a private septic system. The applicants have indicated an interest in eventually dividing and developing the remaining portion of the affected territory consistent with the Napa General Plan, which would allow a maximum of five residential lots. No development plans, however, exist at this time.

C. Analysis

G.C. Section 56375 delegates LAFCOs the responsibility to approve or disapprove with or without amendment proposals for changes of organization consistent with its adopted written policies, procedures, and guidelines. LAFCOs are also authorized to establish conditions in approving proposals as long as they do not directly regulate land uses. Underlying LAFCOs' determination in approving or disapproving proposed changes of organization is to consider the logical and timely development of the affected agencies in context with statutory objectives and local circumstances.

Required Factors for Review

G.C. Sections 56668 and 56668.3 require the Commission 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 two landowners currently reside in the approximate 1,150 square foot single-family residence occupying the affected territory. The subject parcel could be further divided to include up to four additional single-family lots under the Napa General Plan. The landowners indicate they will likely pursue a development project within the next 10 years, but no plans currently exist. The present assessed value of the affected territory is $59,953.

   Topography within in the affected territory is relatively flat with an elevation range between 95 and 97 feet above sea-level. There are no identifiable natural boundaries or drainage basins. The affected territory lies within Napa's "Linda Vista" neighborhood and is entirely surrounded by relatively dense single-family residential uses. These existing uses limit 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 provide permanent public sewer service to the existing single-family residence occupying the affected territory. The provision of permanent public sewer service to the affected territory is appropriate given the site's current and planned urban uses. Staff estimates the single-family residence's average dry-weather daily sewer flow is 149 gallons based on average residential flows with NSD. It is reasonable to assume the affected territory's projected daily dry-weather sewer flow would increase to 745 gallons if developed to its maximum density of five residential lots. This potential amount can be adequately accommodated by NSD given its current daily average dry-weather flow is 6.5 million gallons, which equals 42% of the agency's total available capacity.

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.

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 logical 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.

7) Consistency with the city or county general plans, specific plans, and adopted regional transportation plan.

The proposed annexation would provide permanent public sewer service to the affected territory. The availability of this municipal service to the affected territory is consistent with its present and planned urban uses under the Napa General Plan, which designates the land for single-family residential infill use. The proposed annexation involves an infill property and is consistent with the regional transportation plan adopted by the Metropolitan Transportation Commission.

8) The sphere of influence of any local agency affected by 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 November 6, 2009, as required, LAFCO staff electronically circulated copies of the application materials for review and comment to affected local governmental agencies. Agency recipients and their comments, if any, are provided below.

- **City of Napa**
  Planning Department has provided a letter of support with no conditions.
- **County of Napa**
  No comments were received.
- **County Service Area No. 4**
  No comments were received.
- **Napa County Flood Control and Water Conservation District**
  No comments were received.
- **Napa County Mosquito Abatement District**
  No comments were received.
- **Napa County Regional Parks and Open Space District**
  No comments were received.
- **Napa County Resource Conservation District**
  No comments were received.

- **Napa Sanitation District**
  No comments were received.

- **Napa Valley Unified School District**
  NVUSD has provided a letter of support with no conditions.

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 levels under the Napa General Plan. Notably, in terms of financial resources, NSD's ability to provide sewer services to existing and new customers is based on two principal revenue sources: (a) connection fees and (b) user charges. The connection fee is currently $5,660 and serves as NSD's buy-in charge for new customers to contribute their fair share for existing and future facilities necessary to receive sewer service. The user fee for a single-family unit is currently $421 annually and is intended to proportionally cover NSD's ongoing maintenance and operation expenses.

NSD's operating budget in 2009-2010 is $14.0 million. NSD anticipates collecting $18.2 million in general revenues resulting in an operating surplus of $4.2 million. NSD's fund balance as of the beginning of the fiscal year totaled $130.6 million with $11.1 million categorized as unrestricted. This unrestricted fund balance is sufficient to cover over nine months of operating expenses.

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

The affected territory currently receives water from an onsite well. Staff estimates the single-family residence's annual water demand is 0.18 acre-feet.[2] It is reasonable to assume the affected territory's projected annual water demand would increase to 0.92 acre-feet if developed to its maximum density of five residential lots. Any development would require connection to Napa's potable water system. Napa reports its current annual water demand is approximately 14,900 acre-feet, which equals 50% of its current water supplies under normal conditions.[3] The additional demands associated with the future development of the affected territory would not adversely impact Napa.

[2] The estimated current water demand assumes 250 gallons per day and based on average use information collected by staff during the inaugural round of municipal service reviews.
[3] The 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 affected territory is located entirely within Napa. All potential development units associated with the site are already assigned to Napa as part of the Association of Bay Area Governments regional housing needs allocation system.

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

The landowners of the affected territory are the petitioners for the proposed annexation.

14) Any information relating to existing land use designations.

The Napa General Plan designates the affected territory as *Single Family Infill – 8*. This designation provides a density range of three to six units per acre and allows:

> "[D]etached and attached single family homes, second units, planned unit and cluster developments, duplex, triplexes, mobile homes, manufactured housing, and compatible uses such as day care and residential care facilities. Non-residential uses may also be allowed in appropriate locations at the discretion of the City, including bed-and-breakfast inns and public and quasi public uses of an administrative, educational, recreational, religious, cultural, communications, or public service nature."

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 proposed annexation 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 benefit current and future landowners and residents associated with the affected territory by providing permanent access to public sewer service. The provision of public sewer service will eliminate set-aside land requirements previously dedicated to the septic system, which will assist in intensifying future infill opportunities within the site.

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

The Commission serves as lead agency for the proposal given it is solely responsible for approving the underlying activity: annexation. Staff has determined the activity is a project under CEQA and no existing categorical or statutory exemptions apply. Accordingly, staff has prepared an initial study to assess the environmental impacts associated with the annexation. The initial study identifies the annexation may generate future indirect impacts given it does remove an obstacle in accommodating the future division and development of the site to include up to four additional single-family lots as allowed under the Napa General Plan. None of the indirect impacts identified with the annexation, however, are deemed significant and therefore a draft negative declaration has been prepared. A copy of the initial study is attached for Commission review along with a draft resolution adopting a negative declaration.

D. Alternatives for Commission Action

Staff has identified the following alternative actions for Commission consideration with respect to (a) making an environmental determination and (b) considering the proposed annexation.

Environmental Determination

Option 1A: Adopt the draft resolution identified as Attachment A approving a negative declaration for the proposed annexation. If this option is selected, the Commission can consider making a determination on the proposed annexation.

Option 1B: Continue consideration of the negative declaration for the proposed annexation to a future meeting. If this option is selected, the Commission cannot consider making a determination on the proposed annexation.

Proposal Determination

Option 2A: Adopt the draft resolution identified as Attachment B approving the proposed annexation as submitted with standard terms and conditions.

Option 2B: Continue consideration of the proposed annexation to a future meeting if more information is required.

Option 2C: Disapprove the proposal. Disapproval would statutorily prohibit the initiation of a similar proposal for one year.

E. Recommendation

Staff recommends the Commission adopt draft resolutions approving the negative declaration and proposed annexation as identified in the preceding sections as Options 1A and 2A.

Respectfully submitted,

Keene Simonds Executive Officer	Brendon Freeman Analyst

Attachments:

1) Draft Resolution Approving the Negative Declaration
2) Draft Resolution Approving the Proposal
3) Initial Study
4) Application Materials
5) Comment Letter from Napa Valley Unified School District