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

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

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

REGULAR MEETING AGENDA

Monday, April 2, 2012
County of Napa Administration Building
1195 Third Street, Board Chambers, 3rd Floor
Napa, California 94559

1. CALL TO ORDER BY CHAIR; ROLL CALL: 4:00 P.M.

2. PLEDGE OF ALLEGIANCE

3. AGENDA REVIEW
The Chair will consider any requests by Commissioners or staff to remove or re-arrange agenda items at this time.

4. PUBLIC COMMENTS
In this time period, anyone may comment to the Commission regarding any subject over which the agency has jurisdiction. No comments will be allowed involving any subject matter that is scheduled for hearing, action, or discussion as part of the current agenda other than to request discussion on a specific consent item. Individuals will be limited to three minutes. No action will be taken by the Commission as a result of any item presented at this time.

5. CONSENT ITEMS
All items calendared as consent are considered ministerial or non-substantive. With the concurrence of the Chair, a Commissioner may request discussion of an item on the consent calendar.

a) Approval of Meeting Minutes (Action)
The Commission will consider approving summary minutes for the February 6, 2012 regular meeting.

b) Notice of Appointment by County of Napa Board of Supervisors (Information)
The Commission will receive correspondence from the County of Napa advising the Board of Supervisors has reappointed Commissioner Brad Wagenknecht to a new four-year term commencing on May 7, 2012.

c) Update on Office Relocation (Information)
The Commission will receive an update on the status of the scheduled office relocation to 1030 Seminary Street, Suite B, Napa, California. This includes noting LAFCO will be closed for public business for 48 hours beginning on Monday, April 16th and reopen at the new office location on Wednesday, April 18th.

d) CALAFCO Quarterly Report (Information)
The Commission will receive a report prepared by the California Association of Local Agency Formation Commissions summarizing the Board's actions at its most recent meeting held on February 10, 2012.

e) Current and Future Proposals (Information)
The Commission will receive a report summarizing current and future proposals. The report is being presented for information. No new proposals have been submitted since the February 6, 2012 meeting.

6. PUBLIC HEARING ITEMS
Any member of the public may address the Commission with respect to a scheduled public hearing item. Comments should be limited to no more than five minutes unless additional time is permitted by the Chair.

a) Appointment of Alternate Public Member
The city and county members will consider making an appointment for the alternate public member position. Two candidates have applied and the appointment term is four years beginning May 2012 and ending May 2016.

b) Proposed Budget for Fiscal Year 2012-2013
The Commission will consider adopting a proposed budget for 2012-2013 nearly identical to the draft approved in February and subsequently circulated for review among local funding agencies. Proposed operating expenses total $432,001 and represent a 0.9% increase over the current fiscal year. Proposed operating revenues total $423,295 with the remaining shortfall ($8,706) to be covered by drawing down on agency reserves.

PUBLIC HEARING ITEMS CONTINUED...

c) Consideration of a Time Extension to Complete Proceedings:
Reorganization of the Napa Berryessa Resort Improvement District
The Commission will consider a recommendation from staff to authorize a time extension to complete a special condition tied to the previously approved reorganization of the Napa Berryessa Resort Improvement District into the Napa Berryessa Community Services District. A related and minor change to the text of the special condition is also recommended at the request of the Napa Berryessa Resort Improvement District.

d) Rosewood Lane No. 1 Reorganization
The Commission will consider a proposal from a landowner to annex approximately 1.05 acres of unincorporated territory to the Napa Sanitation District. The affected territory includes a single-family residence located at 1430 Rosewood Lane (038-160-030) and an adjacent right-of-way segment. Staff recommends approval of the proposal with two amendments to require concurrent (a) annexation to the City of Napa and (b) detachment from County Service Area No. 4. Staff also recommends the adoption of a negative declaration consistent with an initial study prepared in accordance with the California Environmental Quality Act.

7. ACTION ITEMS
Items calendared for action do not require a public hearing before consideration by the Commission. Applicants may address the Commission. Any member of the public may receive permission to provide comments on an item at the discretion of the Chair.

a) Proposed Strategic Plan for 2012-2014
The Commission will consider approving a two-year strategic plan prepared by the Committee on Policies and Procedures. The strategic plan outlines goals and implementing strategies based on Commissioner comments provided at the November 21, 2011 biennial workshop.

8. DISCUSSION ITEMS
A member of the public may receive permission to provide comments on any item calendared for discussion at the discretion of the Chair. General direction to staff for future action may be provided by Commissioners.

a) Municipal Service Review on Countywide Law Enforcement Services
The Commission will receive a draft report on its scheduled municipal service review on countywide law enforcement services. The draft examines the availability and adequacy of local law enforcement services relative to the Commission's mandates to facilitate orderly growth and development. This includes making determinative statements on specific governance and service factors prescribed under law. The draft is being presented to the Commission for discussion in anticipation of preparing a final report for approval at the next regular meeting.

b) Legislative Report
The Commission will receive a report on the second year of the 2011-2012 session of the California Legislature as it relates to items directly or indirectly effecting Local Agency Formation Commissions. The report is being presented for discussion with possible direction for staff with respect to issuing comments on specific items.

9. EXECUTIVE OFFICER REPORT
The Commission will receive a verbal report from the Executive Officer regarding current staff activities, communications, studies, and special projects. This includes, but is not limited to, the following

- CALAFCO Annual Staff Workshop, April 25-27, 2012 in Murphys
- Article Concerning Napa LAFCO's Proposed Amendments to G.C. Section 56133 in *Sphere*
- Island Annexation Program

10. CLOSED SESSION

None

11. COMMISSIONER COMMENTS; REQUEST FOR FUTURE AGENDA ITEMS

12. ADJOURNMENT TO NEXT REGULAR SCHEDULED MEETING: June 4, 2012

Materials relating to an item on this agenda that have been submitted to the Commission after distribution of the agenda packet are available for public inspection at the LAFCO office during normal business hours. Commissioners are disqualified from voting on any proposals involving entitlements of use if they have received campaign contributions from an interested party. The law prohibits a Commissioner from voting on any entitlement when he/she has received a campaign contribution(s) of more than $250 within 12 months of the decision, or during the proceedings for the decision, from any interested party involved in the entitlement. An interested party includes an applicant and any person with a financial interest actively supporting or opposing a proposal.

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

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

Agenda Item No. 5a (Consent)
April 2, 2012

March 27, 2012

TO: Local Agency Formation Commission

FROM: Kathy Mabry, Secretary

SUBJECT: Approval of Minutes for February 6, 2012

A. Discussion and Recommendation

Attached are summary minutes prepared for the Commission's February 6, 2012 meeting. Staff recommends approval.

Respectfully submitted,

_____
Kathy Mabry
Secretary

Attachment: as stated

Lewis Chilton, Chair
Councilmember, Town of Yountville

Brad Wagenknecht, Vice Chair
County of Napa Supervisor, 1st District

Brian J. Kelly, Commissioner
Representative of the General Public

Joan Bennett, Commissioner
Councilmember, City of American Canyon

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

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

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

Keene Simonds
Executive Officer

ATTACHMENT ONE

LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

MEETING MINUTES OF FEBRUARY 6, 2012

1. CALL TO ORDER; ROLL CALL

Chair Chilton called the regular meeting of February 6, 2012 to order at 4:01 p.m.
At the time of roll call, the following Commissioners and staff were present:

Regular Commissioners	Alternate Commissioners	Staff
Lewis Chilton, Chair	Juliana Inman	Keene Simonds, Executive Officer
Bill Dodd, Vice Chair	Mark Luce	Jackie Gong, Commission Counsel
Joan Bennett	Gregory Rodeno	Brendon Freeman, Analyst
Brian J. Kelly		Kathy Mabry, Secretary
Brad Wagenknecht		

2. PLEDGE OF ALLEGIANCE

Chair Chilton led the Pledge of Allegiance.

3. AGENDA REVIEW

There were no requests to rearrange the agenda.

4. PUBLIC COMMENT

Chair Chilton invited members of the audience to provide public comment. No comments were received.

5. CONSENT ITEMS

a) Second Quarter Budget Report for 2011-2012

The Commission received a second quarter budget report for 2011-2012. The report compared budgeted versus actual revenues and expenses through the first half of the fiscal year, and projected the Commission is on pace to measurably improve its budgeted operating funding gap from ($32,829) to approximately ($13,900).

b) Amendments to Adopted Fee Schedule

The Commission considered a minor amendment to its adopted fee schedule to reflect the 2.8% increase in California Department of Fish and Game's filing fees for lead agencies under the California Environmental Quality Act.

c) Approval of Meeting Minutes

The Commission approved minutes for the November 21, 2011 special meeting and for the December 5, 2011 regular meeting.

d) Correction on Previous Notice of Expiring Commissioner Terms in 2012

The Commission received an updated report on expiring commissioner terms in May 2012. The updated report corrects an earlier notice and confirms the term of the alternate city member position currently assigned to Commissioner Inman does not expire until May 2013. Terms for Commissioners Wagenknecht (Regular County) and Rodeno (Alternate Public), however, will expire in May 2012.

5. CONSENT ITEMS – continued:

e) New Legislation for 2012

The Commission received a report from staff summarizing pertinent new legislation affecting LAFCOs that becomes effective in 2012, including Senate Bill 244, Assembly Bill 54, and Assembly Bill 912.

f) Sustainable Communities Strategy for Bay Area Region

The Commission received a report on the progress of the Metropolitan Transportation Commission in developing a 25-year transportation/land use plan for the Bay Area as required under Senate Bill 375.

g) Current and Future Proposals

Staff provided an overview regarding the status of three active proposals on file with LAFCO:

- Rosewood Lane Annexation to the Napa Sanitation District
- Silverado Trail/Zinfandel Lane Annexation to the City of St. Helena
- Formation of the Villa Berryessa Water District

Four new proposals are expected to be submitted to the Commission in the near future:

- Matt Drive/Easum Drive Annexation to the City of Napa
- Imola Avenue/Tejas Drive Annexation to the City of Napa
- Formation of a Community Services District at Capell Valley
- Devlin Road/South Kelly Road No. 2 Annexation to the City of American Canyon

Upon motion by Commissioner Dodd and second by Commissioner Wagenknecht, the consent calendar items were approved.

6. PUBLIC HEARING ITEMS

No public hearing items were scheduled.

7. ACTION ITEMS

a) Draft Proposed Budget for Fiscal Year 2012-2013

The Commission reviewed a draft proposed budget for 2012-2013 for approval and circulation to local funding agencies. The draft's operating expenses total $431,251; an amount which represents a 0.7% increase over the current fiscal year. The draft's operating revenues total $422,629 with the remaining shortfall ($8,623) to be covered by drawing down on agency reserves. The Commission was provided with a summary of the draft budget, noting a $2,500 increase in the special department expense account for a one-time purchase of software and training with Granicus to begin live-streaming Commission meetings on the web. Staff also noted that the draft includes a recommendation to authorize the Executive Officer and Chair to negotiate and sign a 5-year lease for office space at 1030 Seminary Street, Suite B, in Napa. Chair Chilton invited the public to comment. No comments were received. Chair Chilton closed the comment period.

Upon motion by Commissioner Kelly and second by Commissioner Wagenknecht, the Commission unanimously approved the following three actions:

(a) Approve the draft proposed budget for 2012-2013 as provided in Attachment One of the staff report.

(b) Direct the Executive Officer to circulate the approved draft proposed budget to funding agencies for review and schedule a public hearing on April 2, 2012 for consideration of adoption.

(c) Authorize the Executive Officer and Chair to negotiate and sign a 5-year lease agreement for office space at 1030 Seminary Street, Suite B in Napa.

7. ACTION ITEMS – continued:

b) Legislative Analyst's Office: Report on the Accountability of Special Districts and Effectiveness of Local Agency Formation Commissions

The Commission received a report prepared by the Legislative Analyst's Office assessing, among other matters, the effectiveness of LAFCOs. Napa LAFCO is specifically reviewed as one of three case studies. The report was presented for discussion and possible action with respect to directing staff to provide comments. Clarification on the issue of LAFCO's possibly reviewing Joint Powers of Authority (JPA's) in the future was discussed with the Commission. Chair Chilton invited the public to comment. No comments were received. Chair Chilton closed the comment period.

Upon motion by Commissioner Dodd and second by Commissioner Kelly, the Commission directed staff to prepare formal comments consistent with the analysis provided in the staff report and forward to the Legislative Analyst's Office.

c) Termination of Agreement Involving Oat Hill Subdivision, Unit No. 2

The Commission considered termination of its agreement signed and recorded in 1984 involving the Oat Hill Subdivision, Unit No. 2. This agreement represented a covenant tied to approximately 10 acres of now incorporated territory located in the City of American Canyon committing the owner to support the formation of and/or annexation to a special district to provide street sweeping and/or street lighting services.

Commission Counsel Jackie Gong provided the Commission with a history of this matter, and affirmed that the City of American Canyon and the County have no objections to the termination, which will allow the current landowner to be able to sell the property.

Brent Cooper, Community Development Director, City of American Canyon spoke to the Commission, thanking the Commission and staff for taking this matter under consideration.

Upon motion by Commissioner Bennett second by Commissioner Kelly, the Commission adopted the resolution determining the formation of and/or annexation of a district or service area is no longer necessitated and terminating the Oat Hill Agreement **(Resolution #2012-01)**.

8. DISCUSSION ITEMS

a) Report on the Strategic Planning Workshop

The Commission received a report from staff summarizing central discussion points from the recent strategic planning workshop, which includes participant comments on the Commission's (a) core objectives, (b) key challenges, and (c) near-term goals. The report was presented for discussion and feedback. The Committee on Policies and Procedures will utilize the report in preparing a strategic plan for future consideration by Commission.

b) Update on Countywide Law Enforcement Municipal Service Review

The Commission received an update from Brendon Freeman, Analyst, on the status of LAFCO's scheduled municipal service review on countywide law enforcement services. The update includes feedback provided by the Commission at the December meeting, including adding a sixth agency, the Town of Yountville, to the report and meeting with the new City Manager of St. Helena to discuss finding of the preliminary draft presented in December. Staff anticipates presenting a complete draft report – with determinative statements – drafted in consultation with the Chair and Vice Chair at the next regular meeting in April.

8. DISCUSSION ITEMS – continued:

c) Legislative Report

Staff provided the Commission with a report summarizing the California Legislature items under discussion for the second year of the 2011-2012 session affecting Local Agency Formation Commissions. The report was presented for discussion with possible direction for staff with respect to issuing comments. Staff informed the Commission about the legislative proposal drafted by the Napa County Farm Bureau to rewrite LAFCO law as part to the "Napa County Farmland Protection Act". Their draft proposal, as it currently is written, would effectively prohibit LAFCO of Napa County from adding any lands designated "Agriculture Watershed Open Space" or "Agriculture Resource" under the County General Plan to a city or special district's (a) sphere of influence or (b) jurisdictional boundary through 2059; a timeline intentionally corresponding with Measure J/P. Staff outlined several concerns with the proposal.

Upon motion by Commissioner Kelly and second by Commissioner Bennett, the Commission unanimously directed staff to prepare a letter to the County and cities formalizing the concerns as discussed.

9. EXECUTIVE OFFICER REPORT

The Commission was provided with a verbal report from the Executive Officer regarding the following item:

- The public notice has gone out for the current Alternate Public Member position, and recruitment closes March 5th, 2012.

10. CLOSED SESSION

There was no closed session.

11. COMMISSIONER COMMENTS; REQUEST FOR FUTURE AGENDA ITEMS

There were no Commissioner comments or requests for future agenda items.

12. ADJOURNMENT TO NEXT REGULAR SCHEDULED MEETING

The meeting was adjourned at 4:54 p.m. The next regular LAFCO meeting is scheduled for Monday, April 2, 2012 at 4:00 p.m.

_____
Lewis Chilton, Chair

ATTEST: Keene Simonds
Executive Officer

Prepared by:

Kathy Mabry

Kathy Mabry
Commission Secretary

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

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

April 2, 2012
Agenda Item No. 5b (Consent/Information)

March 27, 2012

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: **Notice of Appointment by County of Napa Board of Supervisors**
The Commission will receive correspondence from the County of Napa advising the Board of Supervisors have reappointed Commissioner Brad Wagenknecht as a regular member to a new four-year term commencing on May 7, 2012.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 states the composition of Local Agency Formation Commissions (LAFCOs) shall generally include two regular members representing the county, two regular members representing the cities, and one regular member representing the general public. LAFCOs may also have two regular members representing special districts. Each category represented on LAFCO also has one alternate member. Appointments for the county and city regular and alternate members are made by board of supervisors and city selection committees, respectively. Appointments for the regular and alternate public members are made by the county and city members on LAFCO. All terms on LAFCO are four years and begin on the first Monday of the affected calendar year.

A. Information

LAFCO of Napa County ("Commission") has received written notice from the County of Napa that the Board of Supervisors has reappointed Commissioner Wagenknecht to a new four-year term as a regular member beginning May 7, 2012. The Board did not make any other changes to its Commission appointments. A listing of all Board appointees and their respective terms on the Commission follows.

County Member	Appointment Position	Appointment Term
Bill Dodd	Regular	2010-2014
Brad Wagenknecht	Regular	2012-2016
Mark Luce	Alternate	2009-2013

As required under LAFCO law, Commissioner Wagenknecht will take a new oath of office at the next regular meeting scheduled for June 2, 2012.

Lewis Chilton, Chair
Councilmember, Town of Yountville

Brad Wagenknecht, Vice Chair
County of Napa Supervisor, 1st District

Brian J. Kelly, Commissioner
Representative of the General Public

Joan Bennett, Commissioner
Councilmember, City of American Canyon

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

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

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

Keene Simonds
Executive Officer

B. Commission Review

The Commission is invited to review and discuss the staff report as needed.

Attachment:
1) Letter from the County of Napa

ATTACHMENT ONE

A Tradition of Stewardship
A Commitment to Service

RECEIVED
MAR 5 2012
NAPA COUNTY
LAFCO

1195 Third St.
Suite 310
Napa, CA 94559
www.co.napa.ca.us

Main: (707) 253-4421
Fax: (707) 253-4176

Nancy Watt
County Executive Officer

February 28, 2012

Keene Simonds, Executive Officer
Local Agency Formation Commission of Napa County
1700 Second Street, Suite 268
Napa, CA 94559

Dear Keene:

Supervisor Brad Wagenknecht was reappointed to serve as the Napa County Board of Supervisors' representative on LAFCO at the February 28, 2012 Board of Supervisors meeting. The duration of his appointment is four (4) years expiring the first Monday in May 7, 2016.

Regards,

Gladys I. Coil
Clerk of the Board

H:\!-SHARED\CMTCMS\LAFCO\2012-28-02 ltr to LAFCO re Wagenknecht appt..doc

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

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

April 2, 2012
Agenda Item No. 5c (Consent/Information)

March 27, 2012

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer
Kathy Mabry, Commission Secretary

SUBJECT: **Update on Office Relocation**
The Commission will receive an update on the agency's pending office relocation to 1030 Seminary Street, Suite B, Napa. This includes anticipating the office will be closed for 48 hours beginning on Monday, April 16th and reopen at the new location on Wednesday, April 18th.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 directs Local Agency Formation Commissions (LAFCOs) to plan and coordinate the orderly formation and development of local governmental agencies and services within their jurisdictions. State law states LAFCOs are individually responsible for making their own provisions for personnel and facilities. In making their own provisions, LAFCOs may choose to contract with a public or private entity.

A. Information

At the February 6, 2012 meeting, LAFCO of Napa County ("Commission") authorized the Chair and Executive Officer to finalize and sign a lease agreement for office space at 1030 Seminary Street in downtown Napa. A finalized lease, accordingly, was subsequently signed by the Chair and provides the Commission with an approximate 800 square foot suite ("B") divided between three private offices, a conference room, and a reception area. The lease term provides for an annual and fixed rent charge of $25,560 over the next five years with an option for an additional five year term. Markedly, the annual and fixed charge represents an approximate 13% decrease or $3,720 over the current fiscal year for office space at 1700 Second Street.

The Commission takes possession of the new office space on April 1, 2012 with rent payments not beginning for another three months on July 1st. A small number of improvements have already been made to make the new office suite ready for use. This includes installing a secured fiber-optic cable ("T-1") to allow the Commission to connect to the County of Napa's computer network system.

Lewis Chilton, Chair
Councilmember, Town of Yountville

Brad Wagenknecht, Vice Chair
County of Napa Supervisor, 1st District

Brian J. Kelly, Commissioner
Representative of the General Public

Joan Bennett, Commissioner
Councilmember, City of American Canyon

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

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

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

Keene Simonds
Executive Officer

Arrangements with a local vendor (Holmes Moving and Storage) have been scheduled to move the Commission's belongings to the new office suite on Monday, April 16th. Staff anticipates the move will take one to two full business days to complete, including reconnecting all computer networking systems. Staff expects – barring any unforeseen issue – reopening the Commission office for public business on Wednesday, April 18th.

B. Commission Review

This item has been agendized as part of the consent calendar for information only. Accordingly, if interested, the Commission is invited to pull this item for additional discussion with the concurrence of the Chair.

Attachment:
~~1) Office Lease at 1030 Seminary Street, Suite B~~.

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

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

April 2, 2012
Agenda Item No. 5d (Consent/Information)

March 27, 2012

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: **CALAFCO Quarterly Report**
The Commission will receive a report prepared by the California Association of Local Agency Formation Commissions summarizing the Board's actions at its most recent meeting held on February 10, 2012.

A. Information

The California Association of Local Agency Formation Commissions (CALAFCO) recently adopted a new strategic plan. The strategic plan includes a goal of maintaining enhanced communication with member agencies. This includes providing a brief summary of the Board's actions following each meeting. A report on the Board's action from its most recent meeting held in Irvine on February 10, 2012 is attached.

B. Commission Review

The Commission is invited to review and discuss the attached report as needed.

Attachments: as stated

Lewis Chilton, Chair
Councilmember, Town of Yountville

Brad Wagenknecht, Vice Chair
County of Napa Supervisor, 1st District

Brian J. Kelly, Commissioner
Representative of the General Public

Joan Bennett, Commissioner
Councilmember, City of American Canyon

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

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

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

Keene Simonds
Executive Officer

ATTACHMENT ONE

News from the Board of Directors
CALAFCO QUARTERLY

February 2012

New Board Member Appointed

The CALAFCO Board of Directors met in Irvine on Friday, February 10th. The Board appointed Riverside LAFCo Commissioner **Eugene Montanez** to fill the vacancy created when Jon Edney lost his council race in November. Commissioner Montanez is the Mayor of Corona. His seat is the city commissioner from the Southern Region. It will be up for election at the annual conference this fall.

Board member **Cathy Schlottmann** announced she was not reappointed as a special district commissioner on the Santa Barbara LAFCo. The Board thanked her for her service. The Coastal Region is conducting a process to identify a special district commissioner from the region to recommend for appointment to the Board. Interested commissioners should send their name to executive officer Lou Ann Texeira (Contra Costa LAFCo).

Legislative Activities

CALAFCO policy calls for the Board to approve legislative policies and priorities annually. After receiving recommendations from the Legislative Committee, the Board of Directors adopted the **2012 Legislative Policies and Priorities**. Two new policies were added:

- Support continuance of the Williamson Act and restore subvention payments
- Support proposals which provide LAFCo with additional tools to encourage shared services amongst local agencies

The Policies are available on the CALAFCO web site.

The Board was updated on current Legislative Committee action, including work on the Assembly Omnibus bill. In addition to several technical changes to Cortese-Knox-Hertzberg, the bill is expected to include the first phase of the protest provisions update project. Staff is working on three additional initiatives: 1) transfer of principal county for sphere of influence changes; 2) allow LAFCo to be eligible to apply for Strategic Growth Council Grants; and 3) streamline the waiver of notice and protest proceedings for county service area proposals.

Currently bills are being introduced as they return from Legislative Counsel. As of the Board meeting staff had not seen any other bills that affect LAFCo. If any are introduced they appear on the CALAFCO web site. The Board discussed two issues from the Legislative Committee:

- **56133 Service Extension Authority** – The Board discussed the proposal and evaluated feedback received from LAFCos (one oppose, one 'not support', and five support) as well as a letter from the Environmental Defense Center requesting stakeholder input before proceeding. The Board felt it was important to have involvement of the all stakeholders before seeking legislation. They adopted a position to initiate conversations with the environmental and agricultural communities with the goal of introducing language in 2013.
- **LAFCo Name Change** – A member LAFCo requested the Association consider seeking a name change for LAFCo. The Board voted unanimously not to proceed with pursuing the idea. They felt there was not sufficient justification to proceed nor the CALAFCO resources that would be required for the effort.

New White Paper Released

CALAFCO staff and consultants have completed a major update to a research paper. "*LAFCos, General Plans and City Annexations*" is a Governor's Office of Planning and Research (OPR) paper that was last updated in 1997 – before CKH. CALAFCO worked closely with OPR on the rewrite of this paper. It is now available for download from the CALAFCO web site.

Plans Proceed for the 2012 Staff Workshop

The Staff Workshop is scheduled for April 25th–27th in Murphys (Calaveras County). With the theme *LAFCos in a Brave New World*, a series of in-depth sessions are planned for executive officers, clerks, analysts and counsel covering a breadth of LAFCo issues. The mobile workshop highlights the historic Utica Power Authority power and water systems. The workshop will be preceded by a CALAFCO University course *Shared Services and Service Efficiencies.* Detailed information and registration is available on the CALAFCO web site.

CALAFCO Administration

The Board addressed several administrative issues. The quarterly financial reports were reviewed. The budget is on track for the year with no changes anticipated. The Board considered the 2012-13 dues. CALAFCO Bylaws call for the dues to increase annually by the state CPI. For the last three years the Board has voted not to implement the increase because of the economic crisis. Costs continue to increase, however and for 2012-13 the Board did not belay the CPI increase. The dues increase will be 2.2%.

The Board reviewed its policy on guest meals at conferences and workshops. The Board reiterated its policy that guests must purchase any meals they plan on eating. Meal tickets and conference registrations are not transferable to guests.

Bill Chiat Announces Retirement

CALAFCO Executive Director Bill Chiat announced that he would be retiring after eight years of service. He will be staying on through the CALAFCO conference in October. Chair Jerry Gladbach is heading a committee that will oversee the recruitment. An RFP is expected this spring.

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

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

April 2, 2012
Agenda Item No. 5e (Consent/Information)

March 27, 2012

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer
Brendon Freeman, Analyst

SUBJECT: **Current and Future Proposals**
The Commission will receive a report summarizing current and future proposals. The report is being presented for information. No new proposals have been submitted since the February 6, 2012 meeting.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 delegates Local Agency Formation Commissions (LAFCOs) with regulatory and planning duties to coordinate the logical formation and development of local governmental agencies. This includes approving or disapproving proposals involving the formation, expansion, merger, and dissolution of cities and special districts.

A. Information

There are currently two active proposals on file with LAFCO of Napa County ("Commission"). A summary of these active proposals follows.

Formation of the Villa Berryessa Water District

This application has been submitted by Miller-Sorg Group, Inc. The applicant proposes the formation of a new special district under the California Water District Act. The purpose in forming the new special district is to provide public water and sewer services to a planned 100-lot subdivision located along the western shoreline of Lake Berryessa. A tentative subdivision map for the underlying project has already been approved by the County. The County has conditioned recording the final map on the applicants receiving written approval from the United States Bureau of Reclamation to construct an access road and intake across federal lands to receive water supplies from Lake Berryessa. Based on their own review of the project, the Bureau is requesting a governmental agency accept responsibility for the construction and perpetual operation of the water and sewer systems serving the subdivision.

Status: Staff is currently awaiting a response to an earlier request for additional information from the applicant.

Lewis Chilton, Chair
Councilmember, Town of Yountville

Brad Wagenknecht, Vice Chair
County of Napa Supervisor, 1st District

Brian J. Kelly, Commissioner
Representative of the General Public

Joan Bennett, Commissioner
Councilmember, City of American Canyon

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

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

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

Keene Simonds
Executive Officer

Silverado Trail/Zinfandel Lane Annexation to the City of St. Helena
The City of St. Helena proposes the annexation of approximately 100 acres of unincorporated territory located northwest of the intersection of Silverado Trail and Zinfandel Lane. The affected territory consists of one entire parcel and a portion of a second parcel, which are both owned and used by St. Helena to discharge treated wastewater from an adjacent treatment plant through a spray irrigation system. Both subject parcels are located outside the City's sphere of influence. Rather than request concurrent amendment, St. Helena is proposing only the annexation of a portion of the second parcel to ensure the affected territory is non-contiguous to its incorporated boundary and therefore eligible for annexation under Government Code Section 56742. This statute permits a city to annex non-contiguous land it owns and uses for municipal purposes without consistency with its sphere of influence. However, if sold, the statute requires the land be automatically detached. The two subject parcels are identified by the County Assessor as 030-240-017 (portion) and 030-250-018.

Status: Staff has completed its review of the proposal. St. Helena has filed a request with the Commission to delay consideration of the proposal in order to explore a separate agreement with the County to extend the current Williamson Act contract associated with the affected territory.

There are five potential new proposals that may be submitted to the Commission in the near future. A summary of these anticipated proposals follows.

Wilkins Avenue Annexation to the City of Napa
A representative for the landowner of a 0.77 acre unincorporated property has inquired about re-initiating annexation. This property was conditionally approved for annexation by the Commission on February 2, 2009. Staff on several occasions attempted to contact the landowner to request the outstanding conditions be fulfilled. The conditions, however, were never satisfied and annexation proceedings were formally abandoned on April 5, 2010. Staff is working with the landowner's representative and the City to discuss resuming annexation proceedings. This includes preparing a new application in consultation with the City.

Matt Drive/Easum Drive Annexation to the City of Napa
An interested landowner within a completely surrounded unincorporated island located near the intersection of Matt Drive and Easum Drive in the City of Napa has inquired about annexation. The landowner owns and operates a bed and breakfast and is interested in annexation in response to an informational mailer issued by LAFCO last year outlining the cost benefits to annexation. Subsequent follow up indicates the other two landowners within the island are agreeable to annexation. Staff is working with the City in preparing an application for consideration by the City Council.

Imola Avenue/Tejas Drive Annexation to the City of Napa
An interested landowner within a substantially surrounded unincorporated island located near the intersection of Imola Avenue and Tejas Avenue in the City of Napa has inquired about annexation. The interested landowner owns an approximate 1.5 acre undeveloped lot and is interested in ultimately pursuing a development project, although no specific plans exist at this time. Staff recently mailed out a survey to the 19 adjacent properties within the affected island to gauge interest in potentially expanding the annexation proposal to either further reduce or outright eliminate the entire island area.

Devlin Road/South Kelly Road Area Annexation to the City of American Canyon
The City of American Canyon is expected to file an annexation proposal with the Commission within the next month involving an approximate 1.1 acre portion of a 10 acre unincorporated parcel located within the City's sphere of influence. The affected territory is owned by Southern Pacific and comprises an active railroad track. The purpose of the annexation is to facilitate the planned southern extension of Devlin Road, which is expected to traverse the affected territory by way of a flyover bridge.

Formation of a Community Services District at Capell Valley
An interested landowner has inquired about the formation of a new special district for purposes of assuming water responsibilities from an existing private water company. The affected area includes the 58-space mobile home park adjacent to Moskowite Corners as well as two adjacent parcels that are zoned for affordable housing by the County. Staff has been working with the landowner in evaluating governance options as well as other related considerations under LAFCO law. This includes presenting at a community meeting earlier this year. The meeting was attended by approximately 25 residents and provided staff the opportunity to explain options and processes available to residents with respect to forming a special district as well as to answer questions. Commissioner Dodd was also in attendance.

B. Commission Review

This item has been agendized as part of the consent calendar for information only. Accordingly, if interested, the Commission is invited to pull this item for additional discussion with the concurrence of the Chair.

Attachments: none

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

Local Agency Formation Commission
Subdivision of the State of California

April 2, 2012
Agenda Item No. 6a (Public Hearing)

March 26, 2012

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: **Appointment of Alternate Public Member**
The city and county members will consider making an appointment for the alternate public member position. Two candidates have applied and the appointment term is four years beginning May 2012 and ending May 2016.

California Government Code Section 56325(d) states the composition of all 58 Local Agency Formation Commissions (LAFCOs) shall include one member representing the general public, referred to as the "public member." This code section also states LAFCOs may designate one alternate public member. The regular and alternative public members are appointed to separate four-year terms and by statute cannot be officers or employees with local governmental agencies along with any other locally adopted policies. Additionally, to be appointed, the regular and alternate public members must receive at least one vote from a county and city member.

A. Background

Policies on Appointing Public Members

LAFCO of Napa County's ("Commission") policy regarding the appointment of the regular and alternate public members was adopted in October 2001 and most recently amended in April 2008. The underlying intent of the policy is to outline specific procedures to help ensure a uniform and transparent appointment process. The policy also includes prescribing additional eligibility requirements that appointees not serve on local public bodies with the authority to make advisory or final decisions relative to land use or the provision of municipal services.

The Executive Officer is responsible under the policy for notifying notify the Commission no less than 120 days prior to an impending vacancy and whether the incumbent is eligible to seek reappointment. Upon notification, the Commission must direct the Executive Officer to (a) recruit candidates and schedule a hearing to make an appointment or (b) schedule a hearing to expedite the reappointment of the incumbent if they are eligible and have served no more than all or a portion of one term.

State law specifies all regular and alternate public member terms are to begin on the first Monday in the month of May. Accordingly, to maintain cohesion, it is the long-standing practice of the Commission to consider appointments to either position at its April meeting with continuances as needed.

Lewis Chilton, Chair
Councilmember, Town of Yountville

Joan Bennett, Commissioner
Councilmember, City of American Canyon

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

Brad Wagenknecht, Vice Chair
County of Napa Supervisor, 1st District

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

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

Brian J. Kelly, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

Expiring Term of the Alternate Public Member

Commissioner Gregory Rodeno's term as alternate public member expires on Monday, May 7, 2012. The Commission originally appointed Commissioner Rodeno as alternate public member beginning April 2007 to fill Brian J. Kelly's unexpired term ending in May 2008. The Commission reappointed Commissioner Rodeno to a new four-year term as alternate public member beginning May 2008.

B. Discussion/Analysis

At its December 5, 2011 meeting, the Commission provided formal direction to staff to initiate an open recruitment for the alternate public member position. Towards this end, staff prepared an announcement inviting applications for the alternate public member position between January 17th and March 5th. The announcement was posted on the Commission's website and published in the Napa Valley Register on consecutive Sundays on January 22nd and January 29th. The announcement was also circulated to all local agencies subject to Commission oversight.

The Commission received two applications for the alternate public member position through the March 5th submittal deadline. These applications were received from Gregory Rodeno (incumbent) and Albert Iliff. Both applicants qualify for appointment.[1]

C. Alternatives for Commission Action

The following alternative actions are available for consideration by the city and county members on the Commission.

Alternative One: Close the public hearing and appoint one of the two candidates to the position of alternate public member to a four year term commencing on May 7, 2012.

Alternative Two: Continue the public hearing to the next regular meeting and direct staff to provide additional information as needed

D. Recommendation

It is recommended the city and county members appoint an alternate public member as identified in the preceding section as "Alternative One."

[1] Candidate Iliff currently serves as a volunteer administrative technician with the California Highway Patrol at the Vallejo Substation. These duties do not conflict with eligibility requirements as prescribed under Commission policy.

E. Procedures for Consideration

This item has been agendized as a public hearing consistent with State law. The following procedures are recommended with respect to considering this item:

1) Receive verbal report from staff;

2) Open the public hearing (mandatory);

3) Invite candidates to address the Commission (policy); and

4) Consider taking one of the actions outlined in the preceding section.

Respectfully submitted,

_____

Keene Simonds
Executive Officer

Attachments:

1) *Policy on the Appointment of the Public Member and Alternate Public Member*
~~2) Candidate Application: Gregory Rodeno (incumbent)~~
~~3) Candidate Application: Albert Iliff~~

ATTACHMENT ONE

LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

Policy on the Appointment of a Public Member and Alternate Public Member

Adopted: October 11, 2001
Amended: December 5, 2005; April 7, 2008

Authority

California Government Code Section 56325(d) states the composition of the Commission shall include one member representing the general public, hereinafter referred to as "public member." This code section also states that the Commission may designate one alternate public member. The selection of the public member and alternate public member shall be subject to the affirmative vote of at least one of the members appointed by each of the Board of Supervisors and City Selection Committee.

Eligibility

The public member and alternate public member shall be a resident of Napa County. No person may serve as public member or alternate public member if at the same time he or she is an officer or employee of a local public agency. No person may also serve as public member or alternate public member if he or she is member of a local public board, commission, or committee with the authority to make advisory or final decisions relative to land use or the provision of municipal services.

Term of Office

The term of office for public member and alternate public member shall be four years and shall end on the first Monday in May of the year in which the term expires. The public member and alternate public member shall continue to serve until his or her successor is appointed.

Appointment Procedures

New Term for Public Member or Alternate Public Member

It is the policy of the Commission that in anticipation of the expiration of a four-year term for the public member or alternate public member, the following procedures will be taken:

1. At a regular meeting no less than 120 days prior to the scheduled expiration of public member or alternate public member's term, the Executive Officer shall inform the Commission of the impending vacancy and whether the incumbent is eligible to seek reappointment. The Commission shall take either of the following two actions set forth in 1.a) or 1.b).

a) Direct the Executive Officer to recruit candidates and schedule a hearing date to consider making an appointment to the position. Tasks of Executive Officer shall include, but not limited to, the following:

   i) Issue a notice announcing the vacancy and that the Commission is accepting applications for the position no less than 60 days prior to the scheduled hearing for the appointment. The notice shall be posted at the LAFCO office and on its website, sent to all local agencies, and published in the Napa Valley Register.[1] The notice shall indicate if the incumbent is eligible for reappointment.
   ii) Determine the filing period to receive applications for the position. All applications shall be made available to each city and county member on the Commission no less than 14 days prior to the scheduled hearing for the appointment.
   iii) If it becomes necessary for the Commission to cancel or reschedule the meeting at which the hearing for the appointment has been scheduled, the Executive Officer shall reschedule the hearing for the next regular meeting.

b) If the incumbent is eligible and has served no more than all or a portion of one term, the Commission may direct the Executive Officer to schedule a public hearing to consider approving reappointment. Tasks of Executive Officer shall include, but not limited to, the following:

   i) Issue a notice announcing the scheduled reappointment of the incumbent. The notice shall be posted at the LAFCO office and on its website and sent to all local agencies. The notice shall be posted no less than 21 days prior to the hearing for which the reappointment has been scheduled.
   ii) If it becomes necessary for the Commission to cancel or reschedule the meeting at which the hearing for the reappointment has been scheduled, the Executive Officer shall reschedule the hearing for the next regular meeting.

Mid-Term Vacancy for Public Member

If the position of public member becomes vacant prior to the expiration of the term, it is the policy of the Commission that it may fill the unexpired term through one of the following:

1. Choose from among the remaining applicants for the position if no more than 12 months have passed since the appointment of the public member.

2. Appoint the alternate public member.

3. Fill the position in the manner prescribed for the appointment for a public member to a new term.

---

[1] For purposes of this policy, notice to local agencies is fulfilled by sending a copy of the notice to the clerk or secretary of the legislative body of each local agency in Napa County.

An appointment to fill an unexpired term shall be preceded by posting a notice of vacancy. The notice will be posted at the LAFCO office and on its website and sent to all local agencies. The notice will be posted no less than 21 days prior to the meeting at which time the Commission will consider taking action to fill the unexpired term.

Mid-Term Vacancy for Alternate Public Member

If the position of alternate public member becomes vacant prior to the expiration of the term, it is the policy of the Commission that it may fill the unexpired term through one of the following:

1. Choose from among the remaining applicants for the position if no more than 12 months have passed since the appointment of the alternate public member.

2. Fill the position in the manner prescribed for the appointment of an alternate public member to a new term.

An appointment to fill an unexpired term shall be preceded by posting a notice of vacancy. The notice will be posted at the LAFCO office and on its website and sent to all local agencies. The notice will be posted no less than 21 days prior to the meeting at which time the Commission will consider taking action to fill the unexpired term.

Conducting Public Hearings for Appointing a Public Member or Alternate Public Member

It is the policy of the Commission that a public hearing to appoint either the public member or alternate public member shall be conducted as follows:

1. The Chair shall open the public hearing and first invite candidates to address the Commission. The Chair shall then invite public comments from the audience.

2. Upon the close of the public comment period, the Chair shall ask each commissioner to make one nomination. Commissioners may nominate anyone from the applicant pool, and an applicant may receive more than one nomination.

3. After each commissioner has made a nomination, the Chair shall ask if there is a second to any of the nominations. If there is a second, the Chair shall call for a vote on that nomination. If the vote is in the affirmative, the appointment is made. If the vote is not in the affirmative, the Chair shall call for a second to another of the nominations. This process shall continue until an appointment is made or all of the nominations are exhausted.

4. If all of the nominations are exhausted, the Chair may 1) begin the entire procedure again by calling for one nomination from each commissioner or 2) call for the use of the ballot system as described in Paragraph 5.

5. If the Chair calls for use of a ballot system, then the Clerk shall provide each commissioner with a ballot that has been preformatted to label their printed name. Each commissioner shall mark the ballot with the name of a candidate from among the applicants. The ballots are then submitted to the Clerk for tabulation. The Clerk determines the number of votes for each candidate. If a candidate receives at least three votes, the Clerk announces the name of the candidate and the number votes. The Commission then formally votes to appoint that candidate. If no candidate receives at least three votes, the Clerk shall announce which candidates received votes and shall provide each commissioner with a second ballot that has been preformatted to label their printed name. Each commissioner shall mark the ballot with the name of candidate from among those candidates that received votes in the previous round of voting. The ballots are then submitted to the Clerk for tabulation. The Clerk determines the number of votes for each candidate. If a candidate receives at least three votes, the Clerk announces the name of the candidate and the number votes. The Commission then formally votes to appoint that candidate. If no candidate receives at least three votes, the Clerk shall announce which candidates received votes and the Commission shall engage in another round of voting. This shall continue until a candidate is selected.

   As mentioned, California Government Code Section 56325(d) specifies that the appointment of a public or alternate public member requires the vote of at least one commissioner appointed by the Board of Supervisors and one commissioner appointed by the City Selection Committee. If a candidate receives at least three votes, this requirement is fulfilled.

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

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

April 2, 2012
Agenda Item No. 6b (Public Hearing)

March 26, 2012

TO: Local Agency Formation Commission

FROM: Budget Committee (Chilton, Kelly, and Simonds)

SUBJECT: **Proposed Budget for Fiscal Year 2012-2013**
The Commission will consider adopting a proposed budget for 2012-2013 nearly identical to the draft approved in February and subsequently circulated for review among local funding agencies. Proposed operating expenses total $432,001 and represent a 0.9% increase over the current fiscal year. Proposed operating revenues total $423,295 with the remaining shortfall ($8,706) to be covered by drawing down on agency reserves.

Local Agency Formation Commissions (LAFCOs) are responsible under State law for annually adopting a proposed budget by May 1st and a final budget by June 15th. State law specifies the proposed and final budgets shall – at a minimum – be equal to the budget adopted for the previous fiscal year unless LAFCO finds the reduced costs will nevertheless allow the agency to fulfill its prescribed duties. LAFCOs must adopt their proposed and final budgets at noticed public hearings.

A. Background

Prescriptive Funding Sources

LAFCO of Napa County's ("Commission") annual operating expenses are principally funded by the County of Napa and the Cities of American Canyon, Calistoga, Napa, St. Helena, and Yountville. State law specifies the County is responsible for one-half of the Commission's operating expenses while the remaining amount is to be apportioned among the five cities. The current formula for allocating the cities' shares of the Commission's budget was adopted by the municipalities in 2003 as an alternative to the standard method outlined in State law and is based on a weighted calculation of population and general tax revenues. Additional funding, typically representing less than one-fifth of total revenues, is budgeted from application fees and interest earned.

Lewis Chilton, Chair
Councilmember, Town of Yountville

Brad Wagenknecht, Vice Chair
County of Napa Supervisor, 1st District

Brian J. Kelly, Commissioner
Representative of the General Public

Joan Bennett, Commissioner
Councilmember, City of American Canyon

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

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

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

Keene Simonds
Executive Officer

Budgeting Process

In preparing for its own provisions, the Commission has established a Budget Committee ("Committee") consisting of two appointed Commissioners and the Executive Officer. The Committee's initial responsibility is to prepare and present a draft proposed budget for approval by the Commission in February before it is circulated for comment to each funding agency. It has been the practice of the Commission to receive proposed and final budgets from the Committee for adoption at its April and June meetings, respectively.[1]

Fund Balance and Related Policy on Minimum Reserves

It is the Commission's policy to retain sufficient reserves to equal no less than three months or 25 percent of budgeted operating expenses in the affected fiscal year less any capital depreciation. The Commission's current unreserved/unrestricted fund balance totals $131,692 as of July 1, 2011; an amount equaling 31 percent of budgeted operating expenses. This ratio is expected to decrease to 27 percent by the end of the fiscal year.[2]

Draft Proposed Budget for 2012-2013

The 2012-2013 Committee (Chilton, Kelly, and Simonds) conducted a noticed public meeting on January 19, 2012 to review the Commission's operating expenses and revenues for the upcoming fiscal year. The Committee's review incorporated three interrelated budget factors. First, the Committee considered baseline agency costs to maintain the current level of services at next year's projected price for labor and supplies. Second, the Committee considered whether changes in baseline agency costs are appropriate to accommodate changes in need or demand. Third, upon setting operating expenses, the Committee considered the amount of new revenues needed from the funding agencies and whether agency reserves should be utilized in lowering contribution requirements.

The Committee incorporated the described factors – existing baseline costs, warranted changes in baseline costs, and revenue needs – in preparing and presenting a draft proposed budget at the Commission's February 6, 2012 meeting. The draft represented a "status quo" in terms of maintaining existing service levels, including preserving present staffing levels at 2.5 full time equivalent employees, with operating expenses increasing over the current fiscal year by 0.7% and totaling $431,252. Operating revenues in the draft also reflected an increase over the current fiscal year by 6.9% and totaling $422,629 with the remaining shortfall ($8,623) to be covered by drawing down on agency reserves.

---

[1] It is important to note in 2010-2011 the Commission made several substantive amendments to its budget process to improve the fiscal management of the agency. Most notably, this included eliminating annual appropriations for an operating reserve and consultant contingency in favor of establishing a fund balance policy objective to maintain no less than three months of operating expenses for unexpected costs less any capital depreciation. A key motivation underlying this amendment was to reduce the amount of unexpended monies accruing at the end of the fiscal years, which were being returned to the funding agencies in the form of credits against their subsequent year budget contributions. Importantly, by eliminating this practice, the Commission clarifies its financial position at the end of each fiscal year by reducing the amount of agency credits remaining in the fund balance. The funding agencies also benefit from eliminating the practice by enjoying more cost-certainty by receiving a more accurate appropriation charge at the beginning of each fiscal year.

[2] Staff currently projects the Commission will finish the fiscal year with an unreserved/unrestricted fund balance of $115,933.

The Commission approved the draft proposed budgeted as submitted at the February 6th meeting and directed staff to seek comments from the funding agencies in anticipation of considering formal adoption – with or without any changes – in April. Staff electronically mailed notice to all six funding agencies the following week inviting their review and comment on the approved draft through March 14th. No comments were received.

B. Discussion

The Committee returns with a proposed budget for consideration by the Commission as part of a noticed public hearing. The proposed budget is nearly identical to the earlier approved draft with slight increases representing less than one-half percent differences to both operating expenses and operating revenues as a primary result of finalizing terms for a new office lease and recalculating current year-end expenses. A detail summary of the proposed budget and the changes incorporated since the draft approval in April follows with the corresponding general ledger showing all affected accounts attached.

Operating Expenses

The Committee proposes operating expenses increase from $428,270 to $432,001; a difference of $3,732 or 0.9% over the current fiscal year. The Committee has also increased the total amount since the February draft by $750 as the principal result of finalizing the terms of the new office lease as detailed in the succeeding paragraph. Further, while the total amount is relatively similar to the current fiscal year, several individual expense line item changes – both increases and decreases – underlie the proposed budget. The majority of these line item changes are deemed non-discretionary and dictated by the Commission's current staff support services agreement with the County; an agreement covering employee salaries and benefits as well as legal, computer network, and accounting services. Towards this end, minor to moderate cost increases are budgeted for salaries, retirement, and group insurance. A more significant cost increase is also budgeted for post-employment benefits and explained in the accompanying footnote.[3]

Another notable change in operating expenses going forward involves the pending relocation of the Commission' administrative office in downtown Napa to 1030 Seminary Street. This relocation was authorized by the Commission in April with the terms subsequently finalized by the Chair and Executive Officer. The finalized lease provides an annual and fixed rent charge of $25,560 over the next five years with an option for an additional five year term. The annual and fixed charge represents an approximate 13% decrease or $3,720 over the current fiscal year for office space at 1700 Second Street.[4]

---

[3] The Commission's post-employment benefit costs are projected to increase by nearly one-third or $2,798 over the current fiscal year as part of the County's revised 20 year amortization plan to fully cover retiree health insurance costs.

[4] An adjustment following the draft approval in February has increased the property lease account by $1,276 as a result of finalizing and recalculating the terms of an annual 3% inflation increase into the five-year fixed rent while receiving the free rent for the first three months. The Commission takes possession of the new office space on April 1, 2012. The space was recently built and includes 800 square feet divided between three private offices, a conference room, and a reception area; dedications matching the current suite while eliminating 400 square feet of underutilized space. The new office suite also includes its own communications closet, which provides added and needed security for the Commission's network system. A corresponding decrease in the office expense account in the amount of $500 by no longer budgeting for garbage collection from the February draft was also tied to finalizing terms of the new office lease.

In terms of recommended changes in discretionary line items included in the proposed budget, the Committee respectfully highlights the following.

- An approximate 12% increase or $1,500 is budgeted in the office expense account and is tied to the referenced office relocation to 1030 Seminary Street and would fund the Commission's annual electricity bill; all other utilities are covered by the building's owners association. This utility could, presumably, be absorbed within the existing budget line, but the Committee proposes the increase as a contingency with the intent of revisiting the item next fiscal year.[5]

- An approximate 250% increase or $2,500 is budgeted in the special department expense account and is tied to establishing live video/audio streamlining of Commission meetings through the agency website. The one-time purchase would be with the County's vendor for audio/video streaming (Granicus) and provide the Commission with a customized web page to transmit live as well as store audio/video recordings. The one-time purchase would also include staff training. The Committee believes this increase is warranted given it would help enhance the agency's transparency and complement an earlier decision to contract with Napa Valley TV to rebroadcast agency meetings on Channel 28; live airing of agency meetings are not available due to other scheduling commitments.[6]

The Committee notes at least two other discretionary expense increases appear merited, but have not been included in the proposed budget to control overall costs and more specifically agency contributions in 2012-2013. Most notably, this includes purchasing iPads and related software for preparing/distributing electronic agenda packets at an estimated cost of $6,000 to $8,000. The Committee also believes the Commission would be better served by purchasing a software system to improve the preparation of meeting minutes. The software system currently utilized by most local governmental agencies – including the County – is operated by Granicus. The cost of Granicus' software system, however, appears prohibitive given the upfront charge quoted is $2,100 along with an annual license/support fee of $4,380 to cover license/support. The Committee believes, however, these discretionary expenses should be revisited next fiscal year as appropriate.

Expense Unit	Adopted FY11-12	Proposed FY12-13	Change %
1) Salaries/Benefits	307,780	311,287	1.14
2) Services/Supplies	120,489	120,714	0.19
3) Capital Replacement	3,931	3,931	0.0
	$428,270	$432,001	0.87

[5] An adjustment following the draft approval in February has decreased the office expense account by $500 after confirming garbage services at the new office space at 1300 Seminary Street will be the responsibility of the building's association.

[6] A related new annual expense of $480 to cover license/support with Granicus is also budgeted within the information technology services line item.

Operating Revenues

The Committee proposes operating revenues increase from $395,441 to $423,295; a difference of $27,845 or 7.0% over the current fiscal year. The Committee has also increased the total amount since the April draft by $667 as the result of the subsequent rise in operating expenses as well as recalculating current year-end costs. Almost the entire total amount of new revenues to be collected – $409,219 – is to be from agency contributions and would represent a composite increase of 6.8% or $26,118 over the current fiscal year. The rationale for the increase in agency contributions is two-fold. First, as proposed, the Commission's operating expenses would increase by $3,732. Second, and most substantively, staff proposes reducing the amount of reserves the Commission would allocate for operating revenue next fiscal year by three-fourths from $32,828 to $8,706.[7] This reduction follows similar decreases over the last few years in using reserves as offsetting revenues for the benefit of the local agencies as the Commission has gradually attempted to "catch-up" to its normal operating expenses after an extended vacancy in the analyst position artificially reduced agency contributions.[8]

Budgeted application fees and interest earned on the fund balance invested by the County Treasurer represent the remaining portion of revenues. No changes in application fees have been made relative to the current fiscal year. A relatively sizeable increase, though, has been made to earned interest to reflect the current return rate on the Commission's fund balance generated through the current fiscal year.

Revenue Unit	Adopted FY11-12	Proposed FY12-13	Change %
1) Agency Contributions	383,101	409,219	6.82
(a) County of Napa	*191,551*	*204,610*	*6.82*
(b) City of Napa	*126,330*	*136,465*	*8.02*
(c) City of American Canyon	*32,912*	*33,292*	*1.15*
(d) City of St. Helena	*12,997*	*14,140*	*8.79*
(e) City of Calistoga	*11,393*	*12,085*	*6.07*
(f) Town of Yountville	*7,917*	*8,628*	*8.97*
2) Application Fees	10,000	10,000	0.0
3) Interest	2,340	4,076	0.0
Total	$395,441	$423,295	7.04

[7] The amount of reserves - $8,706 – included in the proposed budget as offsetting revenues represents a slight decrease from the $8,623 included in the draft approved in April. The decrease is the result of recalculating current year-end expenses paired with maintaining a balance equal to three months of operating expenses.

[8] LAFCO's budgeted allocation of reserves as offsetting revenues over the last two years totaled $42,459 in 2010-11 and $32,828 in 2011-12. The amount of reserves calculated for use in 2012-13 represents one-fourth of the total difference in agency contributions between the two affected fiscal years if no reserve were utilized.

C. Analysis

The proposed budget for 2012-2013 accomplishes the Committee's two core objectives to (a) provide sufficient resources to maintain current service levels while (b) minimizing impacts on the funding agencies by limiting overall cost-increases. In particular, the proposed budget preserves present staffing levels the Committee believes are merited given the agency's prescribed duties along with budgeting a one-time special expense to begin live-streaming Commission meetings on the web. The proposed budget also incorporates the earlier and related approval of an office relocation to 1030 Seminary Street; a move providing the Commission with sufficient administrative space over the next five years at a fixed annual price while achieving a minimum net savings of $10,000, which will be directly passed on to the funding agencies.[9]

Irrespective of the preceding comments, the Committee recognizes the proposed budgeted increases agency contributions by nearly seven percent over the current fiscal year from $383,101 to $409,219; an amount exceeding the current inflation rate for the San Francisco Bay Area region by over two-fold.[10] The Committee, nevertheless, believes this increase is reasonable and justified as the Commission continues to adjust back to normal after an extended analyst vacancy artificially reduced the annual apportionments to a low of $272,032 in 2007-2008. Specifically, since filling the analyst position on a permanent basis three years ago, the Commission has gradually increased its agency allocations back to normal over the this period by utilizing decreasing amounts of reserves as a means to limit the annual increase given the recession; the alternative option would have been to immediately adjust agency funding requirements back to normal in one year's period. The Committee believes this process of utilizing reserves as an offsetting measure should continue for the next fiscal year, albeit at a reduced level from $32,828 to $8,706 given the Commission is approaching its minimum three month operating level.

D. Recommendation

Adopt the proposed budget for 2012-2013 as submitted by the Committee with any desired changes. Direct the Executive Officer to circulate the adopted proposed budget for review among the six funding agencies in anticipation of the Commission considering a final budget adoption at its June 4, 2012 meeting.

---

[9] The estimated $10,000 in savings over the next five years associated with the office relocation involves a $3,720 reduction in annual rent less $1,500 in new budgeted office expenses tied to utility costs at 1030 Seminary Street. Moving costs are expected to be funded entirely out of the current fiscal year through cost-savings associated with limiting travel and training activities.

[10] The current 12-month consumer price index for the San Francisco Bay Area region is 2.9 percent according to the United States Bureau of Labor Statistics as of January 2012.

E. Alternatives for Action

The following alternative actions are available to the Commission.

Alternative One (Recommendation):

(a) Adopt the attached resolution provided as Attachment One approving the proposed budget within any desired changes.

(b) Direct the Executive Officer to circulate the adopted proposed budget to funding agencies for a 30 day review.

(c) Direct the Executive Officer to schedule a public hearing for June 4, 2012 to consider adopting a final budget.

Alternative Two:

(a) Continue consideration of the item to a special meeting scheduled no later than May 1st as required under LAFCO law relative to the Commission adopting a proposed budget.

F. Procedures for Consideration

This item has been agendized as part of a noticed public hearing. The following procedures are recommended with respect to Commission's consideration of this item:

1) Receive verbal report from the Committee;
2) Open the public hearing (mandatory); and
3) Discuss item and consider action on recommendation.

Respectfully submitted on behalf of the Committee

_____
Keene Simonds
Executive Officer

Attachments:
1) Draft Resolution Adopting a Proposed Budget for FY 2012-13
2) Calculation of Agency Contributions for FY 2012-13

ATTACHMENT ONE

RESOLUTION NO. ____

RESOLUTION OF
THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
ADOPTING A PROPOSED BUDGET FOR THE 2012-2013 FISCAL YEAR

WHEREAS, the Local Agency Formation Commission of Napa County (hereinafter referred to as "the Commission") is required by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq., hereinafter referred to as "Act") to adopt a proposed budget for the next fiscal year; and

WHEREAS, Government Code Section 56381 requires the Commission to adopt a proposed budget no later than May 1; and

WHEREAS, at the direction of the Commission, the Executive Officer circulated for review and comment an approved draft proposed budget to the administrative and financial officers of each of the six local agencies that contribute to the Commission budget; and

WHEREAS, the Commission reviewed all substantive written and verbal comments concerning the draft proposed budget; and

WHEREAS, the Executive Officer prepared a report concerning the proposed budget, including his recommendations thereon; and

WHEREAS, the Executive Officer's report was presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at its public hearing on the proposed budget held on April 2, 2012; and

WHEREAS, the Commission determined the proposed budget projects the staffing and program costs of the Commission as accurately and appropriately as is possible;

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

1. The proposed budget as outlined in Exhibit "A" is approved.

2. The proposed budget provides the Commission sufficient resources to fulfill its regulatory and planning responsibilities in accordance with Government Code Section 56381(a).

The foregoing resolution was duly and regularly adopted by the Commission at a regular meeting held on April 2, 2012 by the following vote:

AYES: Commissioners _____

NOES: Commissioners _____

ABSTAIN: Commissioners _____

ABSENT: Commissioners _____

ATTEST: Keene Simonds
Executive Officer

RECORDED: Kathy Mabry
Commission Secretary

Local Agency Formation Commission of Napa County

Subdivision of the State of California

ATTACHMENT TWO

FY2012-2013 OPERATING BUDGET

Proposed as of March 26, 2012

Expenses

		FY2009-10		FY2010-11		FY2011-12		FY2012-13			
		Adopted FY09-10	Actual FY09-10	Adopted FY10-11	Actual FY10-11	Adopted FY11-12	Estimate FY11-12	Proposed FY12-13	*Difference*	*Difference*	*Notes*
Salaries and Benefits											
Account	Description										
51100000	Regular Salaries	195,580.00	193,055.65	198,346.60	198,280.48	202,387.60	199,418.72	**203,183.19**	***795.59***	***0.39%***	*1*
51300500	Group Health Insurance	36,471.00	29,210.94	37,953.96	33,872.67	45,648.12	40,892.91	**47,646.00**	***1,997.88***	***4.38%***	*2*
51300100	Retirement: Pension (CalPers)	34,064.00	33,015.37	34,991.95	34,924.41	36,701.99	36,163.80	**37,736.30**	***1,034.31***	***2.82%***	*3*
51200500	Commissioner Per Diems	9,600.00	5,100.00	9,600.00	4,900.00	9,600.00	5,600.00	**6,400.00**	***(3,200.00)***	***-33.33%***	*4*
51300120	Retirement: Non-Pension (OPEB)	8,706.00	8,706.00	9,138.00	9,138.00	9,341.00	9,341.00	**12,139.00**	***2,798.00***	***29.95%***	*5*
51300300	Medicare	2,836.00	2,657.51	2,876.49	2,738.20	2,934.62	2,751.49	**2,946.16**	***11.54***	***0.39%***	
51301800	Cell Phone Allowance	840.00	843.50	840.00	843.50	840.00	840.00	**840.00**	-	-	
51301200	Workers Compensation	168.00	168.00	226.00	226.00	327.00	327.00	**396.00**	***69.00***	***21.10%***	
51200100	Extra Help	-	-	-	-	-	-	-	-	-	
51200200	Overtime	-	-	-	-	-	-	-	-	-	
		288,265.00	272,756.97	293,973.00	284,923.26	307,780.33	295,334.92	**311,286.64**	***3,506.31***	***1.14%***	
Services and Supplies											
Account	Description										
52240500	Property Lease	29,280.00	29,280.00	29,280.00	29,280.00	29,280.00	29,280.00	**25,560.00**	***(3,720.00)***	***-12.70%***	*6*
52180500	Legal Services	24,990.00	17,938.31	26,010.00	17,659.74	22,540.00	18,000.00	**22,540.00**	-	-	*7*
52180200	Information Technology Services	22,438.00	19,182.50	18,438.91	17,625.42	24,630.83	23,630.83	**25,036.13**	***405.30***	***1.65%***	*8*
52170000	Office Expenses	15,000.00	9,697.20	15,000.00	9,628.08	12,000.00	15,500.00	**13,500.00**	***1,500.00***	***12.50%***	*9*
52180510	Audit and Accounting Services	7,883.00	7,819.33	8,277.15	7,301.48	8,691.01	8,191.01	**9,125.56**	***434.55***	***5.00%***	*10*
52250800	Training	4,000.00	5,475.00	4,000.00	3,969.00	4,000.00	5,500.00	**4,000.00**	-	-	
52250000	Transportation and Travel	3,500.00	4,510.88	3,500.00	5,171.79	4,000.00	1,000.00	**4,000.00**	-	-	
52070000	Communications	3,500.00	1,205.16	3,500.00	1,640.02	4,470.00	4,970.00	**3,770.00**	***(700.00)***	***-15.66%***	
52150000	Memberships	2,275.00	2,200.00	2,275.00	2,200.00	2,275.00	2,200.00	**2,248.40**	***(26.60)***	***-1.17%***	
52190000	Publications and Notices	1,500.00	1,112.17	1,500.00	1,433.43	1,500.00	1,960.00	**1,500.00**	-	-	
52235000	Special Departmental Purchases	1,000.00	1,095.25	1,000.00	2,482.00	1,000.00	606.00	**3,500.00**	***2,500.00***	***250.00%***	*11*
52251200	Private Mileage	1,000.00	533.60	1,000.00	1,297.66	1,000.00	1,000.00	**1,000.00**	-	-	
52243900	Filing Fees	850.00	250.00	850.00	450.00	850.00	250.00	**850.00**	-	-	
52250700	Meals Reimbursement - Taxable	500.00	588.92	500.00	171.97	-	-	-	-	-	
52100300	Insurance: Liability	347.00	347.00	444.00	444.00	321.00	321.00	**153.00**	***(168.00)***	***-52.34%***	
53980200	Capital Replacement/Depreciation*	-	3,931.30	3,931.40	3,931.40	3,931.40	3,931.40	**3,931.40**	-	-	
		118,063.00	105,166.62	119,506.46	104,685.99	120,489.23	116,340.23	**120,714.48**	***225.25***	***0.19%***	
Contingencies and Reserves											
Account	Description										
54000900	Operating Reserve	40,632.80	-	-	-	-	-	-			
54001000	Consultant Contingency	50,000.00	-	-	-	-	-	-			
		90,632.80	-	-	-	-	-	-			
	EXPENSE TOTALS	496,960.80	377,923.59	413,479.46	389,609.25	428,269.56	411,675.15	**432,001.12**	***3,731.56***	***0.87%***	

Revenues

		FY2009-10		FY2010-11		FY2011-12		FY2012-13			
		Adopted FY09-10	Actual FY09-10	Adopted FY10-11	Actual FY10-11	Adopted FY11-12	Estimate FY11-12	**Draft FY12-13**			
Intergovernmental Contributions									*Difference*	*Difference*	*Notes*
Account	**Description**										
45080600	County of Napa	-	153,965.70	178,009.77	178,010.00	191,550.50	191,550.50	**204,609.55**	***13,059.05***	***6.82%***	
45082200	City of Napa	-	105,428.75	119,646.81	119,647.00	126,330.38	126,330.38	**136,464.94**	***10,134.55***	***8.02%***	
45082400	City of American Canyon	-	22,010.54	27,468.37	27,468.00	32,912.04	32,912.04	**33,291.74**	***379.70***	***1.15%***	
45082300	City of St. Helena	-	11,135.35	12,656.54	12,657.00	12,997.37	12,997.37	**14,140.39**	***1,143.02***	***8.79%***	
45082100	City of Calistoga	-	8,742.73	10,642.45	10,642.00	11,393.34	11,393.34	**12,084.90**	***691.56***	***6.07%***	
45082500	Town of Yountville	-	6,648.33	7,595.60	7,596.00	7,917.37	7,917.37	**8,627.58**	***710.21***	***8.97%***	
		-	307,931.40	356,019.55	356,020.00	383,101.00	383,101.00	**409,219.09**	***26,118.09***	***6.82%***	
Service Charges											
Account	**Description**										
46003400	Standard Applications Fees	-	18,437.00	10,000.00	24,293.00	10,000.00	8,562.00	**10,000.00**	**-**	**-**	
46003300	Special Application Fees	-	625.00	-	3,187.00	-	175.00	**-**	**-**	**-**	
48040000	Miscellaneous	-	156.30	-		-	-	**-**	**-**	**-**	
		-	19,218.30	10,000.00	27,480.00	10,000.00	8,737.00	**10,000.00**	**-**	**-**	
Investments											
Account	**Description**										
44000300	Interest	-	3,791.48	5,000.00	2,570.00	2,340.00	4,078.20	**4,076.00**	***1,736.00***	***42.57%***	
		-	3,791.48	5,000.00	2,570.00	2,340.00	4,078.20	**4,076.00**	***1,736.00***	***42.57%***	
	REVENUE TOTALS	-	330,941.18	371,019.55	386,070.00	395,441.00	395,916.20	**423,295.09**	***27,854.09***	***7.04%***	
OPERATING DIFFERENCE		-	(43,051)	(42,459.91)	(3,539)	(32,828.56)	(15,758.95)	(8,706.03)			
MINIMUM THREE MONTH RESERVE GOAL (budgeted expenses less capital depreciation)			**124,240.20**		**102,387.02**		**106,084.54**	**107,017.43**			
UNRESERVED/UNRESTRICTED FUND BALANCE											
Beginning:			**186,574.00**		**134,344.00**		**131,692.00**	**115,933.05**			
Ending:			**134,344.00**		**131,692.00**		**115,933.05**	**107,227.01**			

NOTES TO OPERATING BUDGET

1) Account budgets two full-time (Executive Officer and Analyst) and one part-time employee (Secretary). Increase provides merit increase for the Analyst position along with a 1.5% cost-of-living adjustment for all employees
2) Account funds health, dental, and basic life insurance for all three employees. The increase is principally attributed to a rise in Kaiser Permanente premiums for all County employees.
3) Account funds the Commission's contribution share for employee pension benefits with CalPers. The increase reflects a matching percentage rise in employee-paid benefits in 2012-13.
4) Account funds $100 per diem payments for Commission attendance at each regular, special, or committee meeting. Decrease contemplates a total of seven regular/special meetings along with four committee meetings.
5) Account funds the Commission's apportionment for other non pension post employment benefits, such as health coverage. These costs are increasing by 23% for all County employees in 2012-13.
6) Account funds the Commission's rental costs for office space. Decrease is tied to a pending office relocation to 1030 Seminary Street, Suite B.
7) It is expected the Commission's need for County Counsel services in 2012-13 will remain the same at approximately 140 total hours. An expected 5% increase in the current $154 hourly rate was budgeted last year, but did not occur. Staff anticipates - for budgeting purposes - a 5% increase will occur in 2012-13.
8) Account funds the Commission's technology services that include network (County), electronic document database (Incrementum), and website hosting (Planeteria). A small increase is budgeted to fund a new monthly service charge from Granicus to begin live-streaming all Commission meetings.
9) Account funds nominal/routine office expenses for the Commission; the largest single cost involving a lease with Xerox for copying/printing. An increase is budgeted to cover new utility costs at 1030 Seminary Street, Suite B.
10) Account covers auditing/accounting services provided by the County of Napa as well as funding an independent annual audit. A 5.0% increase in the Auditor's hourly staff rate is budgeted.

Local Agency Formation Commission of Napa County

Subdivision of the State of California

2012-2013 Agency Contributions Calculation

Step 1	Total Agency Contributions	FY11-12	FY-12-13	FY12-13 Adjusted	Difference Dollar	Difference Percentage
	Total	383,101.00	432,001.12	409,219.09	$ 26,118.09	6.8%

Step 2	Allocation Between County and Cities	FY11-12	FY12-13	Difference Dollar	Difference Percentage
	50% to the County of Napa	$ 191,550.50	$ 204,609.55	$ 13,059.05	6.8%
	50% to the 5 Cities	$ 191,550.50	$ 204,609.55	$ 13,059.05	6.8%

Step 3a	Cities' Share Based on Total General Tax Revenues (FY2009-10)						
	General Tax Revenues	American Canyon	Calistoga	Napa	St. Helena	Yountville	All Cities
	Secured & Unsecured Property Tax	5,920,329.00	1,210,979.00	15,687,842.00	2,779,340.00	583,887.00	26,182,377.00
	Voter Approved Indebtedness Property Tax	-	-	-	-	-	-
	Other Property Tax	1,100,159.00	443,614.00	6,179,234.00	485,208.00	356,851.00	8,565,066.00
	Sales and Use Taxes	1,434,084.00	499,545.00	8,393,151.00	1,631,540.00	477,717.00	12,436,037.00
	Transportation Tax	-	-	-	-	-	-
	Transient Lodging Tax	557,365.00	3,042,315.00	8,256,152.00	1,193,860.00	3,068,999.00	16,118,691.00
	Franchises	547,297.00	156,811.00	1,610,107.00	153,392.00	70,840.00	2,538,447.00
	Business License Taxes	151,538.00	123,799.00	2,508,457.00	147,517.00	7,440.00	2,938,751.00
	Real Property Transfer Taxes	79,443.00	12,147.00	206,326.00	3,779.00	4,446.00	306,141.00
	Utility Users Tax	-	-	-	-	-	-
	Other Non-Property Taxes	493,590.00	171,363.00	2,516,680.00	446,419.00	165,870.00	3,793,922.00
	Total	$ 10,283,805	$ 5,660,573	$ 45,357,949	$ 6,841,055	$ 4,736,050	$ 72,879,432
	Percentage of Total Taxes to all Cities	14.1%	7.8%	62.2%	9.4%	6.5%	100%

Step 3b	Cities' Share Based on Total Population**	American Canyon	Calistoga	Napa	St. Helena	Yountville	All Cities
	Population	19,693	5,188	77,464	5,849	2,997	111,191
	Population Percentage	17.71%	4.67%	69.67%	5.26%	2.70%	100%

Step 4	Cities Allocation Formula	American Canyon	Calistoga	Napa	St. Helena	Yountville	All Cities
	Cities' Share Based on Total General Taxes	14.1%	7.8%	62.2%	9.4%	6.5%	100%
	Portion of LAFCO Budget	11,548.74	6,356.84	50,937.11	7,682.53	5,318.60	**40%**
	Cities' Share Based on Total Population	17.71%	4.67%	69.67%	5.26%	2.70%	100%
	Portion of LAFCO Budget	21,743.00	5,728.06	85,527.82	6,457.87	3,308.98	**60%**
	Total Agency Allocation	$ 33,291.74	$ 12,084.90	$ 136,464.94	$ 14,140.39	$ 8,627.58	$ 204,609.55
	Allocation Share	16.2709%	5.9063%	66.6953%	6.9109%	4.2166%	100%

Step 5	FY12-13 Invoices	County of Napa	American Canyon	Calistoga	Napa	St. Helena	Yountville	All Agencies
		$ 204,609.55	$ 33,291.74	$ 12,084.90	$ 136,464.94	$ 14,140.39	$ 8,627.58	$ 409,219.09
	Difference From FY11-12:	*$ 13,059.05*	*$ 379.70*	*$ 691.56*	*$ 10,134.56*	*$ 1,143.02*	*$ 710.21*	*$ 26,118.09*

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

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

April 2, 2012
Agenda Item No. 6c (Public Hearing)

March 26, 2012

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: **Consideration of a Time Extension to Complete Proceedings: Reorganization of the Napa Berryessa Resort Improvement District**
The Commission will consider a recommendation from staff to authorize a time extension to complete a special condition tied to the previously approved reorganization of the Napa Berryessa Resort Improvement District into the Napa Berryessa Community Services District. A related and minor change to the text of the special condition is also recommended at the request of the Napa Berryessa Resort Improvement District.

Local Agency Formation Commissions (LAFCOs) are responsible under State law to approve all city and special district change of organizations or reorganizations. State law also empowers LAFCOs to establish approval conditions as long as they do not directly regulate land uses or subdivision requirements. All change of organizations and reorganizations must be finalized within one calendar year from the date of their approval unless LAFCO authorizes a one-time extension for a "reasonable" period to complete outstanding conditions or become terminated.

A. Background

Reorganization Approval

At its April 4, 2011 meeting, LAFCO of Napa County ("Commission") initiated and approved the expedited reorganization of the Napa Berryessa Resort Improvement District (NBRID) into a new community services district ("NBCSD") with the same boundary, duties, powers, assets, and liabilities. Approval of the reorganization was consistent with the recommendation of an earlier municipal service review prepared on the region and intended to serve two distinct Commission objectives. First, reorganization would position NBCSD to become more responsive to changes in constituent needs by having the power – subject to subsequent Commission approval – to provide additional municipal services in support of Berryessa Highlands' continued development. Second, reorganization would improve public accountability by facilitating the delegation of responsibilities in planning for the present and future service needs of the community from the County of Napa to local residents. Specifically, reorganization is expected to directly lead NBCSD to call and conduct an election to replace the County Board of Supervisors with registered voters as the governing board.

Lewis Chilton, Chair
Councilmember, Town of Yountville

Brad Wagenknecht, Vice Chair
County of Napa Supervisor, 1st District

Brian J. Kelly, Commissioner
Representative of the General Public

Joan Bennett, Commissioner
Councilmember, City of American Canyon

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

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

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

Keene Simonds
Executive Officer

Special Approval Condition

Approving NBRID's reorganization was not subject to protest proceedings given the application of Government Code Section 56853.5; special legislation allowing LAFCOs to expeditiously reorganize resort improvement districts into community service districts without protest and election as long as the affected agencies consent and the proceedings are initiated by January 1, 2018. NBRID, however, did predicate its consent to the reorganization on the Commission including a special condition on the District first finalizing a water and sewer service contract with the Pensus Group; the entity contracted by the Bureau of Reclamation to, among other things, redevelop and operate Lupine Shores. Commission independently evaluated the merits of the special condition request and deemed it reasonable in helping to ensure the broadest revenue base available to NBCSD as it commences operations.

B. Discussion

The Commission is approaching the one-year deadline to complete the reorganization of NBRID into NBCSD and it does not appear likely the referenced special condition involving the Pensus Group will be satisfied by April 4th. Towards this end, and to help inform the Commission's decision on whether to authorize a time extension, staff contacted representatives from both NBRID and Pensus Group requesting an update on the status of the parties reaching a water and sewer service agreement. NBRID responded with a formal letter noting they continue to be committed to the reorganization and reaching agreement with Pensus Group. NBRID, however, states it has not received a response from its last agreement offer made to the Pensus Group dating back to November 21, 2011. NBRID, accordingly, is requesting the Commission authorize a time extension to complete the proceedings through December 31, 2017; a date providing the maximum amount of time to satisfy the special condition under the enabling legislation. NBRID is also requesting the Commission amend the text of the special condition to clarify the agreement shall be between the District and the concessionaire operating at the former site of Steele Park Resort, Lupine Shores.

No formal comment was provided by Pensus Group.

C. Analysis

Staff believes it would be appropriate for the Commission to authorize the time extension as requested by NBRID. As noted, extending the deadline to December 31, 2017 provides the maximum amount of time for the remaining special condition to be satisfied under the enabling legislation. Providing this maximum time extension appears particularly important given staff perceives increasing uncertainty as to whether Pensus will continue to serve as the Bureau of Reclamation's contract concessionaire for developing and operating the former Steele Park site. Providing the maximum time extension would also reaffirm the Commission's commitment in seeing the reorganization through for the purposes of achieving the objectives discussed and vetted at multiple public meetings in early 2011. Further, staff believes NBRID's requested change in the special condition text represents a minor and consistent clarification with the Commission's original intent in tying the reorganization to first securing service commitments for the District from the operator at the site formerly known as Steele Park.

D. Recommendation

Staff recommends approving the maximum time extension available – December 31, 2017 – to complete the approved reorganization of NBRID into NBCSD as detailed in the preceding section. Staff also recommends amending the text of the special condition needed to complete the reorganization as requested by NBRID; a condition that would strike any explicit reference to any one particular concessionaire in the District.

E. Alternatives for Commission Action

The following alternative actions are available to the Commission:

Alternative One (Recommend):

(a) Approve an extension of time to complete the reorganization proceeding as requested by NBRID to December 31, 2017 or to an earlier date as specified.

(b) Approve the request by NBRID to amend Section 9 of LAFCO Resolution No. 2011-04 to read:

> "The Executive Officer shall receive notification from NBRID that it has reached a written agreement with the concessionaire at what was formerly known as Steele Park ensuring concessionaire's connection and utilization of NBRID's water and sewer systems and its payment of all associated fees and assessments for such services."

Alternative Two:

Take no action. This would terminate the reorganization proceedings under Government Code 57001 as of April 5, 2012.

Alternative Three:

Continue consideration of this item to a special meeting no later than April 4, 2012 and provide direction to staff to provide any additional information as needed.

F. Procedures for Consideration

This item has been agendized as part of a noticed public hearing. The following procedures are recommended with respect to Commission's consideration of this item:

1) Receive verbal report from staff;
2) Open the public hearing (mandatory); and
3) Discuss item and consider action on recommendation.

Respectfully submitted,

_____

Keene Simonds
Executive Officer

Attachments:
1) Letter from NBRID, dated March 13, 2012
2) Staff Report on Reorganization, dated April 4, 2011
3) LAFCO Resolution No. 2011-04, April 4, 2011

ATTACHMENT ONE

NAPA BERRYESSA RESORT IMPROVEMENT DISTRICT

March 13, 2012

Local Agency Formation Commission
Attention: Keene Simonds
1700 Second Street, Suite 268
Napa, CA 94559

Re: Response to Letter of January 6, 2012 Regarding Reorganization

Dear Mr. Simonds:

Your January 6, 2012 letter requested an update regarding the reorganization of Napa Berryessa Resort Improvement District (District) to a Community Services District (CSD) and the related negotiations between the District and the Pensus Group, concessionaire for the Lupine Shores Resort. It is our understanding that you requested this information in order to update the Commission and enable it to take appropriate follow-up action to Resolution No. 2011-04 at your upcoming meeting on April 2, 2012.

Resolution 2011-04 was adopted April 4, 2011 and utilized authorities granted to LAFCO under Senate Bill 1023 to conditionally authorize NBRID's requested reorganization from a Resort Improvement District to a CSD. The intent of the reorganization was in large part to facilitate the future transition of the governance structure from a dependent board, consisting of the Napa County Board of Supervisors, to an independent board of locally elected registered voters. Pursuant to Section 11 of Resolution 2011-04, the conditional approval is set to expire on April 4, 2012 unless extended by the Commission.

The reorganization authorized by Resolution 2011-04 was conditioned upon receipt by LAFCO of written confirmation that the District and Pensus Group had "reached a written agreement regarding the connection and utilization of the District's water and sewer system and its payment of all associated fees and assessments for such services." As of the date of this letter, no such agreement exists.

The failure to reach an agreement does not stem from a lack of effort by NBRID nor does it stem from any change in NBRID's interest in ultimately meeting the conditions of Resolution 2011-04 and completing the reorganization to a CSD. The District sent a

NAPA BERRYESSA RESORT IMPROVEMENT DISTRICT
1195 Third Street • Suite 201 • Napa, CA 94559
(707) 253-4351 • FAX (707) 253-4627

draft agreement to Pensus Group on November 21, 2011 that would ensure Pensus Group would utilize the District's water and wastewater systems and pay their fair share of appropriate system improvements. Although numerous inquiries have been made of Pensus Group representatives requesting a response to the draft agreement, as of this date of this letter, no response has been received. Given this lack of response by Pensus Group and the increasing uncertainty about their future as the concessionaire, NBRID requires additional time to reach an appropriate agreement to ensure its long term interests are protected upon the reorganization.

It is the District's understanding that LAFCO can grant only one extension of the expiration date of Resolution 2011-04. Accordingly, the District requests that LAFCO extend its conditional approval for NBRID's reorganization to a CSD to December 31, 2017, as the authorizing legislation for this reorganization process sunsets on January 1, 2018. This will allow the District the maximum time available to obtain an appropriate water and sewer services agreement. The District also requests that Section 9 of Resolution 2011-04 be amended to read as follows:

> The Executive Officer shall receive written notification from NBRID that it has reached a written agreement with the concessionaire at what was formerly known as Steele Park ensuring concessionaire's connection and utilization of NBRID's water and sewer systems and its payment of all associated fees and assessments for such services.

If you have any questions concerning our responses please feel free to contact me.

Sincerely,

Keith Caldwell
Chairman

ATTACHMENT TWO

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

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

April 4, 2011
Agenda Item No. 6b (Public Hearing)

March 29, 2011

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer
Brendon Freeman, Analyst

SUBJECT: **Proposal to Reorganize the Napa Berryessa Resort Improvement District into the Napa Berryessa Community Services District**
The Commission will consider (a) initiating and (b) approving a proposal to reorganize the Napa Berryessa Resort Improvement District into a new community services district with the same boundary, duties, powers, assets, and liabilities. The reorganization is consistent with the recommendation of a municipal service review for the affected region and would position the agency to provide additional services – subject to future approval – consistent with the evolving needs of the community. Reorganization is also expected to facilitate transitioning governance from a dependent board, comprised of the County of Napa Board of Supervisors, to an independent board, comprised of locally elected registered voters.

Local Agency Formation Commissions (LAFCOs) are responsible under State law to approve all city and special district change of organizations consistent with adopted written policies and procedures (Government Code Section 56375). Common examples of change of organizations include formations, annexations, detachments, consolidations, and dissolutions. Two or more of these actions in a single proposal are referred to as a reorganization. State law also empowers LAFCOs to establish conditions in approving changes of organization or reorganizations as long as they do not directly regulate land uses. Underlying LAFCOs' decision-making is to consider the logical and timely development of the affected agencies in context with local circumstances and needs.

A. Summary

Proposal Description

A public hearing has been scheduled for LAFCO of Napa County ("Commission") to consider (a) initiating and (b) approving the expedited reorganization of the Napa Berryessa Resort Improvement District (NBRID) into a new community services district (CSD) with the same boundary, duties, powers, assets, and liabilities. The proposal is consistent with a recommendation of a municipal service review prepared on the region and involves two distinct and concurrent actions. The first action involves dissolving NBRID for purposes of terminating all of its corporate powers. The second action involves forming – as a successor agency to NBRID – the Napa Berryessa CSD or

Lewis Chilton, Vice Chair
Councilmember, Town of Yountville

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

Brian J. Kelly, Commissioner
Representative of the General Public

Juliana Inman, Commissioner
Councilmember, City of Napa

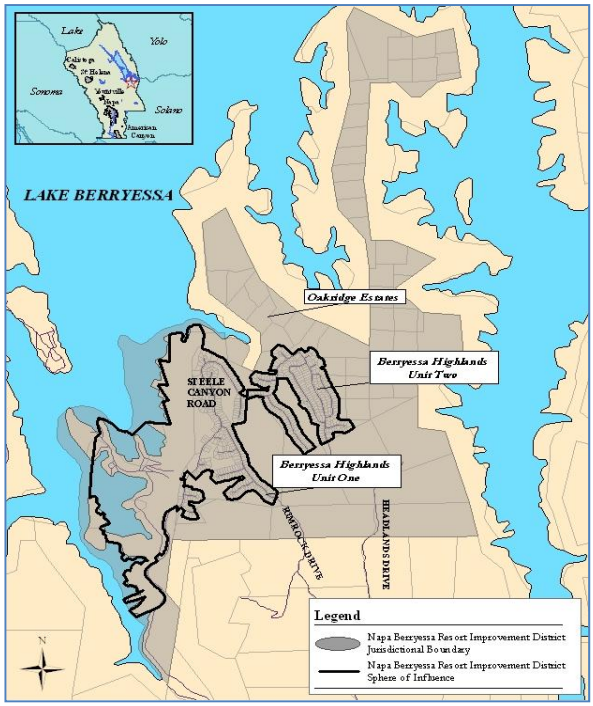
Brad Wagenknecht, Commissioner
County of Napa Supervisor, 1st District

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



NBCSD. The proposal is consistent with a request filed by the NBRID Board on November 9, 2010 and revised on March 15, 2011 to also ask the Commission to condition approval on the District finalizing a new water and sewer service contract with its largest customer, the Pensus Group. Notably, the Pensus Group is the new concessionaire under contract with the United States Bureau of Reclamation (USBR) to operate the former Steele Park Resort, which is now known as Lupine Shores Resort.

The affected territory is legally inhabited with 529 registered voters. LAFCO staff estimates the resident population at 920. If the proposal is approved as submitted, protest proceedings would be waived consistent with California Government Code (G.C.) Section 56853.5. This statute was enacted on January 1, 2011 and authorizes LAFCOs to expeditiously reorganize RIDs into CSDs with the same boundary, powers, duties, assets, and liabilities without holding protest proceedings and election as long as the affected agency does not file written objection before the close of the hearing.

Proposal Purpose

The underlying purpose of the proposal is two-fold as detailed in the Commission's municipal service review prepared on the region; determinations for which are expected to be formally adopted on April 4, 2011. First, reorganization would position NBCSD to become more responsive to changes in constituent needs by having the power to provide additional municipal services in support of Berryessa Highlands' continued development. This statement is particularly pertinent given State law restricts NBRID to only provide water and sewer services due to a 1971 amendment to its principal act. In contrast, State law would allow NBCSD – subject to future Commission approval – to provide a full range of municipal services, such as roads, parks, and fire protection.[1] Second, reorganization would improve public accountability by facilitating the delegation of responsibilities in planning for the present and future service needs of the community from the County of Napa to local residents. Specifically, though not a condition, reorganization is expected to directly lead NBCSD to call and conduct an election to replace the County Board of Supervisors with registered voters on or before November

[1] The proposed reorganization would authorize NBCSD to only provide water and sewer services; all other services outlined under the Community Services District Act (Government Code Section 61000 et. seq.) would be latent and require subsequent approval from the Commission to activate.

2012; a date that surpasses the one-year deadline for LAFCO approval terms to be completed under State law.

Proposal Review

Staff recommends approval of the proposal subject to the standard reorganization conditions outlined under G.C. Section 56853.5(d). This includes specifying NBCSD shall succeed to, and is vested with, the same powers, duties, responsibility, obligations, liabilities and jurisdiction of the dissolved NBRID. NBCSD will also assume the same jurisdictional boundary and sphere of influence on file with the Commission as of the effective date. Staff also recommends approval of a special condition requested by NBRID to require the District to reach a new water and sewer service agreement with the Pensus Group as it relates to serving Lupine Shores Resort. Additional discussion on this special request is provided on page 12 of this report.

The Commission may consider requiring additional special conditions of approval if needed. Any additional special conditions, however, would require the Commission provide written notice to NBRID before approving the reorganization. The Commission may not take further action for 30 days from the date of notice without the written consent of NBRID. In effect, this gives NBRID an opportunity to file comments or objections to any additional special conditions. If a resolution of object is filed with respect to the special conditions, the proceedings shall be terminated.[2]

B. Analysis

G.C. Section 56375 delegates to LAFCOs the responsibility to approve or disapprove, with or without amendment, proposals for changes of organization or reorganizations 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 or reorganizations 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. Section 56668 requires the Commission to consider certain factors anytime it reviews proposed changes of organization. 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.

[2] If the proposal is terminated, the Commission may initiate a standard reorganization, but would not be allowed to outright waive protest proceedings as allowed under the expedited process.

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 coterminous with NBRID's existing jurisdictional boundary and is approximately 1,320 acres in size. Current land uses include 358 single-family residences divided between Berryessa Highlands' three distinct subdivisions: Unit One; Unit Two; and Oakridge Estates. Lupine Shores Resort also lies within the affected territory with current uses limited to day activities, including boat launching, pending the site's redevelopment. In all, there are currently 920 estimated residents with 529 registered voters. The total assessed value is $83.2 million.

   Topography in the affected territory varies with an elevation ranging from 0 to 78 feet above sea level. The affected territory is situated along the southern shoreline of Lake Berryessa with Steele Canyon to the west and Wragg Canyon to the east.

   A significant portion – approximately three-fifths – of the affected territory is undeveloped; a sizeable portion involving the 212 remaining undeveloped lots within Berryessa Highlands' Units One and Two. It is reasonable to assume the proposal, if approved, would not in and of itself result in any new significant urban growth within the affected territory in the next 10 years given no new boundary changes or service powers would be directly authorized; any new boundary changes or service powers indirectly tied to the proposal would be subject to future approval processes. Irrespective of proposal approval, residential growth within the affected territory is expected to increase incrementally over the next 10 years at 1.26% annually resulting in an estimated resident population of 1,054 by 2021. Additionally, irrespective of proposal approval, non-residential growth is also expected to increase with the planned development of Lupine Shores Resort and its commercial recreational amenities that are expected to include visitor lodging, retail, and restaurants. No new significant growth in adjacent lands to the affected territory is expected within the next 10 years due to restrictive County land use policies that require minimum lot sizes of 160 acres.

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.**

   There is an existing need for organized water and sewer services within the affected territory to support the current and future development of Berryessa Highlands as well pending developing of Lupine Shores Resort. These specific services are needed to provide adequate public health and safety given the use of

private groundwater wells and septic systems are impractical due to density and topography within the community. Proposal approval would transfer water and sewer service responsibilities for the affected territory from NBRID to NBCSD with both services continuing to operate as an enterprise in which user charges would be expected to recover operating costs. Additional organized services that may be needed in the future relative to supporting the continued development of Berryessa Highlands and visitor uses tied to Lupine Shores include elevated fire protection, roads, and parks. Proposal approval would provide a direct mechanism for these and other organized services to be established by NBCSD subject to Commission approval.

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.

Proposal approval would strengthen social and economic interests within the affected territory by allowing NBCSD – subject to Commission approval – to establish additional municipal services consistent with the evolving needs of constituents. Proposal approval is also *expected* to facilitate the subsequent transition of NBCSD from a dependent agency governed by the County Board of Supervisors to an independent agency governed by locally elected registered voters; a transition that will improve public accountability by delegating decision-making authority to constituents (emphasis added).

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 set forth in G.C. Section 56377.

Proposal approval would conform with the adopted policies of the Commission with respect to favoring multi-service special districts over limited-service special districts in supporting unincorporated areas designated for urban-type uses under the County General Plan (General Policy Determination IV(B)).

No open-space lands would be converted as a result of proposal approval and therefore factors for consideration under G.C. Section 56377 do not apply.

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

A small portion of the affected territory qualifies as agricultural land under LAFCO law given the existence of a limited number of commercial vineyards. The approval of the proposal, however, would not adversely affect the physical and economic integrity of these existing agricultural uses since it does not involve boundary changes or establish new service powers.

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.

The affected territory is coterminous to NBRID's existing jurisdictional boundary on file with the Commission and recorded with the State Board of Equalization.

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

The proposal is consistent with the County General Plan with respect to a sizeable portion of the affected territory having been designated for an urban-type use (*Rural Residential*). The remaining portion of the affected territory is designated for a non-urban use (*Agriculture, Watershed, and Open Space*). This latter designation does create a policy conflict with forming a multiple-service special district, such as the proposed NBCSD, but is sufficiently mitigated given the local circumstance that the existing development was previously approved under the territory's former zoning standard of *Planned Community* in 1965.

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

Close to one-fifth of the affected territory lies within NBRID's adopted sphere of influence. This portion of the affected territory comprises Berryessa Highlands' Units One and Two as well as Lupine Shores Resort. The remaining four-fifths of the affected territory was excluded from the sphere of influence at the time of its establishment in 1985 given the lack of expected urban development. The Commission updated the sphere of influence with no changes in 2007 in deference to first completing a review of reorganization options due to diseconomies of scale and issues raised in earlier studies. If the proposal is approved, it is expected the Commission will perform a sphere of influence update on the newly created NBCSD within the calendar year.

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

NBRID has previously submitted comment letters to the Commission concerning the potential reorganization of NBRID into NBCSD. These letters were filed on November 9, 2010 and March 1, 2011 and provide NBRID's consent to the proposal with a request for a special condition that the District first reach a new water and sewer service agreement with the Pensus Group to serve Lupine Shores Resort. NBRID is requesting this special condition due to a difference in RID and CSD law. Specifically, RIDs have the authority to require all residents and property owners within its boundaries to connect to both its water and sewer systems while CSDs only have the authority to require sewer connection. NBRID states this special condition would help NBCSD realize economies of scale by

ensuring Lupine Shores Resort pays its proportional share in support of operating and capital improvement costs. Copies of the comment letters are attached.

Additionally, in the course of processing this proposal, the County of Napa requested clarification regarding various issues tied to reorganization approval. Brief responses to the issues raised by the County follow.

- **Are There Additional Noticing Requirements for the Reorganization?**
  Standard noticing requirements have applied to the proposal and involve publishing a one-eighth page announcement in the local newspaper along with door posting 21 days in advance of the hearing. No additional noticing will be required of the Commission if the proposal is approved unless a special condition is included that has not been formally requested of the affected agency under G.C. Section 56853.5(c); this section would require the Executive Officer to provide a 30 day notice to the affected agency before any Commission action at which time the affected agency could terminate proceedings if it files a written objection.

- **Does the Commission Resolution Approving the Reorganization Need to Specify the County Board of Supervisors Will Continue to Serve as NBRID Board?**
  It is implicit that the current NBRID Board (i.e. County Supervisors) will succeed as the NBCSD Board under G.C. Section 56853.5(d)(3), which is one of the standard conditions included in the draft resolution. No election is being called as a condition of the reorganization.

- **Community Services Districts Can Provide Multiple Services. How Does This Apply to the Reorganization?**
  The expedited reorganization proceedings codified under G.C. Section 56853.5 explicitly states no new powers are authorized as part of the proceedings. Accordingly, if approved, NBCSD will be authorized only to provide water and sewer services. All other services outlined under the Community Services District Act are latent and would require subsequent Commission approval to activate.

- **The Reorganization Is Intended to Facilitate An Election to Seat New Board of Directors. Is the Commission Appropriating Election Costs?**
  The reorganization is intended to facilitate the eventual transition to an independent governing body. However, since the Commission is not initiating the call for an election of a new board, it is not empowered to condition the reorganization on the appropriation of future election costs.

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 municipal service review on the Lake Berryessa region indicates NBRID is nearing financial insolvency. Specifically, NBRID has developed a persistent structural budget deficit and has become dependent on discretionary loans from the County to maintain cash flow for the last three fiscal years. This ongoing deficit of expenses exceeding revenues coupled with these loan obligations have contributed to NBRID experiencing over a 300% decline in its unrestricted fund balance over the last five years from $0.25 to ($0.58) million. A more detailed summary of the financial standing of NBRID is provided in the following passage from Section 7.1 of the municipal service review:

> "Calculations performed assessing NBRID's liquidity, capital, and profitability for 2009-2010 indicate the District finished the fiscal year with marginally adequate resources to meet short-term operational costs with significant uncertainties regarding its long-term solvency. In particular, NBRID finished with low liquidity as measured by current liabilities exceeding current assets by close to one-half. NBRID did finish with cash reserves sufficient to cover 141 days of operating expenses, but this measurement is misleading given the majority of available cash was tied to a loan from the County. Additionally, along with finishing with long-term debt equal to nearly half of its net assets, NBRID's operating expenses exceeded operating revenues by one-half."

It is reasonable to assume proposal approval would – at minimum – not further diminish the agency's ability to adequately fund water and sewer services relative to existing conditions. Equally, it is also reasonable to assume proposal approval would improve baseline conditions if, as expected, governance transitions from the County to locally elected registered voters on or before November 2012. Importantly, this expected transition would respond to the perceived preferences of constituents and their past reluctance to approve proposed water and sewer rate increases due to increasing displeasure with the County.

Correspondence with NBRID in the course of preparing this proposal identifies the District is expected to finish 2010-2011 with another operating deficit of approximately $0.19 million and will require another loan from the County to maintain cash flow. NBRID's short-term solvency, however, appears to be improving with the District recently approving a 60% rate increase to both water and sewer service charges, which should – assuming usage remains constant – eliminate the operating deficit by 2011-12.[3] NBRID's long-term strategy to improve solvency is less certain given its primarily tied to first addressing the District's current Cease and Desist Order issued by RWQCB in 2008. In particular, the total capital improvement needs and related costs will not be

[3] No uses at Lupine Shores have been incorporated into this projection. The anticipated operating surplus in 2011-2012 is estimated by NBRID at $0.021 million.

known until NBRID's consultant, Larry Walker & Associates, completes a comprehensive inspection of the sewer collection system to mitigate existing inflow/infiltration problems. The inspection, which is being funded by Measure "A" monies, is expected to be completed later this summer.

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

Information collected and analyzed in the Commission's municipal service review on the Lake Berryessa region indicates NBRID has sufficient water supplies to meet existing and projected buildout demands within the affected territory. The following passage from Section 6.1 of the municipal service review states:

> "NBRID's water supply is entirely drawn from Lake Berryessa and secured through an agreement with NCFCWCD. The agreement was initially entered into in 1966 and most recently amended in 2006. It provides NBRID an annual entitlement of 300 acre-feet of raw water through 2028. The agreement also allows NBRID to purchase an additional 40 acre-feet of annual entitlement. Raw water from Lake Berryessa is captured from a floatable submerged intake system and powered by two electric pumps with a combined daily conveyance capacity of 755,000 gallons or 2.3 acre-feet.
>
> The full delivery of NBRID's entitlement is considered reliable based on current and historical storage levels at Lake Berryessa relative to the location of the District's floatable intake system. The supply entitlement also appears sufficient to accommodate current as well as projected demands within NBRID in the timeframe of this review, which has been calculated by staff to total 42.7 acre-feet by 2015. Buildout demands are addressed in the succeeding section."

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 of Chapter 3 of Division 1 of Title 7.

Approval of the proposal would have a de minimis impact on the County meeting its future regional housing needs as determined by the Association of Bay Area Governments (ABAG).

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

One written comment was received from a landowner within the affected territory relating to the proposal. This comment was submitted by USBR regarding the earlier municipal service review on the Lake Berryessa region. USBR acknowledges the municipal service review's recommendation to reorganize NBRID into NBCSD without providing support or objection. No other written comments from landowners or registered voters were received.

14) Any information relating to existing land use designations.

The County General Plan designates the majority of the affected territory as *Agriculture, Watershed, and Open Space* with a minimum parcel of 160 acres. This designation contemplates the subject lands will be generally used for agriculture, processing of agricultural products, and single-family residences. The remaining portion of the affected territory is designated *Rural Residential* under the County General Plan with a minimum parcel size of 10 acres. This designation contemplates predominately low density single-family residential uses in areas that are close to existing urbanized areas. Other general uses contemplated under this designation include day care centers, large residential care homes, and tourist-serving commercial. The following chart summarizes key land use allowances under both of the referenced designations.

County of Napa General Plan: Designations for Affected Territory

Designation	*Agriculture, Watershed, and Open Space*	*Rural Residential*
General Uses	Agriculture, processing of agricultural products, single-family dwellings	Single-family dwellings, day care centers, medical care facilities, private schools, agriculture, stables
Lot Density	Minimum: 160 acres	Minimum: 10 acres

15) The extent to which the proposal will promote environmental justice.

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

Terms and Conditions

Standard terms prescribed for expedited reorganizations under G.C. Section 56853.5 would apply to the proposal if approved. These standard terms include the following:

- NBCSD is declared a community services district subject to all provisions under the Community Services District Act beginning with G.C. Section 61000 et seq. The exterior boundary and sphere of influence of NBCSD shall be the exterior boundary and sphere of influence of the dissolved NBRID.

- NBCSD succeeds and is vested with the same powers, duties, responsibilities, obligations, and liabilities of the dissolved NBRID.

- The status, position, and rights of any NBRID officer or employee shall not be affected by the reorganization and shall be retained by NBCSD.

- NBRID's unexpended fund balance as of the effective date of the reorganization shall be available for use by NBCSD.

- NBCSD shall have ownership, possession, and control of all books, records, papers, offices, equipment, supplies, moneys, funds, appropriations, licenses, permits, entitlements, agreements, contracts, claims, judgments, land, and other assets and property, real or personal, owned or leased by, connected with the administration of, or held for the benefit or use of, the dissolved NBRID.

- No payment for the use, or right of use, of any property, real or personal, acquired or constructed by NBRID shall be required by reason of the succession pursuant to the reorganization, nor shall any payment for NBCSD's acquisition of the powers, duties, responsibilities, obligations, liabilities, and jurisdiction be required by reason of that succession.

- All ordinances, rules, and regulations adopted by NBRID in effect immediately preceding the effective date of the reorganization, shall remain in effect and shall be fully enforceable unless amended or repealed by NBCSD, or until they expire by their own terms. Any statute, law, rule, or regulation in force as of the effective date of the reorganization, or that may be enacted or adopted with reference to the NBRID shall mean NBCSD.

- All allocations of shares of property tax revenue pursuant to California Revenue and Taxation Code along with special taxes, benefit assessments, fees, charges, or any other impositions of NBRID shall remain in effect unless amended or repealed by NBCSD, or they expire by their own terms.

- NBRID's established appropriations limit shall be NBCSD's appropriations limit.

- Any court action by or against NBRID shall continue in the name of NBCSD. The substitution shall not in any way affect the rights of the parties to the action.

- No contract, lease, license, permit, entitlement, bond, or any other agreement to which NBRID is a party shall be void or voidable by reason of the reorganization.

- NBRID's existing obligations, including bonds and other indebtedness, shall be the obligations of NBCSD. Any continuing obligations or responsibilities of NBRID for managing and maintaining bond issuances shall be transferred to NBCSD without impairment to any security contained in the bond instrument.

- The affected territory will be subject to all previously authorized rates, charges, fees, assessments, and taxes that were lawfully enacted by NBRID upon the effective date of the reorganization.

With respect to special conditions, as previously discussed, NBRID requests that reorganization be contingent on the District first reaching a water and sewer service agreement with the Pensus Group to serve Lupine Shores Resort. NBRID is requesting this special condition due to a difference in RID and CSD law. Specifically, RIDs have the authority to require all residents and property owners within its boundaries to connect

to both its water and sewer systems while CSDs only have the authority to require sewer connection. NBRID states this special condition would help NBCSD realize economies of scale by ensuring Lupine Shores Resort pays its proportional share in support of operating and capital improvement costs. Importantly, NBRID's consent of the reorganization is contingent on inclusion of this special condition, which is necessary in order to qualify for the expedited proceedings provided under G.C. Section 56853.5; proceedings that waive protest proceedings. Irrespective of the issue of consent, staff believes the requested special condition is reasonable and helps to ensure NBCSD's success by providing a larger revenue base to support future operations.

Property Tax Exchange

G.C. Section 56810(a)(2) specifies the Commission shall determine the amount of property tax to be exchanged for proposals that include the formation of a special district. Consistent with the expedited reorganization proceedings provided under G.C. Section 56853.5, the Commission shall determine as a condition of proposal approval that NBRID's existing share of property tax revenues be allocated in full to NBCSD.[4]

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. 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.

The Commission serves as lead agency for the proposal given it has discretionary approval authority regarding the approval or denial of the project: concurrent dissolution of NBRID and formation of NBCSD. Staff has reviewed the proposal in accordance with CEQA and finds the project is exempt from further review under Title 14 of the California Code of Regulations Section 15320. This exemption applies to any reorganization of a local governmental agency where there are no changes to the geographic area in which previously existing powers are exercised. Staff has identified no responsible agencies to the project.

[4] NBRID's current share of the 1% property tax is 0.00017%. In 2009-10, NBRID received a total of $0.07 million in property tax revenues.

Conducting Authority Proceedings

The Commission is authorized to waive conducting authority proceedings and election under G.C. Section 56853.5 as long as a resolution of objection is not filed by NBRID by the close of the hearing.

D. Options for Commission Action

Staff has identified three broad options for Commission consideration with respect to the proposal. These options are summarized below.

Option One: Approve the proposal as prepared by staff subject to the standard and special conditions outlined on pages 10 to 12 of this report.

Option Two: Continue consideration of the item to a future meeting if more information is required. This includes identifying and discussing additional possible conditions of approval with NBRID if desired.

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

E. Recommendation

Staff recommends the Commission approve the proposal consistent with Option One as outlined in the preceding section.

F. Procedures for Consideration

The following procedures are recommended with respect to the Commission's consideration of this item:

1) Receive verbal report from staff;
2) Invite public comment, if any (discretionary);
3) Discuss item and consider action on recommendation.

Respectfully submitted,

Keene Simonds Executive Officer	Brendon Freeman Analyst

~~Attachments:~~
1) Draft Resolution of Approval
2) Correspondence from NBRID
3) NBRID Resolution No. 2011-01
4) Chaptered Senate Bill 1023

ATTACHMENT THREE

RESOLUTION NO. 2011-04

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

INITIATION AND APPROVAL TO REORGANIZE THE NAPA BERRYESSA RESORT IMPROVEMENT DISTRICT INTO THE NAPA BERRYESSA COMMUNITY SERVICES DISTRICT

WHEREAS, the Local Agency Formation Commission of Napa County, hereinafter referred to as the "Commission," is responsible for administering the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code Section 56000 et seq.);

WHEREAS, the Commission is authorized under California Government Code Section 56375 to initiate and approve, with or without conditions, changes of organization or reorganizations involving the formation, consolidation, merger, and dissolution of special districts;[1]

WHEREAS, the Commission is further authorized under Section 56853.5 to initiate the expedited reorganization of a resort improvement district into a community services district that succeeds to the same powers, duties, boundaries, assets, obligations, and liabilities as the resort improvement district proposed to be dissolved;

WHEREAS, pursuant to Section 56853.5, the Commission may approve an expedited reorganization without protest proceedings or election so long as no resolution of objection has been filed by the affected agency prior to the close of the hearing;

WHEREAS, on April 4, 2011, the Commission adopted a written statement of determinations with respect to its municipal service review of the Lake Berryessa Region prepared pursuant to Section 56430. Consistent with the determinations of the municipal service review, the Commission hereby initiates this proposal to expedite the reorganization of the Napa Berryessa Resort Improvement District, hereinafter "NBRID" - to dissolve the Napa Berryessa Resort Improvement District and to form ,as its successor, the Napa Berryessa Community Services District, hereinafter "NBCSD";

WHEREAS, this serves as the resolution of application pursuant to the provisions of Section 56652;

WHEREAS, the Commission heard and fully considered the Executive Officer's report on this proposal and all the evidence presented at a duly noticed public hearing held on April 4, 2011; and

WHEREAS, the Commission has considered all the factors required by law under California Government Code Section 56668.

NOW, THEREFORE, THE COMMISSION HEREBY RESOLVES, DETERMINES, AND ORDERS as follows:

ACTION APPROVING NBRID REORGANIZATION

[1] Hereinafter all section references are to the California Government Code unless otherwise noted.

1. The Commission determines this proposal is exempt from environmental review under the California Environmental Quality Act pursuant to Section 15320 of Title 14 of the California Code of Regulations. This proposal is categorically exempt as a reorganization of a local governmental agency where the changes do not alter the geographic area in which previously existing powers are exercised.

2. The proposal to dissolve the Napa Berryessa Resort Improvement District and to form the Napa Berryessa Community Services District as the successor agency is APPROVED and assigned the following distinctive short-term designation:

REORGANIZATION OF THE NAPA BERRYESSA RESORT IMPROVEMENT DISTRICT INTO THE NAPA BERRYESSA COMMUNITY SERVICES DISTRICT

3. The affected territory is shown in the vicinity map provided in Exhibit "A." A recorded map and description of the affected territory is on file with the Commission. The Executive Officer shall amend these documents to reflect the approved reorganization.

4. NBCSD is authorized to provide potable water and sewer services in the affected territory. All other service powers enumerated under the Community Services District Law, Government Code Section 61000 et seq., are latent.

5. A plan for NBCSD to provide potable water and sewer services within the affected territory is provided in Exhibit "B" pursuant to Government Code Section 56653.

6. The Commission makes the following determinations pursuant to Government Code Sections 56881, subdivisions (b)(1) and (b)(2), respectively:

   (a) The public costs of NBCSD operating as a community services district are likely to be substantially similar to all reasonable alternatives, including existing costs associated with operating as a resort improvement district.

   (b) The reorganization promotes public access and accountability for community services, needs, and financial resources.

7. Pursuant to Government Code Section 56886.5, the Commission determines that NBCSD will be able to provide services in a more accountable manner than NBRID upon transitioning to an independent district governance body as set forth in the transition plan adopted by NBRID on March 1, 2011, which is attached as Exhibit "C". The Commission further determines it has not been demonstrated that NBRID can feasibly provide the services in a more efficient manner than the community service district to be formed, NBCSD.

8. The proposal is subject to all of the following standard conditions as required under Government Code Section 56853.5(d):

   (a) NBCSD is declared to be, and shall be deemed a community services district as if the district had been formed pursuant to the Community Services District Law. The exterior boundary and sphere of influence of NBCSD shall be the exterior boundary and sphere of influence of the dissolved NBRID.

   (b) NBCSD succeeds to, and is vested with, the same powers, duties, responsibilities, obligations, liabilities, and jurisdiction of the dissolved NBRID.

(c) The status, position, and rights of any officer or employee of NBRID shall not be affected by the transfer and shall be retained by the person as an officer or employee of NBCSD.

(d) NBCSD shall have ownership, possession, and control of all books, records, papers, offices, equipment, supplies, moneys, funds, appropriations, licenses, permits, entitlements, agreements, contracts, claims, judgments, land, and other assets and property, real or personal, owned or leased by, connected with the administration of, or held for the benefit or use of, the dissolved NBRID.

(e) The unexpended balance as of the effective date of the expedited reorganization of any funds available for use by NBRID shall be available for use by NBCSD.

(f) No payment for the use, or right of use, of any property, real or personal, acquired or constructed by NBRID shall be required by reason of the succession pursuant to the expedited reorganization, nor shall any payment for NBCSD's acquisition of the powers, duties, responsibilities, obligations, liabilities, and jurisdiction be required by reason of that succession.

(g) All ordinances, rules, and regulations adopted by NBRID in effect immediately preceding the effective date of the expedited reorganization, shall remain in effect and shall be fully enforceable unless amended or repealed by NBCSD, or until they expire by their own terms. Any statute, law, rule, or regulation in force as of the effective date of the expedited reorganization, or that may be enacted or adopted with reference to the NBRID shall mean NBCSD.

(h) All allocations of shares of property tax revenue pursuant to Part 0.5 (commencing with Section 50) of the California Revenue and Taxation Code, special taxes, benefit assessments, fees, charges, or any other impositions of NBRID shall remain in effect unless amended or repealed by NBCSD, or they expire by their own terms.

(i) The appropriations limit of NBRID that was established pursuant to Division 9 (commencing with Section 7900) of Title 1 of the Government Code shall be the appropriations limit of NBCSD.

(j) Any action by or against NBRID shall not abate, but shall continue in the name of NBCSD, and NBCSD shall be substituted for NBRID by the court in which the action is pending. The substitution shall not in any way affect the rights of the parties to the action.

(k) No contract, lease, license, permit, entitlement, bond, or any other agreement to which NBRID is a party shall be void or voidable by reason of the enactment of the expedited reorganization, but shall continue in effect, with NBCSD assuming all of the rights, obligations, liabilities, and duties of NBRID.

(l) Any obligations, including, but not limited to, bonds and other indebtedness, of NBRID shall be the obligations of NBCSD. Any continuing obligations or responsibilities of NBRID for managing and maintaining bond issuances shall be transferred to NBCSD without impairment to any security contained in the bond instrument.

(m) Upon the effective date of the proposal, the affected territory will be subject to all previously authorized rates, charges, fees, assessments, and taxes that were lawfully enacted by NBRID.

9. The proposal is also subject to the following special condition as requested by NBRID:

(a) The Executive Officer shall receive written notification that the Pensus Group – contact concessionaire for Lupine Shores Resort – and NBRID have reached a written agreement regarding the connection and utilization of the District's water and sewer system and its payment of all associated fees and assessments for such services.

(b) Should the Executive Officer receive the notification and execute the Certificate of Completion pursuant to Government Code Section 57202 before July 1, 2011, the effective date of the reorganization shall be July 1, 2011.

(c) Should the Executive Officer receive the notification on or after July 1, 2011, the effective date of the reorganization shall be set as provided in Paragraph 13.

10. The Commission approves the proposal subject to the conditions set forth above and with the explicit expectation that the successor governing board of NBCSD (the Napa County Board of Supervisors) will call an election to transfer governance to registered voters residing within the affected territory upon the completion of the transition plan as adopted by NBRID on March 1, 2011, which is attached as Exhibit "C".

11. All conditions shall be satisfied within one calendar year unless extended by the Commission.

12. The Commission orders the reorganization without conducting authority proceedings and an election in accordance with California Government Code Section 56853.5.

13. The effective date of the reorganization shall be the date of recordation of the Certificate of Completion with the County of Napa Clerk-Recorder's Office, except as otherwise provided in Paragraph 9.

The foregoing resolution was duly and regularly adopted by the Commission at a public meeting held on April 4, 2011, by the following vote:

AYES: Commissioners KELLY, BENNETT, INMAN, LUCE, and WAGENKNECHT

NOES: Commissioners NONE

ABSTAIN: Commissioners NONE

ABSENT: Commissioners DODD and CHILTON

ATTEST: Keene Simonds
Executive Officer

Recorded by: _____
Kathy Mabry
Commission Secretary

EXHIBIT A
Vicinity Map of Affected Territory

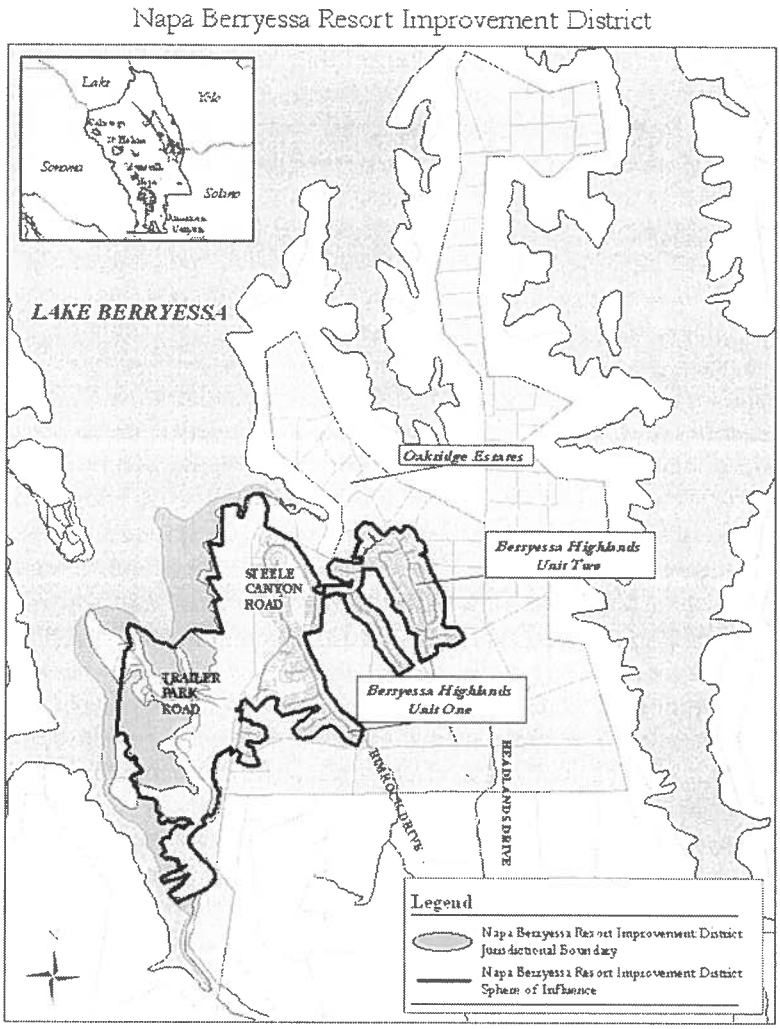


EXHIBIT B
Plan of Services

In accordance with the requirements enumerated under California Government Code Section 56653, the Commission makes the following statements with respect to NBCSD's plan to provide services within the affected territory.

1. NBCSD shall provide potable water and sewer services in the affected territory.

2. The level and range of potable water and sewer services provided by NBCSD shall be substantially similar to existing potable water and sewer services currently provided by NBRID.

3. At the time reorganization is recorded, NBCSD shall immediately assume all existing potable water and sewer services currently provided by NBRID.

4. The reorganization is not contingent on any infrastructure improvements within the affected territory.

5. NBCSD will finance potable water and sewer services principally through user fees adopted by ordinance and subject to all other provisions of law.

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

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

April 2, 2012
Agenda Item No. 6d (Public Hearing)

March 26, 2012

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer
Brendon Freeman, Analyst

SUBJECT: **Rosewood Lane No. 1 Reorganization**
The Commission will consider a proposal from a landowner to annex approximately 1.05 acres of unincorporated territory to the Napa Sanitation District. The affected territory includes a single-family residence located at 1430 Rosewood Lane and an adjacent right-of-way segment. Staff recommends approval of the proposal with two amendments to require concurrent (a) annexation to the City of Napa and (b) detachment from County Service Area No. 4. Staff also recommends the adoption of a negative declaration consistent with an initial study prepared in accordance with the California Environmental Quality Act.

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, consistent with adopted policies and procedures pursuant to California Government Code (G.C.) Section 56375. Two or more of these actions in a single proposal are referred to as a reorganization. LAFCOs are authorized with broad discretion in amending and conditioning change of organizations or reorganizations as long as the latter does not directly regulate land uses or subdivision requirements.

A. Discussion

Applicant Proposal

LAFCO of Napa County ("Commission") has received a proposal from landowner Ralph Melligio requesting the annexation of approximately 1.05 acres of unincorporated territory to the Napa Sanitation District (NSD). The affected territory comprises a single-family residence located at 1430 Rosewood Lane and an adjacent right-of-way segment. The County of Napa's Assessor's Office identifies the residential parcel as 038-160-030. The affected territory is located within NSD's sphere of influence.

Lewis Chilton, Chair
Councilmember, Town of Yountville

Brad Wagenknecht, Vice Chair
County of Napa Supervisor, 1st District

Brian J. Kelly, Commissioner
Representative of the General Public

Joan Bennett, Commissioner
Councilmember, City of American Canyon

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

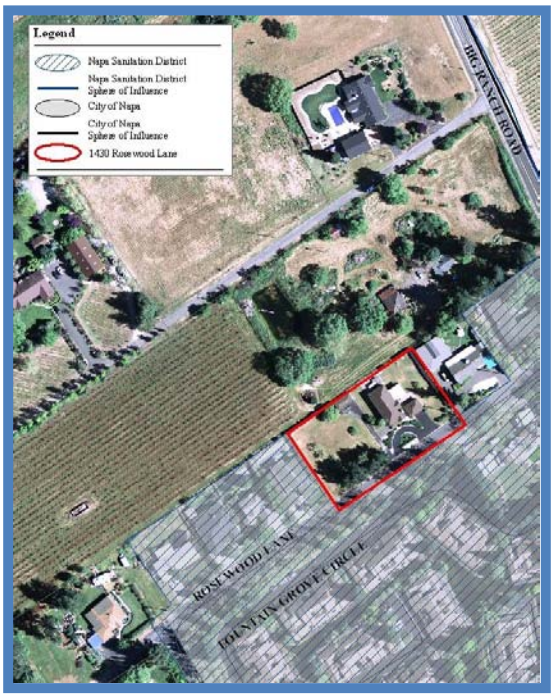
Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

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

Keene Simonds
Executive Officer

The underlying and immediate purpose of the proposal is to provide permanent public sewer service to the affected territory. As detailed in the following sections, the single-family residence occupying the affected territory currently receives public sewer service from NSD through a temporary outside service extension that was approved on an emergency basis by the Chair on November 14, 2011 in response to a failing septic system. (The Commission formally ratified the Chair's approval at the December meeting.) Markedly, consistent with practice, the Chair's approval was conditioned on the landowner first submitting an application to annex the entire residential parcel to NSD; a condition satisfied on November 16, 2011. The temporary outside service extension expires on September 1, 2012.



Possible Amendments to Proposal

In reviewing the application materials, and in consideration of adopted policies, staff has identified and evaluated the merits of three possible amendments to the proposal for Commission consideration. Two of these three possible amendments – concurrent annexation to the City of Napa ("Napa") and concurrent detachment from County Service Area (CSA) No. 4 – are recommended. The third possible amendment – expanding the proposal boundary to include a neighboring parcel to the east – is not recommended. Expanded justifications for the preceding amendment recommendations follow.

Recommended: Concurrent Annexation to the City of Napa

It is the policy of the Commission to require all annexations to NSD be reorganized to include concurrent annexation to Napa if the affected territory lies within the City's adopted sphere of influence unless waived based on local circumstances.[1] Staff has evaluated this policy in consultation with the landowner and affected agencies and believes its application to the proposal is appropriate. Specifically, the affected territory is located within a developing area of Napa and already surrounded on two sides by the City's incorporated boundary. Access to the affected territory, further, is entirely dependent on Napa roads.

[1] Commission General Policy Determination VII/D/1/(a).

Recommended: Concurrent Detachment from County Service Area No. 4

In step with the preceding recommended amendment, it is the policy of the Commission to require all annexations to cities be reorganized to include concurrent detachment from CSA No. 4 unless waived based on specific circumstances.[2] [3] The prescribed waiver involves a determination the affected territory has been, or is expected to be, developed to include planted vineyards totaling one acre or more in size. Staff has evaluated this policy in consultation with the landowner and concludes the waiver does not apply give there is no indication the land has or will be used in the future for vineyard use; all of which substantiates there is no existing or expected connection between the affected territory and CSA No. 4's role in providing public farmworker housing services in Napa County.

Not Recommended: Expand Proposal Boundary to Include Additional Territory

The annexation of the affected territory alone would leave one remaining residential parcel located on Rosewood Lane outside both NSD and Napa. Expanding the proposal boundary, accordingly, to include this remaining residential parcel sited at 1438 Rosewood Lane would provide a more logical boundary for both NSD and Napa as well as facilitate the orderly extension of municipal services to a developing area. With this premise in mind, staff contacted 1438 Rosewood Lane's landowners (Bourbin) to discuss the submitted proposal and assess their interest in joining all or parts of the recommended reorganization. The Bourbins responded to staff by noting their opposition to joining the recommended reorganization given they do not perceive any benefits based on their current and planned uses of the property. The Bourbins' opposition is significant for both political and procedural reasons given the Commission's reluctance to "force" annexations upon non-consenting landowners or residents as well as interest in avoiding the triggering of successful protest proceedings. Markedly, to the latter point, the protest vote that would be triggered by adding 1438 Rosewood Lane against the Bourbins' consent would be based on current assessed value of the two affected properties. The assessed value of 1438 Rosewood Lane is greater than the assessed value of 1430 Rosewood Lane. Accordingly, adding 1438 Rosewood Lane to the recommended reorganization would effectively terminate the proceedings and is therefore not recommended.

Additionally, in the course of processing the proposal, staff was contacted by the adjacent landowner immediately to the north of the affected territory at 2275 Big Ranch Road (Mueller). This adjacent property is approximately 10 acres in size and includes a commercial vineyard along with a single-family residence. Mueller is interested in annexing his property into Napa for purposes of estate planning and inquired with staff regarding the possibility of joining the application before the Commission. Staff responded to Mueller by noting his property alone could not be

[2] CSA No. 4 was formed in 2002 and includes all unincorporated territory along with certain incorporated territory located within the Cities of Calistoga, Napa, St. Helena, and Yountville. The intent and function of CSA No. 4 is to sponsor a voter-approved assessment on all assessor parcels within its jurisdiction containing one acre or more of planted vineyards for the purpose of funding farmworker housing services.

[3] Commission General Policy Determination VII/D/3(a).

easily added to the proposal given it would create two separate and entirely surrounded islands whose landowners are not interested in annexation. Staff also noted the commercial vineyard on the property would necessitate an expanded review to assess potential impacts. Mueller responded to these inputs by submitting a letter to the Commission formalizing his interest in working with staff on addressing these and other related issues with the goal of annexing his property in the near future.

B. Analysis

G.C. Section 56375 delegates LAFCOs the responsibility to approve or disapprove, with or without amendment, proposals for change of organization or reorganization 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 or subdivision requirements. Underlying LAFCOs' determination in approving or disapproving proposals for change of organization or reorganization 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 LAFCOs to consider 16 specific factors anytime it reviews proposals for change of organization or reorganization involving cities and special districts. No single factor is determinative. The purpose in considering these factors is to inform the Commission in its decision-making.

An evaluation of the factors mandated for review as it relates to the proposal follows. This includes incorporating into the evaluation the two recommended amendments outlined in the preceding section that would result in three total and separate actions involving the affected territory: (a) annexation to NSD, (b) annexation to Napa, and (c) detachment from CSA No. 4.

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.

Less than one-fourth of the affected territory is currently developed. Anchoring the developed portion is an approximate 2,170 square foot single-family residence. This residence includes four bedrooms and was originally built in 1916 and later moved to its current location in 1969. Other existing structures include a 600 square foot detached two-car garage and a 420 square foot detached storage shed. The remaining portion of the affected territory is divided between natural vegetation and a public right-of-way segment.

The affected territory is legally uninhabited given the applicant landowner is the only resident at this time. The subject residential parcel has been in the landowner's family for several decades and the current assessed value – structures and land – totals $69,672. Topography within the affected territory is relatively flat with a peak terrain point at 55 feet above sea-level. Salvador Creek is the closest waterway and is located approximately 1,700 feet to the southwest.

Development potential within the affected territory is effectively prohibited under the County General Plan and Zoning Ordinance; only minor modifications to the existing structures may be allowed. The recommended amendment to the proposal to include the concurrent annexation to Napa would allow – subject to a separate approval process – the affected territory to be further divided into a total of four residential lots with an estimated population of 10 at buildout.[4]

Development potential adjacent to the affected territory is limited to the unincorporated lands that lie immediately to the east and north with the former consisting of a single-family residence and the latter consisting mostly of a commercial vineyard. Similar unincorporated uses are located further north of the affected territory along Big Ranch Road, which is also located within NSD and Napa's sphere of influence. It is reasonable to assume, and irrespective of the proposal and recommended amendments, these adjacent unincorporated lands will eventually be annexed and developed into NSD and Napa given growth trends in the Big Ranch Road area. The remaining adjacent lands to the west and south of the affected territory are already incorporated and substantially developed with moderate residential uses and highlighted by the recent construction of the "Willowbrook" subdivision to the immediate south.

2) The need for municipal services; the present cost and adequacy of municipal 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 present need for elevated municipal services within the affected territory is limited to public sewer for the existing single-family residence located at 1430 Rosewood Lane. This residence is currently receiving public sewer from NSD through a temporary outside service agreement, which was initially approved by the Chair in November 2011 in response to the home's septic system failing. The outside service agreement expires September 1, 2012. Annexation to NSD would provide permanent public sewer to the affected territory going forward.

[4] Buildout population of the affected territory is based on the 2011 California Department of Finance population per household estimate (2.62) assigned to Napa County.

Other elevated municipal services may also be needed in the near future as a result of the recommended amendment to concurrently annex the affected territory into Napa; an action that would presumably facilitate the eventual development of four total lots. Most notably, and in addition to sewer, this includes elevated water, fire protection/emergency medical, and law enforcement. An analysis of the availability and adequacy of these core municipal services needed to accommodate and support current and probable future needs if the recommended amendment to concurrently annex into Napa is approved follows.

Sewer Service

The affected territory currently receives sewer service from NSD through a temporary outside service agreement. It is estimated the current daily sewer flow generated from the affected territory is 210 gallons on average and increases by two and one-half to 525 gallons during peak periods. These current flow estimates represent less than one one-hundredth of a percent of NSD's current system demand. Furthermore, if developed to its maximum allowance under Napa's General Plan and Zoning Ordinance, the estimated daily sewer flows would only increase to 840 gallons on average and 2,100 gallons during peak periods. These buildout estimates would have negligible impacts on NSD's sewer system as depicted in the following table.

Sewer Comparables	Average Day	Peak Day
Systemwide Flows: Baseline @ Affected Territory	6,700,200	33,700,500
Systemwide Flows: Buildout @ Affected Territory	6,701,040	33,702,600
Systemwide Capacity	15,400,000	126,200,000

* Assumes the buildout of the affected territory will result in four total single-family residences with combined average and peak day demands at 840 and 2,100 gallons, respectively.
* Capacity during peak-day incorporates 340 acre-feet of adjacent pond storage.

Water Service

The affected territory is currently dependent on groundwater accessed through a private onsite well. It is estimated the daily groundwater demand for the affected territory currently averages 250 gallons; an amount that appears adequately accommodated by the private well based on landowner input. If developed to its maximum allowance under Napa's General Plan and Zoning Ordinance, the estimated daily average water demand at buildout – and assuming current usage patterns – would increase to 1,000 gallons.[5] These buildout estimates would have negligible impacts to Napa's existing water system infrastructure as measured by supply, storage, and treatment capacities as depicted in the following subsections.

[5] This projected daily water demand would be the equivalent of 1.1 acre-feet per year.

Water Supply and Demand

Napa's water supplies are derived from three distinct sources: Lake Hennessey, Milliken Reservoir, and the State Water Project. These three sources collectively provide Napa with 31,340 acre-feet of raw water for treatment during normal year conditions based on historical patterns. These historical patterns also indicate Napa's annual water supply decreases during multiple and single dry year conditions to 19,896 and 13,533 acre-feet, respectively. Conversely, Napa's most recently recorded annual water demand totals 13,877 acre-feet; an amount representing an average daily use of 38 acre-feet. These current demands result in an available supply surplus during normal and multiple dry year conditions. Further, the existing shortfall projected during single dry years is relatively minimal and would be likely offset by voluntary and mandatory water conservation measures that could be adopted by the City Council consistent with their Urban Water Management Plan (UWMP).

Baseline Conditions Without Annexation of the Affected Territory
(Amounts in Acre-Feet)

Category	Normal	Multiple Dry Year	Single Dry Year
Annual Supply	31,340	19,896	13,533
Annual Demand	13,877	13,877	13,877
Difference	17,463	6,019	(344)

Adjusted Conditions With Annexation/Buildout of the Affected Territory
(Amounts in Acre-Feet)

Category	Normal	Single Dry Year	Multiple Dry Year
Annual Supply	31,340	19,896	13,533
Annual Demand	13,878	13,878	13,878
Difference	17,462	6,018	(345)

Water Treatment and Storage

Napa operates treatment facilities for each of its three water sources. These three facilities provide a combined daily treatment capacity of 135 acre-feet.[6] This combined treatment amount is more than three times greater than the current average day water demand (38 acre-feet) and nearly two times greater than the current estimated peak day water demand (76 acre-feet).[7] Furthermore, Napa's combined treated water storage capacity overlaying its five pressure zones – including clearwell tanks – is 86 acre-feet. This combined storage amount accommodates current estimated peak day water demands in Napa.

[6] The combined daily treatment capacity for Napa is divided between the Milliken facility at 4.0, Jamieson facility at 20.0, and Hennessey facility at 20.0 million gallons, respectively.
[7] Based on recent usage records, the estimated peak day demand factor for Napa is 2.0.

Baseline Conditions Without Annexation of the Affected Territory (Amounts in Acre-Feet)			
Treatment Capacity	Average Day Demand	Peak Day Demand	Storage Capacity
135.0	38.0	76.0	86.2

Adjusted Conditions With Annexation/Buildout of the Affected Territory (Amounts in Acre-Feet)			
Treatment Capacity	Average Day Demand	Peak Day Demand	Storage Capacity
135.0	38.0	76.0	86.2

Fire Protection and Emergency Medical Service

The County is currently the legal entity responsible for providing fire protection and emergency medical services to the affected territory. However, given the affected territory is located within a residential area surrounded on two sides by the incorporated boundary, Napa is already the probable first-responder for fire protection and emergency medical service calls based on an established mutual aid agreement with the County. Annexation to Napa would eliminate any duplication and related inefficiencies associated with the City providing fire protection and emergency medical services to the affected territory. Furthermore, the Commission's municipal service review on countywide fire protection services noted Napa has generally developed sufficient capacities and controls to serve existing and anticipated demands. The municipal service review also noted no service deficiencies within the area surrounding the affected territory.

Law Enforcement Service

The County is currently the legal entity responsible for providing law enforcement services to the affected territory. The affected territory's proximity to Napa, however and similar to fire protection, suggests the City is already the probable first-responder for emergency law enforcement service calls based on an established mutual aid agreement with the County. Annexation to Napa would eliminate any duplication and related inefficiencies associated with the City already providing law enforcement services to the affected territory. The Commission's current municipal service review on countywide law enforcement services also notes Napa has developed sufficient capacities and controls to serve existing and anticipated demands. The municipal service review also notes no service deficiencies within the area surrounding the affected territory.

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 applicant's proposal to annex the affected territory to NSD would recognize and strengthen existing social and economic ties with the District. These ties were established in 1975 when the Commission included the affected territory in NSD's sphere of influence; an action marking a clear expectation the site would eventually develop for urban type uses and require public sewer from the region's sole service provider. These ties were further formalized in late 2011 with the Commission authorizing NSD to provide public sewer to the affected territory through an outside service agreement in explicit expectation of a future annexation.

The recommendation to amend the proposal to include concurrent annexation to Napa would similarly recognize and strengthen existing social and economic ties between the affected territory and the City. Specifically, the affected territory was included in Napa's original urban limit line established in 1975 by the City Council and later added to the City's sphere of influence by the Commission in 1979. The Commission has also continued to include additional lands north of the affected territory into Napa's sphere of influence in step with recognizing and supporting the planned urban development of the Big Ranch Road area.

Additionally, the recommendation to amend the proposal to concurrently detach the affected territory from CSA No. 4 does not conflict with any existing social and economic ties involving the District. The detachment, in particular, would support CSA No. 4's logical development by removing incorporated land designated for urban use that does not have an economic or social tie to the District's role in funding public farmworker housing services by taxing vineyards.

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 applicant's proposal to annex the affected territory to NSD is generally consistent with Commission policies. This includes the affected territory lying entirely within NSD's sphere of influence; a demarcation outlining the probable future service area and jurisdictional boundary of the District as deemed appropriate by the Commission. The recommendation to amend the proposal to include the concurrent annexation of the affected territory to Napa is also generally consistent with Commission policy and supports the streamlining of governmental services to areas deemed appropriate for urban development.

One notable exception to the preceding comments relates to an inconsistency with the Commission's policy regarding the timing of urban development and the recommended amendment to include concurrent annexation to Napa. In particular, if the referenced amendment is approved, the Commission would be annexing underdeveloped land to Napa without a known project or development agreement, which is inconsistent with agency policies aimed at aligning city/district annexations of underutilized land with known development activities. Staff believes it would be appropriate, nonetheless, to waive this policy and approve the recommended amendment in deference to streamlining the extension of governmental services to an urbanizing area that is already partially surrounded by Napa and entirely dependent on City roads.

The affected territory does not qualify as "open-space" under LAFCO law and therefore does not conflict with G.C. Section 56377. Specifically, the affected territory is not substantially unimproved and devoted to an open-space use under the County or City General Plan.

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" under LAFCO law. Specifically, the affected territory is not used for any of the following purposes: producing an agricultural commodity for commercial purposes; left fallow under a crop rotational program; or enrolled in an agricultural subsidy program.

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.

The applicant's proposal to annex the affected territory to NSD is accompanied by a draft map and geographic description of the site. These draft documents have been prepared by a licensed surveyor and accurately depict the affected territory to include one entire legal parcel identified by the County Assessor's Office as 038-160-030 and the adjacent right-of-way segment of Rosewood Lane. The affected territory does not split any lines of assessment.

The recommendation to amend the proposal to include the concurrent annexation of the affected territory to Napa would create a substantially surrounded island immediately to the east comprising 1438 Rosewood Lane.[8] As discussed in the preceding section, the landowners for this property oppose joining the recommended reorganization. Importantly, given the calculation of protest proceedings, adding 1438 Rosewood Lane against the landowners' consent would

[8] The Commission defines "substantially surrounded" to mean the subject territory lies within the affected city's sphere of influence and is surrounded by no less than 66.6% by the city.

effectively terminate the proceedings as a whole. Accordingly, staff believes it is appropriate to proceed with the recommended amendment irrespective of the creation of a substantially surrounded island.

Commission approval would include a standard term requiring the applicant submit a final map and geographic description of the approved action in conformance with the requirements of the State Board of Equalization. This would include – if approved – incorporating changes tied to the recommend amendments and subject to Executive Officer review and approval.

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

The affected territory is consistently planned for urban residential uses under both the County and Napa General Plans. The County designates the affected territory as *Cities* with an overlay zoning standard of *Urban Reserve*. This overlay zoning standard specifies any new development shall be contingent on first annexing to the respective city. Napa designates the affected territory as *Single-Family Residential – 33E* with a prezoning standard of *Residential Single – 10*. More specific residential design and development standards for the affected territory are further outlined in Napa's Big Ranch Specific Plan.

The Metropolitan Transportation Commission's regional transportation plan (RTP) was updated in April 2009 and outlines specific goals and objectives to direct public transportation infrastructure in the Bay Area through 2035. No specific projects are included in the RTP involving the affected territory. Accordingly, the proposal impact is neutral with respect to the RTP.

8) The sphere of influence of any local agency affected by the proposal.

See analysis on page nine.

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

Staff electronically circulated a summary of the applicant's proposal to annex the affected territory to NSD along with accompanying materials for review to all subject local agencies on December 2, 2011. The summary also noted the likelihood staff would recommend amending the proposal to include the concurrent annexation of the affected territory to Napa and concurrent detachment from CSA No. 4. All written comments received are summarized below.

- **Napa Sanitation District**
  NSD has adopted a resolution consenting to the annexation and waiver of protest proceedings subject to the inclusion of certain conditions. These conditions primarily address payments needed to finalize the annexation and are incorporated into the draft resolution of approval as Exhibit "B."

- **City of Napa**
  Napa's Community Development Department has provided support for amending the proposal to include the concurrent annexation of the affected territory to the City. No special approval conditions were requested.

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.

NSD and Napa – the two affected agencies that would be responsible for serving the affected territory if the recommended amendment to the proposal is approved – appear to have established adequate financial controls and capacities relative to accommodating new demands tied to the reorganization. This statement is drawn from information collected from recent municipal service reviews prepared on each agency along with additional documentation collected and analyzed subsequent to the filing of the applicant's proposal. Summaries on both agencies' current financial standing follow.

- **Napa Sanitation District**
  NSD's current operating budget is $19.5 million. NSD anticipates collecting $19.1 million in general revenues resulting in an operating shortfall of $0.4 million. NSD's unrestricted fund balance as of the beginning of the fiscal year totaled $9.0 million. This balance is sufficient to cover over five months of operating expenses. Furthermore, and in contrast to Napa, NSD operates entirely as an enterprise agency and is expected to fully recover its maintenance and operating costs through two user charges: (a) connection and (b) usage. 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 $435 annually and is intended to proportionally recover NSD's ongoing maintenance and operation expenses. Importantly, the landowner for the affected territory has already paid a connection fee as a result of the earlier outsider service extension along with a prorated usage charge for 2011.[9]

[9] NSD collects its usage charge annually through property tax bills.

- **City of Napa**
  Napa's current operating budget is $62.4 million. Napa anticipates collecting $58.1 million in general revenues resulting in an operating shortfall of $4.3 million. Napa's unrestricted fund balance as of the beginning of the fiscal year totaled $11.0 million. This balance is sufficient to cover two months of operating expenses.

The recommendation to amend the proposal to also include concurrent detachment from CSA No. 4 will not have any financial impact given the affected territory is not part of the District's special assessment on vineyard properties.

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

The affected territory currently receives groundwater from an onsite private well. It is estimated the affected territory's current groundwater demand is approximately 250 gallons per day and is equivalent to 0.3 acre-feet annually. Importantly, the applicant's proposal to annex the affected territory to NSD would not measurably impact existing groundwater demands. However, the recommendation to amend the proposal to include the concurrent annexation to Napa would presumably and eventually lead to a water demand increase given it would facilitate the future opportunity to further divide and develop the site into a total of four residential lots as allowed under Napa's General Plan and Zoning Ordinance. This potential buildout would increase the annual water demand within the affected territory to an estimated 1.1 acre-feet. It is also reasonable to assume any new development would require connection to Napa's potable water system in order to satisfy recently updated fire-flow standards.

Napa's available water supplies are draw from three separate sources: 1) Lake Hennessey; 2) Milliken Reservoir; and 3) the State Water Project. Napa's most recent UWMP was adopted in 2011 and estimates the City's total annual water supply generated from these three sources during normal conditions and based on historical patterns is 31,340 acre-feet. These historical patterns also indicate the total annual water supply decreases to 19,896 and 13,533 acre-feet during multiple and single dry year conditions, respectively. Accordingly, Napa's available water supplies are more than sufficient in accommodating both current annual demands – 13,877 acre-feet – and the projected buildout demands within the affected territory – 1.1 acre-feet – during normal and multiple dry year conditions. Napa's available water supplies, however, are deficient under current estimated single dry years; a deficit that would be insignificantly increased with the amendment approval to concurrently annex the affected territory to the City and its contemplated buildout. Napa, accordingly, has established conservation efforts within its UWMP to address the projected deficiency during single dry years. These efforts provide reasonable assurances of Napa's ability to accommodate water demands with the minimal increases tied to the affected territory in accordance with G.C. Section 65352.5.

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 of Chapter 3 of Division 1 of Title 7.

Neither the applicant's proposal to annex the affected territory to NSD or the recommendation to amend the action to include concurrent annexation to Napa would impact local agencies in accommodating their regional housing needs. The affected territory is already located within Napa's sphere of influence, and as a result, all potential units tied to the land are assigned to the City by the Association of Bay Area Governments.

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

The landowner of the affected territory is the petitioner seeking the annexation to NSD. The landowner has been made aware of the recommendation to amend the proposal to also include concurrent annexation to Napa and concurrent detachment from CSA No. 4. The landowner has stated his preference for the affected territory to remain unincorporated, but is agreeable to annexing to Napa given the Commission's adopted policies. There are no other residents occupying with affected territory.

14) Any information relating to existing land use designations.

See analysis on page 11 of this report.

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 of the affected territory to NSD will have a measurable effect with respect to promoting environmental justice. There is also no documentation or evidence suggesting the recommended amendments to also include the concurrent annexation to Napa and detachment from CSA No. 4 will measurably effect environmental justice.

16) For annexations involving special districts, whether the proposed action 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 applicant's proposal to annex the affected territory to NSD would benefit current and future landowners as well as residents by providing permanent access to public sewer service. Most notably, establishing permanent public sewer eliminates the need for a septic system in an urbanizing area in which any failings would create a public health and safety threat for immediate and adjacent residents. Establishing permanent public sewer service also eliminates set-aside land requirements previously dedicated to the septic system, which will assist in intensifying future residential development opportunities within the site.

Property Tax Agreement

Revenue and Taxation Code Section 99(b)(6) requires adoption of a property tax exchange agreement by affected local agencies before the Commission can consider a proposed boundary change.[10] With this in mind, and upon receipt of the applicant's proposal, staff provided notice to NSD and the County of the proposed jurisdictional change affecting both agencies and the need to apply a property tax exchange to the proceedings. Both agencies confirmed a master property tax agreement adopted in 1980 shall apply to the proposal if approved by the Commission. This master property tax agreement specifies that no exchange or redistribution of property tax revenues will occur as a result of annexations to NSD.

The recommendation to amend the proposal to include the concurrent annexation of the affected territory to Napa would – if approved – necessitate the application of a negotiated property tax exchange between the City and County.[11] Revenue and Taxation Code 99(b)(7) outlines procedures for affected agencies to negotiate a property tax exchange agreement in the event the Commission modifies a proposal. These post-approval procedures must be completed within 30 days of notice by the Executive Officer. Staff has advised Napa and the County of its recommendation to amend the proposal and intent to apply a master property tax exchange agreement adopted by both governing boards in 1980 unless otherwise informed during the 30 day noticing period; an agreement specifying Napa shall receive 55% of the County's existing portion of property tax revenues generated from the affected territory. Neither agency has responded with any concerns to the approach outlined by staff.

[10] Revenue and Taxation Code (b)(5) states property tax exchanges for jurisdictional changes affecting the service areas or service responsibilities of districts shall be negotiated by the affected county on behalf of the districts.
[11] CSA No. 4 was formed after Proposition 13 and therefore not eligible for property tax revenues.

Environmental Review

The Commission serves as lead agency for the proposal under the California Environmental Quality Act (CEQA) given it is solely responsible for approving the underlying activity: boundary change(s). Staff has determined the applicant's proposal to annex the affected territory to NSD is a project under CEQA and – unless amended – would qualify for as a categorical exemption. Specifically, annexing the affected territory to NSD alone would be exempt from further review given it would involve the annexation to a district involving land that could not be further divided under the policies of the affected land use authority.[12] The recommendation to amend the proposal to include the concurrent annexation of the affected territory to Napa, however, would no longer allow the Commission to use this categorical exemption given the land could be further divided under the City's adopted land use policies.

With the preceding analyses in mind, staff prepared an initial study assessing the environmental impacts associated with the reorganized proposal as recommended to include concurrent annexation to NSD and Napa pursuant to CEQA. The initial study concludes the "project" will not generate any direct or indirect significant impacts and recommends the adoption of a negative declaration. A copy of the initial study and notice of intent to adopt a negative declaration were circulated for review to local agencies as well as all adjacent neighbors to the affected territory.[13] No comments were received. A copy of the initial study is attached for Commission review along with a draft resolution adopting a negative declaration.

Conducting Authority Proceedings

The affected territory is uninhabited under LAFCO law and the sole landowner has consented to the proposal and the recommended amendments. NSD has also consented to the annexation with the inclusion of its terms and conditions, which staff has incorporated into the attached draft resolution of approval. Napa and CSA No. 4 have also been made aware of the staff recommendation to amend the proposal to include the concurrent annexation to the City and concurrent detachment from the District. Neither agency has submitted written opposition to waiving conducting authority proceedings. Conducting authority proceedings, accordingly, may be waived under G.C. Section 56663.

---

[12] California Code of Regulations Section 15319 (Class 19 Categorical Exemption).

[13] A copy of the initial study was also sent to the California Department of Fish and Game as part of a request for the agency to waive their filing fee in anticipation of recording the adopted negative declaration. DFG has not provided a fee waiver as of the date of this report.

D. Recommendation

Staff recommends approving the proposal to annex the affected territory to NSD with two distinct amendments to also require concurrent annexation to Napa and concurrent detachment from CSA No. 4. This recommended reorganization is generally consistent with Commission policies and helps to streamline the extension of governmental services to an urbanizing area of Napa. Staff recognizes the recommendation to include concurrent annexation to Napa does counter the Commission's policy on timing urban development given the territory could be further divided and there is no known project at this time. The service efficiencies and cost-savings tied to the recommendation, however, warrants waiving the referenced policy in deference to the Commission's opportunity to exercise its regulatory authority in amending a proposal to facilitate smart growth relative to local conditions.

E. Alternatives for Commission Action

The following alternative actions are available for Commission consideration with respect to (a) making an environmental determination and (b) considering the proposal.

Environmental Determination

Option 1A (Recommended):
Adopt the draft resolution identified as Attachment One approving a negative declaration for the recommended reorganization. This option would allow the Commission to proceed with approving the recommended reorganization.

Option 1B:
Take no action. This option would only be applicable if it is the preference of the Commission to approve the proposal as submitted and only annex the affected territory to NSD.

Option 1C:
Continue consideration of the negative declaration to a future meeting. This option would require the Commission to also continue consideration of the recommended reorganization.

Proposal Determination

Option 2A (Recommended):
Adopt the draft resolution identified as Attachment Two approving the recommended reorganization with standard terms and conditions.

Option 2B:
Adopt the draft resolution identified as Attachment Two with changes to only annex the affected territory to NSD. This would include striking amendment references involving annexation to Napa and detachment from CSA No. 4. This would also involve making a Class 19 Categorical Exemption finding.

Option 2C:
Continue consideration of the item to the next regular meeting and provide direction to staff for additional information as needed.

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

F. Procedures for Consideration

This item has been agendized as part of a noticed public hearing. The following procedures are recommended with respect to Commission's consideration of this item:

1) Receive verbal report from staff;
2) Open the public hearing (mandatory); and
3) Discuss item and consider action on recommendations.

Respectfully submitted,

Keene Simonds Executive Officer	Brendon Freeman Analyst

Attachments:
1) Draft Resolution Approving a Negative Declaration for the Recommended Reorganization
2) Draft Resolution Approving the Recommended Reorganization
~~3) Initial Study Prepared for the Recommended Reorganization~~
4) Application Materials
5) Communication from NSD with Requested Approval Conditions
6) Communication from Napa
7) Communication from 2275 Big Ranch Road: Statement of Future Annexation Interest

ATTACHMENT ONE

RESOLUTION NO. _____

RESOLUTION OF THE
LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
MAKING DETERMINATIONS AND
ADOPTING A NEGATIVE DECLARATION PURSUANT TO THE
CALIFORNIA ENVIRONMENTAL QUALITY ACT

ROSEWOOD LANE NO. 1 REORGANIZATION

WHEREAS, the Local Agency Formation Commission of Napa County, hereinafter referred to as the "Commission," is responsible for regulating boundary changes affecting cities and special districts under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

WHEREAS, an application by Ralph Melligio, landowner, proposing the annexation of certain territory to the Napa Sanitation District has been filed with the Commission's Executive Officer, hereinafter referred to as "Executive Officer," in a manner provided by law; and

WHEREAS, consistent with Commission policies, the Executive Officer is recommending the reorganization of the proposal to also include the concurrent annexation to the City of Napa; and

WHEREAS, the Executive Officer has assigned the recommended reorganization the short term designation of "Rosewood Lane No. 1 Reorganization"; and

WHEREAS, reorganizations are projects and subject to the provisions of the California Environmental Quality Act (CEQA); and

WHEREAS, the Commission has determined that, pursuant to CEQA, it is the lead agency for the recommended reorganization, hereinafter referred to as the "project"; and

WHEREAS, in accordance with Title 22 of the California Code of Regulations Section 15074, the Commission has been presented with and duly considered an initial study assessing the impact of the project on the environment; and

WHEREAS, the Commission held a duly noticed public hearing on April 2, 2012 to consider the initial study and has determined the project could not have a significant effect on the environment.

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

1. The Commission has read and considered the Executive Officer's report and initial study prepared for the project in accordance with the provisions of CEQA.

2. The Commission finds the initial study shows there is no substantial evidence in the record as a whole that the project shall have any significant environmental impact. Any future indirect impacts identified in the initial study are reduced to less than significant environmental impact given existing mitigation measures adopted by the City of Napa as the affected land use authority and as specified in the initial study. The Commission therefore adopts each of the environmental findings set forth in the initial study and finds there is no significant impact on the environment that will result from the project.

3. The Commission hereby adopts a negative declaration for the project and finds this is based on its independent judgment and analysis.

4. The Executive Officer is the custodian of the records of these environmental proceedings on which this determination is based. The records upon which these findings and determination are made are located at the office of the Commission at 1700 Second Street, Suite 268, Napa, California.

The foregoing resolution was duly and regularly adopted by the Commission at a regular meeting held on April 2, 2012, by the following vote:

AYES: Commissioners

NOES: Commissioners

ABSTAIN: Commissioners

ABSENT: Commissioners

ATTEST: Keene Simonds
Executive Officer

Recorded by: _____
Kathy Mabry
Commission Secretary

ATTACHMENT TWO

RESOLUTION NO. ____

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

ROSEWOOD LANE NO. 1 REORGANIZATION

WHEREAS, the Local Agency Formation Commission of Napa County, hereinafter referred to as the "Commission," is responsible for regulating boundary changes affecting cities and special districts under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

WHEREAS, an application from Ralph Melligio, landowner, proposing the annexation of certain unincorporated territory to the Napa Sanitation District has been filed with the Commission's Executive Officer, hereinafter referred to as "Executive Officer," in a manner provided by law; and

WHEREAS, the affected territory subject to the said proposal includes one residential lot identified by the County of Napa Assessor's Office as 038-160-030 along with an adjacent segment of public right-of-way; and

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

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

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

WHEREAS, the Commission determined to its satisfaction that all owners of land included in said proposal consent to the subject annexation; and

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

1. The proposal is APPROVED with the following two amendments:

   (a) The affected territory is concurrently annexed to the City of Napa.

   (b) The affected territory is concurrently detached from County Service Area No. 4.

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

ROSEWOOD LANE NO. 1 REORGANIZATION

3. The affected territory is accurately depicted in Exhibit “A”.

4. There are no significant effects to the environment from the reorganization as attested by the Commission in adopting a negative declaration concerning the project at a hearing held on April 2, 2012 and consistent with the provisions of the California Environmental Quality Act.

5. The affected territory so described is uninhabited as defined in California Government Code Section 56046.

6. Both the Napa Sanitation District and City of Napa utilize the regular assessment roll of the County of Napa.

7. Upon the effected date of the proposal, the affected territory will be subject to all previously authorized charges, fees, assessments, and taxes that were lawfully enacted by both the Napa Sanitation District and City of Napa.

8. The Commission authorizes conducting authority proceedings to be waived in accordance with Government Code Section 56663(c).

9. Approval is contingent upon receipt by the Executive Officer of the following terms and conditions:

   (a) Approval of a property tax exchange between the City of Napa and County of Napa pursuant to Revenue and Tax Code Section 99(b)(7). This condition must be satisfied within 30 days of the Commission’s approval.

   (b) A final map and geographic description of the affected territory determined by the County Surveyor to conform to the requirements of the State Board of Equalization. This condition must be satisfied before the Certificate of Completion is recorded.

   (c) Payment of any and all outstanding fees owed to the Commission and/or other agencies involved in the processing of this proposal. This condition must be satisfied before the Certificate of Completion is recorded.

   (d) Written confirmation by Napa Sanitation District that its terms and conditions outlined in Exhibit “B” have been satisfied before the Certificate of Completion is recorded.

10. The effective date shall be the date of recordation of the Certificate of Completion. The Certificate of Completion must be recorded within one calendar year unless an extension is requested and approved by the Commission prior to the referenced deadline.

The foregoing resolution was duly and regularly adopted by the Commission at a regular meeting held on the April 2, 2012, by the following vote:

AYES: Commissioners

NOES: Commissioners

ABSTAIN: Commissioners

ABSENT: Commissioners

ATTEST: Keene Simonds
Executive Officer

Recorded by: _____
Kathy Mabry
Commission Secretary

DRAFT

EXHIBIT "A"
ROSEWOO LANE NO. X ?
ANNEXATION TO NAPA SANITATION DISTRICT

GEOGRAPHIC DESCRIPTION

All that certain property situate in the Napa Rancho, City of Napa, State of California, described as follows:

Beginning at the Southeast corner of the existing Pheasant Lane-Rosewood Lane District Annexation Boundary, recorded November 21, 1988 in Volume 1622 at Page 34, of Official Records of Napa County, also said point being on the existing Mr. Ken Rose Big Ranch Road district boundary;

Thence, (1) N 35° 13' 20" W, 28.00 feet along said existing Pheasant Lane-Rosewood Lane district t boundary, to the northwestern right of way line of Rosewood lane;

Thence, leaving said Rosewood Lane right of way line (2) N 35° 13' 20" W, 138.0 feet along said Pheasant Lane-Rosewood Lane existing district boundary;

Thence, leaving said Pheasant Lane-Rosewood Lane existing district boundary (3) N 54° 46' 40" E, 270.4 feet;

Thence, (4) S 35° 13' 20" E, 138.0 feet to said northwestern Rosewood Lane right of way line;

Thence, along said northwestern Rosewood Lane right of way line (5) N 54° 46' 40" E, 20.0 feet to said Mr. Ken Rose Big Ranch Road existing district boundary;

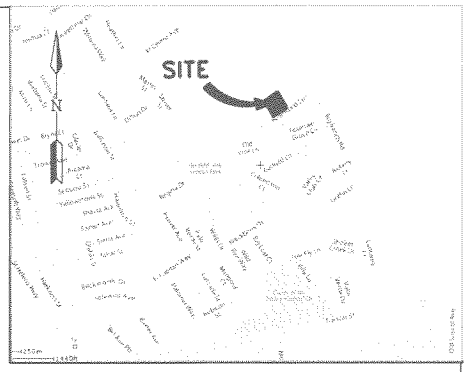
Thence, leaving said Rosewood Lane right of way line (6) S 35° 13' 20" W 28.0 feet along said Mr. ken Rose Big Ranch Road existing district boundary;

Thence, (7) S 54° 46' 40" W, 290.4 feet along said Mr. Ken Rose Big Ranch Road existing district boundary to the **POINT OF BEGINNING** and containing 1.04 acres, more or less.

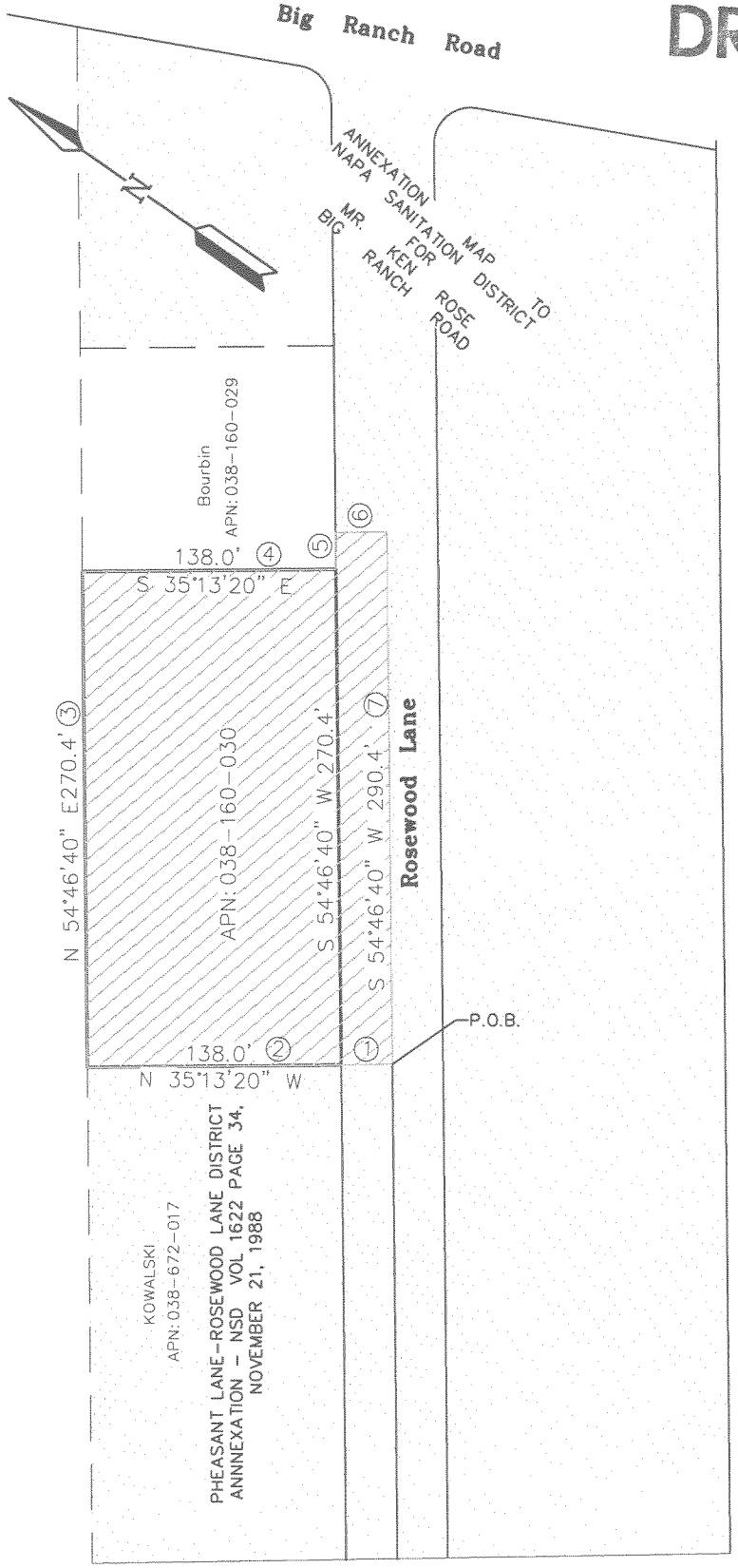
For assessment purposes only. This description of land is not a legal property description as defined in the Subdivision Map Act and may not be used as the basis for an offer for sale of the land described.

DISCLAIMER:
FOR ASSESSMENT PURPOSES ONLY. THIS DESCRIPTION OF LAND IS NOT A LEGAL PROPERTY DESCRIPTION AS DEFINED BY THE SUBDIVISION MAP ACT AND MAY NOT BE USED AS THE BASIS FOR A SALE OF THE LAND DESCRIBED.

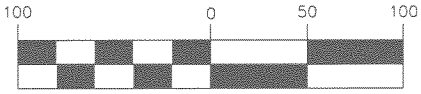
DRAFT



VICINITY MAP
NO SCALE



GRAPHIC SCALE



(IN FEET)
1 inch = 100 ft.

LEGEND

(hatched)	PROPOSED AREA TO BE ANNEXED
(dotted)	EXISTING NAPA SANITATION DISTRICT BOUNDARY
N.S.D.	NAPA SANITATION DISTRICT
P.O.B.	POINT OF BEGINNING
①	COURSE NUMBER

LINE TABLE		
LINE	LENGTH	BEARING
L1	28.0	N35°13'20"W
L5	20.0	N54°46'40"E
L6	28.0	S35°13'20"E

APPLICANT

RALPH MELLIGIO
1430 ROSEWOOD LANE
NAPA, CA 94558
TEL #: (707) 255-3792

CHAUDHARY & ASSOCIATES, INC.
ENGINEERS SURVEYORS INSPECTORS
851 NAPA VALLEY CORPORATE WAY, SUITE G
NAPA, CALIFORNIA 94558
Tel: (707) 255-2729 FAX. (707) 255-5021 WWW.CHAUDHARY.COM

January 18, 2012

[redacted]

ROSEWOOD LANE. NO.?
ANNEXATION TO THE NAPA SANITATION DISTRICT
BEING A PORTION OF NAPA RANCHO

EXHIBIT "B"

TERMS AND CONDITIONS

1430 ROSEWOOD LANE DISTRICT ANNEXATION – 2011-2

1. Upon and after the effective date of said annexation, the Territory, all inhabitants within such Territory, and all persons entitled to vote by reason of residing or owning land with the Territory, shall be subject to the jurisdiction of the Napa Sanitation District, hereinafter referred to as "the District"; shall have the same rights and duties as if the Territory had been a part of the District upon its original formation; shall be liable for the payment of principal, interest, and any other amounts which shall become due on account of any outstanding or then authorized by thereafter issued bonds, including revenue bonds, or other contracts or obligations of the District; shall be subject to the levying or fixing and collection of any and all taxes, assessments, service charges, rentals or rates as may be necessary to provide for such payment; and shall be subject to all of the rates, rules, regulations and ordinances of the District, as now or hereafter amended.

2. In the event that pursuant to rules, regulations or ordinances of the District, as now or hereafter amended, the District shall require any payment of a fixed or determinable amount of money, either as a lump sum or in installments, for the acquisition, transfer, use or right of use of all or any part of the existing property, real or personal, of the District, such payment will be made to the District in the manner and at the time as provided by the rules, regulations or ordinances of the District, as now or hereafter amended.

3. The property owner shall file with LAFCO a check in the amount of $300.00 made payable to the State Board of Equalization.

4. The property owner shall pay to the Napa County Assessor's Office a Mapping Services Fee of $125.00.

5. The property owner shall eliminate the privately owned sewage disposal system located on the subject property property to the Napa County Division of Environmental Health requirements.

6. The property owner shall comply with the conditions of the Outside Service Agreement (OSA) between the owner and the District dated November 16, 2011. The District collected a capacity charge, inspection fee, and District annexation fee from the owner on November 18, 2011. The OSA will become void upon completion of the annexation of the parcel into the District boundary.

7. The property owner shall agree to conditions 1, 2, 5 and 6 and fulfill conditions 3 and 4 prior to the District’s issuance of a letter to LAFCO authorizing recordation of subject annexation, and in no case more than 1 year after LAFCO’s adoption of a resolution approving subject annexation, unless extended by LAFCO. Any extensions granted shall in total not exceed 1 year.

FORM B

Date Filed: 11/16/11

Received By: BF

PETITION FOR PROPOSAL

For Filing with the Local Agency Formation Commission of Napa County

A proposal for a change of organization made by a landowner or registered voter shall be initiated by petition. The petition shall state the nature of the proposal and all associated proposed changes of organization. It shall also state the reason for the proposal and enumerate and include supporting information as required under Government Code Section 56700. The petition must be submitted to the Executive Officer for filing within 60 days after the last signature is affixed. Applicants are encouraged to use this form.

Nature of Proposal and All Associated Changes of Organization:

ANNEXATION TO NSD TO CONNECT TO PUBLIC SEWER

Description of Boundaries of Affected Territory Accompanied by Map:

MAP & DESCRIPTION TO BE PREPARED

Reason for Proposal and Any Proposed Conditions:

ANNEX TO NSD TO CONNECT TO PUBLIC SEWER

Type of Petition: ☒ Landowner ☐ Registered Voter

Sphere of Influence Consistency: ☒ Yes ☐ No

RECEIVED
NOV 16 2011
LAFCO
NAPA COUNTY

ATTACHMENT FOUR

If Landowner Petition, Complete the Following:

1) Name: RALPH LOUIS MELLIGIO

Mailing Address: 1430 ROSEWOOD LANE NAPA CA 94558

Assessor Parcel: 038-160-030-000

Signature: Ralph L Melligio Date: 16 NOV 11

2) Name:

Mailing Address:

Assessor Parcel:

Signature: Date:

3) Name:

Mailing Address:

Assessor Parcel:

Signature: Date:

If Registered Voter Petition, Complete the Following:

1) Name:

Mailing Address:

Resident Address:

Signature: Date:

2) Name:

Mailing Address:

Resident Address:

Signature: Date:

3) Name:

Mailing Address:

Resident Address:

Signature: Date:

Use additional sheets as necessary

FORM A

Date Filed: 11/9/11

Received By: BF

NOTICE OF INTENT TO CIRCULATE PETITION

For Filing with the Local Agency Formation Commission of Napa County

Applicants shall complete and submit a notice of intention with the Executive Officer before filing a petition proposing a change of organization. The notice shall include the name and mailing address of the applicant along with a written statement no more than 500 words in length setting forth the reasons for the proposal. The petition may be circulated for signatures after the notice has been filed. The Executive Officer shall notify the affected local agencies upon receiving the notice. Applicants are encouraged to use this form.

Applicant Information:

Applicant Name: RALPH LOUIS MELLIGIO

Mailing Address: ~~140~~ 1430 ROSEWOOD LANE NAPA CA 94558

Telephone: 707-255-3792 E-Mail: ARELEND@AOL.COM

Petition Proposes:

TO ANNEX SINGLE FAMILY RESIDENCE TO NSD FOR PUBLIC SEWER

Reasons for Proposal:

TO ANNEX SINGLE FAMILY RESIDENCE TO NSD FOR PUBLIC SEWER

Signature: Ralph L Melligio **Date:** ~~9~~ 10 9 NOV 11

FORM C

Date Filed: 11/16/11

Received By: BF

NOTICE OF INTENTION TO ADOPT RESOLUTION OF APPLICATION

For Filing with the Local Agency Formation Commission of Napa County

A proposal for a change of organization made by a local agency shall be initiated by an adopted resolution of application in accordance with Government Code Section 56654. Mailed notice of a local agency's intention to adopt a resolution of application must be provided no less than 21 days in advance to the Commission and all affected agencies. The notice shall describe the proposal and the affected territory. Applicants are encouraged to use this form.

Nature of Proposal and All Associated Changes of Organization:

ANNEX TO NSD TO CONNECT TO PUBLIC SEWER

Description of Boundaries of Affected Territory Accompanied by Map:

MAP & DESCRIPTION TO BE PREPARED

Reason for Proposal and Any Proposed Conditions:

ANNEX TO NSD TO CONNECT TO PUBLIC SEWER

FORM D

Date Filed: 11/16/11

Received By: BF

JUSTIFICATION OF PROPOSAL

Change of Organization/Reorganization

I. APPLICANT INFORMATION

A. Name: RALPH L. MELLIGIO

Contact Person | Agency/Business (If Applicable)

Address: 1430 ROSEWOOD LANE NAPA 94558

Street Number | Street Name | City | Zip Code

Contact: 707-255-3792 ARELEM@AOL.COM

Phone Number | Facsimile Number | E-Mail Address

B. Applicant Type: (Check One)

- ☐ Local Agency
- ☐ Registered Voter
- ☒ Landowner

II. PROPOSAL DESCRIPTION

A. Affected Agencies:

Name	Address
NSD	935 HARTLE CT NAPA 94559

Use Additional Sheets as Needed

B. Proposal Type: (Check as Needed)

- ☒ Annexation
- ☐ Detachment
- ☐ City Incorporation
- ☐ District Formation
- ☐ City/District Dissolution
- ☐ City/District Merger
- ☐ Service Activation (District Only)
- ☐ Service Divestiture (District Only)

C. Purpose Statement: (Specific)

ANNEX SINGLE FAMILY RESIDENCE INTO THE NAPA SANITATION DISTRICT FOR PUBLIC SEWER USE

III. GENERAL INFORMATION

A. Location:

Street Address	Assessor Parcel Number	Acres
1430 ROSEWOOD LANE NAPA CA 94558	038-160-030-000	0.92

Total Location Size (Including Right-of-Ways) _____

B. Landowners:

(1) Assessor Parcel Number : 038-160-030-000 Name: RALPH L. MELLIGIO

Mailing Address: 1430 ROSEWOOD LANE NAPA CA 94558

Phone Number: 707-255-3792 E-mail: ARFELIEM@AOL.COM

(2) Assessor Parcel Number : _____ Name: _____

Mailing Address: _____

Phone Number: _____ E-mail: _____

(3) Assessor Parcel Number : _____ Name: _____

Mailing Address: _____

Phone Number: _____ E-mail: _____

(4) Assessor Parcel Number : _____ Name: _____

Mailing Address: _____

Phone Number: _____ E-mail: _____

Use Additional Sheets As Needed

C. Population:

(1) Total Number of Residents: 1

(2) Total Number of Registered Voters: 1

D. Land Use Factors:

(1a) County General Plan Designation: _____

(1b) County Zoning Standard: RC:UR

(2a) Applicable City General Plan Designation: _____

(2b) Applicable City Prezoning Standard: _____

E. Existing Land Uses: RESIDENTIAL
(Specific)

F. Development Plans:

(1a) Territory Subject to a Development Project? ☐ Yes ☒ No

(1b) If Yes, Describe Project: _____

(1c) If No, When Is Development Anticipated? DEVELOPMENT IS NOT ANTICIPATED IN MY LIFETIME

G. Physical Characteristics:

(1) Describe Topography:
FLAT NO DRAINAGE BASINS OR CREEKS

(2) Describe Any Natural Boundaries:
N/A

(3) Describe Soil Composition and Any Drainage Basins:
ADOBE CLAY SOIL COMPOSITION
NO DRAINAGE BASINS

(4) Describe Vegetation:
GRASS, SHRUBS, HEDGES, SOME FRUIT TREES

H. Williamson Act Contracts
(Check One) ☐ Yes ☒ No

IV. GOVERNMENTAL SERVICES AND CONTROLS

A. Plan For Providing Services:

(1) Enumerate and Describe Services to Be Provided to the Affected Territory:

PUBLIC SEWER ACCESS

(2) Level and Range of Services to Be Provided to the Affected Territory:

SERVE 1 SINGLE FAMILY RESIDENCE

(3) Indication of When Services Can Feasibly Be Extended to the Affected Territory:

IMMEDIATELY

(4) Indication of Any Infrastructure Improvements Necessary to Extend Services to the Affected Territory:

N/A

(5) Information On How Services to the Affected Territory Will Be Financed:

LANDOWNER TO PAY ALL FEES & COSTS

Use Additional Sheets As Needed

V. ENVIRONMENTAL INFORMATION

A. Environmental Analysis

(1) **Lead Agency for Proposal:** LAFCO
Name

(2) **Type of Environmental Document Previously Prepared for Proposal:** Initial Study to be completed

- ☐ Environmental Impact Report
- ☐ Negative Declaration/Mitigated Negative Declaration
- ☐ Categorical/Statutory Exemption: _____
  Type
- ☐ None

Provide Copies of Associated Environmental Documents

VI. ADDITIONAL INFORMATION

A. Approval Terms and Conditions Requested For Commission Consideration:

_____

_____

_____

Use Additional Sheets As Needed

B. Identify Up to Three Agencies or Persons to Receive Proposal Correspondence:

(1) Recipient Name: Ralph Melligio, owner

Mailing Address: _____

E-Mail: _____

(2) Recipient Name: _____

Mailing Address: _____

E-Mail: _____

(3) Recipient Name: _____

Mailing Address: _____

E-Mail: _____

VII. CERTIFICATION

I certify the information contained in this application is correct. I acknowledge and agree the Local Agency Formation Commission of Napa County is relying on the accuracy of the information provided in my representations in order to process this application proposal.

Signature: Ralph L. Melligio

Printed Name: RALPH L. MELLIGIO

Title:

Date: 16 NOV 2011

ATTACHMENT FIVE

Freeman, Brendon

From: Damron, Andrew
Sent: Thursday, December 22, 2011 12:00 PM
To: Freeman, Brendon
Cc: Simonds, Keene
Subject: 1430 Rosewood Lane - NSD approved conditions
Attachments: Terms and Conditions.doc

Hi Brendon –

Please find the attached conditions of annexation that were approved at our Board meeting last night. NSD Resolution #11-024.

Let me know if you have any questions.

--
Andrew Damron, PE
Napa Sanitation District
Associate Engineer
adamron@napasan.com
Ph. 707.258.6000 x 507

EXHIBIT "B"

TERMS AND CONDITIONS

1430 ROSEWOOD LANE DISTRICT ANNEXATION – 2011-2

1. Upon and after the effective date of said annexation, the Territory, all inhabitants within such Territory, and all persons entitled to vote by reason of residing or owning land with the Territory, shall be subject to the jurisdiction of the Napa Sanitation District, hereinafter referred to as "the District"; shall have the same rights and duties as if the Territory had been a part of the District upon its original formation; shall be liable for the payment of principal, interest, and any other amounts which shall become due on account of any outstanding or then authorized by thereafter issued bonds, including revenue bonds, or other contracts or obligations of the District; shall be subject to the levying or fixing and collection of any and all taxes, assessments, service charges, rentals or rates as may be necessary to provide for such payment; and shall be subject to all of the rates, rules, regulations and ordinances of the District, as now or hereafter amended.

2. In the event that pursuant to rules, regulations or ordinances of the District, as now or hereafter amended, the District shall require any payment of a fixed or determinable amount of money, either as a lump sum or in installments, for the acquisition, transfer, use or right of use of all or any part of the existing property, real or personal, of the District, such payment will be made to the District in the manner and at the time as provided by the rules, regulations or ordinances of the District, as now or hereafter amended.

3. The property owner shall file with LAFCO a check in the amount of $300.00 made payable to the State Board of Equalization.

4. The property owner shall pay to the Napa County Assessor's Office a Mapping Services Fee of $125.00.

5. The property owner shall eliminate the privately owned sewage disposal system located on the subject property property to the Napa County Division of Environmental Health requirements.

6. The property owner shall comply with the conditions of the Outside Service Agreement (OSA) between the owner and the District dated November 16, 2011. The District collected a capacity charge, inspection fee, and District annexation fee from the owner on November 18, 2011. The OSA will become void upon completion of the annexation of the parcel into the District boundary.

7. The property owner shall agree to conditions 1, 2, 5 and 6 and fulfill conditions 3 and 4 prior to the District's issuance of a letter to LAFCO authorizing recordation of subject annexation, and in no case more than 1 year after LAFCO's adoption of a resolution approving subject annexation, unless extended by LAFCO. Any extensions granted shall in total not exceed 1 year.

ATTACHMENT SIX

Freeman, Brendon

From: Tooker, Rick [rtooker@cityofnapa.org]
Sent: Thursday, February 09, 2012 10:36 AM
To: Freeman, Brendon
Cc: Simonds, Keene
Subject: RE: 1430 Rosewood Lane annexation

...Hi Brendon - Just left Keene a telephone message. The City staff is fine with pursuing this and I do not see any issues (although I have left a message with Public Works to make sure we will not require anything as a part of this proposal). The only question I raise is why we would not try to also annex at least the adjoining property to the east. Napa is kind of operating in a vacuum because we do not know if the property owner of 1430 Rosewood is supportive of annexation to the City or how the owner of 1438 Rosewood feels about this? In my former lives, here in Napa too, folks would typically come to the City first because they don't get anywhere without the City's support of an annexation. Regardless, I am not aware of any issues on this particular request. - Rick

From: Freeman, Brendon [mailto:bfreeman@napa.lafco.ca.gov]
Sent: Wednesday, February 08, 2012 3:12 PM
To: Tooker, Rick
Subject: 1430 Rosewood Lane annexation

Good afternoon Rick,

LAFCO staff is reviewing a proposal to annex property located at 1430 Rosewood Lane to the Napa Sanitation District. As part of this review, LAFCO is considering reorganizing the proposal to include concurrent annexation to the City of Napa. The property is currently located within each agency's sphere of influence. Are there any issues from Napa's perspective with respect to this property that we should be aware of that might suggest we should not pursue the concurrent annexation to the City?

Thank you,

Brendon Freeman
Local Agency Formation Commission of Napa County
1700 Second Street, Suite 268
Napa, CA 94559
(707) 259-8645 Phone
(707) 251-1053 Fax
http://www.napa.lafco.ca.gov

ATTACHMENT SEVEN

To LAFCO of Napa Valley
Attn. Brendon Freeman (bfreeman@napa.lafco.ca.gov)

Notice of Intent to Adopt a Negative Declaration

I would like to take a moment and respond to the LAFCO Notice, dated Feb. 16, 2012, for the Project named Rosewood Lane No. 1 Reorganization. As the property owner just to the North of this property, I concur and support your recommendation, for it adheres to the Big Ranch Road Specific Plan, which was labored on by many of us in the plan area, over some 22 years plus. Also, I would like to reaffirm my interest, and confirm my ability, to annex into the City at a future date, as part of my Estate Planning. Thank you for the opportunity to comment on your proposal.

Robert Mueller
APN 038 240 005

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

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

April 2, 2012
Agenda Item No. 7a (Action)

March 26, 2012

TO: Local Agency Formation Commission

FROM: Committee on Policies and Procedures (Luce, Rodeno, and Simonds)

SUBJECT: **Proposed Strategic Plan for 2012-2014**
The Commission will consider approving a two-year strategic plan prepared by the Committee on Policies and Procedures. The strategic plan outlines goals and implementing strategies based on Commissioner comments provided at the November 21, 2011 biennial workshop.

Local Agency Formation Commissions (LAFCOs) are political subdivisions of the State of California responsible for regulating the formation and development of local governmental agencies under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. Commonly exercised regulatory powers include creating and expanding cities and special districts for purposes of facilitating orderly urban growth. LAFCOs are required to inform their regulatory actions through various planning activities, namely preparing municipal service reviews and sphere of influence updates every five years. All regulatory actions undertaken by LAFCOs may be conditioned and must be consistent with their written policies and procedures.

A. Background

LAFCO of Napa County ("Commission") held a special meeting to conduct its biennial workshop at the Yountville Town Hall on November 21, 2011. The workshop's single agendized item was to discuss the current and future role of the Commission for purposes of informing the subsequent development of the agency's first strategic plan. Specific focus included discussing the Commission's core objectives, key challenges, and near-term goals over the next two years. An outside consultant – Alta Mesa Group – facilitated the discussion. All Commissioners and staff were present with the exception of then Vice Chair Chilton due to an excused absence.

A written summary of the central comments made at the biennial workshop was presented to the Commission at its February 6, 2012 regular meeting. The Commission received the written summary without requesting any changes or clarifications. The Commission also directed the Committee on Policies and Procedures ("Committee") to prepare a two-year strategic plan for consideration at a future meeting.

Lewis Chilton, Chair
Councilmember, Town of Yountville

Brad Wagenknecht, Vice Chair
County of Napa Supervisor, 1st District

Brian J. Kelly, Commissioner
Representative of the General Public

Joan Bennett, Commissioner
Councilmember, City of American Canyon

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

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

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

Keene Simonds
Executive Officer

B. Discussion

The Committee has prepared the attached proposed two-year strategic plan for Commission approval. The strategic plan comprises three interrelated sections divided between (a) vision statement, (b) near-term goals, and (c) implementing strategies. A summary of the principal components underlying each of these three sections follows.

- **Vision Statement**
  This section orients the Commission to focus its "footprint" in administering LAFCO law in a manner responsive to local character and conditions. This section also outlines three core values – professional, principled, and reasonable – in directing and evaluating all Commission actions.

- **Near-Term Goals**
  This section identifies five near-term goals paired with "big-picture" action statements in supporting the vision statement. The first goal directs the Commission to focus its activities – external and internal – on improving service efficiencies. The second goal directs the Commission to proactively expand the use and relevance of the municipal service reviews in tackling issues of local interest/importance. The third goal directs the Commission to emphasize partnering with local agencies in coordinating planning activities. The fourth and fifth goals direct the Commission to participate in regional and statewide discussions impacting local agencies and services as well as improve the general public's understanding of the agency and its various functions.

- **Implementing Strategies**
  This section identifies implementing strategies in achieving all five near-term goals. A total of 10 strategies are listed; all of which have been drafted with particular focus on performance measurement. A summary follows.

  <u>Improve Service Efficiencies</u>
  - Prepare a cost-analysis to transition agenda packets to electronic tablets.
  - Expand website to allow for online applications and updates.

  <u>Expand Use and Relevance of Municipal Service Reviews</u>
  - Establish formal process in soliciting scoping comments on studies.
  - Conduct scoping workshop for pending study on central county region.

  <u>Renew and Strengthen Coordination with Local Governmental Agencies</u>
  - Invite local agencies to present current/future planning activities.
  - Present updates to local agencies on current/planned activities.
  - Prepare an informational report on local school districts and boards.

  <u>Anticipate and Evaluate Regional/Statewide Issues</u>
  - Prepare an informational report on private water companies.
  - Provide annual reports on relevant ABAG and MTC's activities.

  <u>Improve the Public's Understanding the Commission</u>
  - Prepare annual agency newsletters for public distribution.

C. Analysis

The Committee believes the proposed strategic plan provides an effective map for the Commission over the next two years in guiding agency activities in a manner consistent with the collective preference of the *current* members (emphasis added). Moreover, the proposed strategic plan helps to establish a public performance measurement for the Commission in reconciling goals with actions for review and reset at the agency's biennial workshops. This includes, among other items, producing two reports at the end of the affected period aimed at expanding the Commission's informational base as it relates to tying local school resources and private water services with facilitating orderly municipal growth and development.

D. Alternatives for Action

The following alternative actions are available to the Commission.

Alternative One: Approve the proposed strategic plan with any desired changes as identified by members.

Alternative Two: Continue consideration of the item to a future meeting with any additional information as requested by members.

Alternative Three: Take no action.

E. Recommendation

It is recommended the Commission take actions consistent with Alternative One.

F. Procedures for Consideration

This item has been agendized as part of the action calendar. The following procedures are recommended with respect to the Commission's consideration of this item:

1) Receive verbal report from the Committee;

2) Invite public testimony (optional); and

3) Discuss item and consider action on recommendation.

Respectfully submitted on behalf of the Committee,

_____

Keene Simonds
Executive Officer

Attachments:
1) Memorandum on Strategic Planning Workshop
2) Proposed Strategic Plan

ATTACHMENT ONE

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

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

MEMORANDUM

April 2, 2012

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: **Report on the Strategic Planning Workshop**

The Commission held its biennial workshop at the Yountville Town Hall on November 21, 2011. The purpose of the workshop was to discuss the current and future role of the Commission and inform the subsequent development of the agency's first strategic plan. The workshop was divided into five overlapping exercises. The first two exercises served as orientation activities with participants sharing personal lessons on leadership followed by identifying expectations for the workshop. Significantly, with regards to the latter activity, there appeared to be general consensus among participants to begin using the biennial workshops to "map" or "vision" agency objectives as part of reoccurring two-year strategic plans. The last three exercises consumed the majority of the workshop and involved participants identifying what they believe the Commission's (a) core objectives, (b) key challenges, and (c) near-term goals to be over the next two years. A summary of the comments provided during these three latter exercises follows.

Core Objectives
Participants were asked to identify what they believe should be the Commission's core objectives in administering LAFCO law in Napa County. The following responses (paraphrased) were recorded sequentially.

- Role should be similar to a credit rating agency; identify what works; identify what does not work; and identify what could work better.
- Continue to provide independent oversight; value/strengthen independent role.
- Think "big picture."
- Focus on service efficiencies in studies.
- Emphasize service sustainability/resiliency in studies; ask "what if" questions.
- Particular attention is needed in overseeing small unincorporated communities in Napa County given the lack of community resources.
- Studies should explore more reorganization (structural and functional) opportunities to make governmental services more efficient and resilient.
- Facilitate cooperation and mediate conflict among local agencies.
- Resolve local conflicts with a set of higher standards and priorities.

Lewis Chilton, Chair
Councilmember, Town of Yountville

Brad Wagenknecht, Vice Chair
County of Napa Supervisor, 1st District

Brian J. Kelly, Commissioner
Representative of the General Public

Joan Bennett, Commissioner
Councilmember, City of American Canyon

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

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

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

Keene Simonds
Executive Officer

Key Challenges
Participants were asked to identify what they believe are the key challenges in the Commission fulfilling its core objectives in Napa County. The following responses (paraphrased) were recorded sequentially.

- Wearing a "LAFCO" hat; considering actions before the Commission involving members' appointing authorities.
- Navigating through local conflicts.
- Balancing "processes" with "outcomes."
- Scaling problem solving efforts to address fixable issues; avoid "black-holes."
- Staying flexible; knowing when to defer to local conditions.
- Avoid breaking in bending to local conditions; precedents matter.
- Staying on course; need a consistent vision for the agency; ground rules need to be set and maintained to guide local agencies and general public.

Near-Term Goals
Participants were asked to identify near-term goals for the Commission consistent with its core objectives and perceived challenges as discussed earlier in the workshop. The following responses (paraphrased) were recorded sequentially.

- Expand the use and relevance of municipal service reviews by focusing how local governmental services can be more efficient and resilient.
- Proactively explore opportunities for governmental organizational changes (structural and functional) under LAFCOs authority; law enforcement cited.
- Establish more "anticipatory" discussions between Commissioners and staff in preparing studies with respect to key policy, service, and governance issues; utilize Commissioners in preparing determinations.
- Prioritize water and transportation issues; serve as a leader in these areas.
- Schedule study/informational sessions with local agencies; invite land use authorities to give presentations on key planning activities.
- Consider orienting spheres of influence to time-horizons (i.e., 5, 10, 20 years).
- Improve coordination with school districts.

ATTACHMENT TWO

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

Strategic Plan
2012-2014

Vision Statement

Provide effective oversight of local government agencies and their municipal service consistent with the tenets and ideals of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and in a manner responsive to local character and circumstances. The Commission will strive diligently to achieve this vision by emphasizing the following core values at all times.

a) **Professional**
The Commission will be accountable and transparent in developing, implementing, and communicating its policies, procedures, and programs.

b) **Principled**
The Commission will maintain a higher set of standards in fulfilling its prescribed duties and responsibilities with integrity and fairness in facilitating orderly growth.

c) **Reasonable**
The Commission will be objective in its decision-making with particular focus in considering the "reasonableness" of all potential actions before the agency.

Goals and Strategies

The Commission's goals supporting its vision statement along with corresponding implementation strategies for the 2012-2014 planning period follow.

1. Improve Service Efficiencies

The Commission shall focus its prescribed duties and responsibilities in assisting local governmental agencies in pursuing efficiencies relative to available resources to reduce costs and enhance services. The Commission, accordingly, will lead by example and use creativity and innovation in improving its own service efficiencies by doing more with less for the benefit of both local funding agencies and the general public. This includes:

a) Prepare a cost-benefit analysis for the Commission to purchase electronic tablets for purposes of converting all agenda packets to digital-only copies.

b) Expand the use of the Commission website to allow applicants to submit all required proposal forms on-line. The website should also be expanded to allow each applicant to log-in with a personal password to check the status of their proposal.

2. Expand Use and Relevance of Municipal Service Reviews

The Commission shall proactively expand the use and relevance of municipal service reviews by focusing on issues of local significance within each affected community. This includes:

a) Formally invite all affected local agencies and the general public to submit comments on governance and service related issues for consideration before the start of each scheduled municipal service review. Include a summary of the comments received along with staff responses in the final report.

b) Conduct a scoping workshop for the pending central county municipal service review (City of Napa, Napa Sanitation District, Silverado Community Services District, and Congress Valley Water District) to help inform the report's direction and focus on specific areas of analysis as it relates to potential sphere of influence changes.

3. Renew and Strengthen Coordination with Local Governmental Agencies

The Commission shall fulfill its prescribed duties and responsibilities in partnership with local governmental agencies. To this end, and given the significant change in boards, councils, directors, and senior staff over the last several years, the Commission shall make a concerted effort to renew and strengthen its coordination with local agencies to help ensure appropriate communication relative to current and planned activities exists. This includes:

a) Invite the County of Napa, cities, and special districts to make individual presentations to the Commission summarizing their current and future planning activities. Presentations will be scheduled by the Executive Officer and subject to the Chair's approval.

b) Present formal updates to the County of Napa, cities, and special districts on current and future activities relevant to the affected agency. Updates should be scheduled in consultation with the affected agency's director/manager.

c) Prepare a report for Commission use on local school districts and boards. The report shall be prepared in consultation with the affected agencies and address, among other items, the relationship between current/planned growth and school resources. The report shall also be distributed to all local agencies for review and file.

4. Anticipate and Evaluate Regional and Statewide Issues Impacting Municipalities and their Services

The Commission shall participate and provide, as appropriate, its expertise and perspective in regional and statewide discussions on critical issues that have the potential for significantly affecting local municipalities and their services. The Commission shall also, as appropriate, assume a leadership role in convening discussions among multiple stakeholders on critical service and growth issues affecting Napa County. This includes:

a) In conjunction with Assembly Bill 54, prepare a report on private water companies operating in Napa County. The report shall be limited initially to identifying the location, service area, and general service capacity/demand of each private water company and distributed to all local agencies for their review and file.

b) Actively follow the Association of Bay Area Governments and Metropolitan Transportation Commission. Provide annual reports on these agencies' current and planned activities as it relates to issues of interest to the Commission.

5. Improve the Public's Understanding of the Commission

The Commission shall make a concerted effort to improve the public's awareness and understanding of the agency's responsibilities and activities. This includes:

a) Actively utilize print and social media resources in expanding the public's understanding of the role and function of the Commission.

b) Prepare an annual newsletter for public distribution summarizing recent and planned Commission activities. The annual newsletter will be made available on the Commission website and directly e-mailed out through the agency's distribution list.

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

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

April 2, 2012
Agenda Item No. 8a (Discussion)

March 27, 2012

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer
Brendon Freeman, Analyst

SUBJECT: **Municipal Service Review on Countywide Law Enforcement Services**
The Commission will receive a draft report on its scheduled municipal service review on countywide law enforcement services. The draft examines the availability and adequacy of local law enforcement services relative to the Commission's mandates to facilitate orderly growth and development. This includes making determinative statements on specific governance and service factors prescribed under law. The draft is being presented to the Commission for discussion and feedback in anticipation of preparing a final report for approval at the next regular meeting.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 directs Local Agency Formation Commissions (LAFCOs) to prepare municipal service reviews every five years to inform their other planning and regulatory activities. This includes, most notably, preparing and updating all local agencies' spheres of influence as needed. Municipal service reviews vary in scope and can focus on a particular agency, service, or geographic region as defined by LAFCOs. Municipal service reviews may also lead LAFCOs to take other actions under its authority such as forming, consolidating, or dissolving one or more local agencies. Municipal service reviews culminate with LAFCOs making determinations on a number of governance-related factors that include addressing infrastructure needs or deficiencies, growth and population trends, and financial standing consistent with California Government Code Section 56430.

A. Discussion and Analysis

Countywide Law Enforcement Services

Consistent with LAFCO of Napa County's ("Commission") adopted study schedule, staff has been working on a municipal service review on law enforcement services provided throughout Napa County. The municipal service review's principal objective is to develop and expand the Commission's knowledge and understanding of the current and planned provision of local law enforcement services relative to present and projected needs throughout the county. This includes, in particular, evaluating the availability and adequacy of law enforcement services provided – directly or indirectly – by the six principal local service providers operating in Napa County subject to Commission

Lewis Chilton, Chair
Councilmember, Town of Yountville

Brad Wagenknecht, Vice Chair
County of Napa Supervisor, 1st District

Brian J. Kelly, Commissioner
Representative of the General Public

Joan Bennett, Commissioner
Councilmember, City of American Canyon

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

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

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

Keene Simonds
Executive Officer

oversight. These agencies include: (a) City of American Canyon; (b) City of Calistoga; (c) City of Napa; (d) City of St. Helena; (e) Town of Yountville; and (f) County of Napa. The Commission will use the municipal service review to inform its decision-making as it relates to performing future sphere updates for the affected agencies as well as evaluating future jurisdictional changes throughout the county.

Draft Report

Staff has prepared a draft report on the municipal service review for Commission review and feedback. The draft report is relatively intact from a preliminary version presented for discussion at the December 2, 2011 meeting with two key changes. First, the draft report has been expanded to review the Town of Yountville independent of its contracting relationship for law enforcement services with the County of Napa. Second, the draft report includes an Executive Summary narrating key service and policy issues underlying local law enforcement services relative to the Commission's mandate to facilitate orderly growth and development. The Executive Summary also includes close to 100 determinative statements addressing all of the prescribed factors mandated for Commission consideration under LAFCO law.

With regards to central issues identified, and as detailed in the Executive Summary, the draft report validates local law enforcement services are effectively managed and largely responsive in meeting current community needs; needs that distinctively vary throughout the region based on policies, preferences, and demographics. The draft report notes overall crime levels in Napa County are trending downward and the most serious offenses – violent – have decreased by nearly 20% over the last five reported years. Nonetheless, the draft report identifies three prominent issues underlying local law enforcement services directly relevant to the Commission's mandates in facilitating orderly municipal growth and development and are summarized below.

- **Approaching Tipping Point**
  The draft report substantiates there is an increasing fiscal pressure on local law enforcement agencies in keeping up with baseline costs; costs that are predominantly dependent on an increasingly scarce source of general tax revenues. This dynamic – funding rising baseline costs through stretched general fund monies – suggests there may be an approaching "tipping point" in which current service levels will no longer be sustainable given agencywide considerations. This latter comment is particularly applicable to the two north county cities.

- **Growth Matters**
  The draft report demonstrates there are two important correlations between growth and crime in Napa County. First, crime totals over the last five reported years for each of the six affected agencies generally correspond with resident population changes. This point is highlighted by American Canyon having experienced relatively matching changes in both population (32%) and crime

(40%). Put another way, more growth brings more crime. Second, higher densities generally produce higher crime rates. This point is illustrated by comparing Calistoga and St. Helena given both have relatively similar resident population amounts, but have averaged dramatically different annual crime totals at 30 and 18 reported incidents for every 1,000 residents, respectively. The exceedingly high number of average annual crimes in Calistoga compared to St. Helena appears most attributed to the former's resident density being nearly double the latter.

- **More than Economies of Scale**
  The draft report draws attention to significant geographic distinctions in local law enforcement services between north and south county cities relative to costs, demands, and other key considerations; distinctions that appear fueled in part, *but not exclusively*, by economies of scale (emphasis added). These distinctions include the north county cities – Calistoga and St. Helena – averaging between 60% and 100% more in sworn staffing expenditures and service calls than the two south county cities – American Canyon and Napa – on a per capita measurement. Average clearance rates overall in the south county cities are also notably higher.

Additionally, and drawing from the three preceding central issues, the draft report includes measured recommendations aimed at generating additional discussion on perceived opportunities to improve local law enforcement services going forward. These recommendations fall short of prescribing specific actions, but memorialize areas the Commission believes warrant further review with the intention of reevaluating if and when considering any future boundary/service changes involving the affected communities. This includes – most notably – encouraging collaboration between Calistoga and St. Helena as it relates to animal control, dispatch, and eventually looking at merging their respective law enforcement services through a joint-authority or contracting with the County Sheriff.

B. Commission Review

Commissioners are encouraged to discuss and provide feedback to staff on the draft report. Specific feedback is respectfully requested as it relates to areas of additional analysis. Staff will be initiating a 30-day public comment period on the draft report following the meeting in anticipation of returning in June with a final report – with or without amendments – for approval by the Commission.

Attachment:

~~1) Draft Report~~

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

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

April 2, 2012
Agenda Item No. 8b (Discussion)

March 26, 2012

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: **Legislative Report**
The Commission will receive a report on the second year of the 2011-2012 session of the California Legislature as it relates to items directly or indirectly effecting Local Agency Formation Commissions. The report is being presented for discussion with possible direction for staff with respect to issuing comments on specific items.

The Local Agency Formation Commission (LAFCO) of Napa County has two appointed members on the California Association of LAFCOs' ("CALAFCO") Legislative Committee: Keene Simonds and Juliana Inman. The Committee meets on a regular basis to review, discuss, and offer recommendations to the CALAFCO Board of Directors relating to new legislation that have either a direct impact on LAFCO law or the laws LAFCO helps to administer. Committee actions are guided by the Board's adopted policies, which are annually reviewed and amended to reflect current year priorities.

A. Discussion and Analysis

Current Bills

The Committee is currently tracking 29 bills with direct or indirect impacts on LAFCOs as part of the second year of the 2011-2012 session. Several of the bills introduced are placeholders at this time and will be amended over the next several months to clarify their specific purpose. A complete list of the bills under review is attached. Two bills of specific interest to LAFCO of Napa County ("Commission") are addressed below.

- **Senate Bill 1498 (Emmerson): Expand Outside Service Extension Powers**
  This legislation is sponsored by the League of California Cities and would make two substantive changes to LAFCO law. First, and most significantly, this legislation would fully enact the changes proposed by the Commission to CALAFCO in expanding existing authority under Government Code Section 56133 in approving new and extended outside services beyond agencies' spheres of influence. This includes empowering LAFCOs to approve new or extended services beyond spheres of influence and irrespective of public health or safety threats as long as certain safeguard findings can be made noticed public hearings.

Lewis Chilton, Chair
Councilmember, Town of Yountville

Brad Wagenknecht, Vice Chair
County of Napa Supervisor, 1st District

Brian J. Kelly, Commissioner
Representative of the General Public

Joan Bennett, Commissioner
Councilmember, City of American Canyon

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

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

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

Keene Simonds
Executive Officer

Second, the legislation would remove provisions of LAFCO law enacted at the beginning of this calendar year prohibiting cities from annexing territory greater than 10 acres if adjacent to a disadvantaged unincorporated community unless a separate annexation proposal is filed.[1]

Staff believes SB 1498 – if enacted – would improve LAFCO law by providing added discretion in facilitating orderly growth in a manner responsive to local conditions with respect to authorizing outside services and city annexations. Most notably, and as recently discussed by the Commission in February, the current restrictions tied to Section 56133 promotes an unnecessary absolute in presuming all outside service extensions should lead to future annexations. Amending this section as proposed allows LAFCOs the ability to accommodate – as appropriate – outside service extensions without explicit expectation of future annexations based on local conditions and adopted policies. Additionally, removing the provisions aimed at compelling cities to annex disadvantaged unincorporated communities appears reasonable given it would eliminate a "heavy-handed" approach in promoting environmental justice regardless of local conditions.

Support for SB 1498 within the Committee is divided. Several members expressed concern in removing the provisions against cities annexing lands adjacent to disadvantaged unincorporated communities. A few members also expressed concern regarding CALAFCO supporting legislation on amending Section 56133 without broader support from the membership. Accordingly, the Committee is recommending a "watch" position at this time.

- **Assembly Bill 2238 (Perea): Municipal Service Review Requirements**
  This legislation is sponsored by the California Rural Legal Assistance and would, among other items, make two separate discretionary provisions in the municipal service review process become mandatory. First, the legislation would amend the municipal service review process to no longer encourage but mandate that LAFCOs study governance alternatives to improve service efficiency and affordability. Second, and similarly, the legislation would no longer encourage but mandate that LAFCOs make their own determinations with respect to whether affected agencies are complying with the California Safe Drinking Water Act.

  Staff believes AB 2238 as currently drafted is problematic. It would curb LAFCOs' existing discretion in determining when formal reviews of governance alternatives are warranted in the course of preparing municipal service reviews based on need and benefit. It also would require LAFCOs to develop or contract expertise with respect to determining if water service providers are complying with a technical statute that falls outside our respective administrative authority. Further, given the expanded scope of directives, both of these proposed new mandates could result in substantial new costs for LAFCOs.

[1] These provisions were added to LAFCO law as part of Senate Bill 244 (Wolk).

Several members of the Committee have expressed concerns regarding AB 2238 for the reasons outlined above. A number of Committee members were also concerned the sponsor did not reach out to CALAFCO prior to introducing the legislation. Accordingly, the Committee has recommended an "oppose" position.

Other Items of Interest

- **Napa County Farmland Protection Act**
  As discussed at the February meeting, staff recently became aware of a legislative proposal drafted by the Napa County Farm Bureau to rewrite LAFCO law specific to Napa County. The draft proposal is titled "Napa County Farmland Protection Act" and would prohibit cities and special districts from adding lands designated for an agricultural use under the County General Plan to their spheres of influence or jurisdictional boundaries through 2059; a timeline directly corresponding with the sunset of Measure J/P. It appears this legislative effort has been tabled given no bill was introduced by the second session deadline of February 17th. It also appears unlikely this legislative effort will resurface in the near term given several key stakeholders – including the Cities of American Canyon and Napa – have raised substantive concerns regarding the need and benefit of the proposed restrictions on future spheres of influence and annexations. Staff also raised concerns with the legislative effort, and with the Commission's direction, prepared a comment letter for circulation among local stakeholders.

- **Renaming Commissions**
  Also raised for discussion at the February meeting was staff's participation in a Committee working group tasked with exploring interest and options in renaming LAFCOs. Markedly, the working group was formed by staff and other likeminded members who believe the current name – local agency formation commission – is antiquated with no meaningful connection to present day responsibilities and muddles the public's understanding of our collective duties. The working group's tasks, however, have been tabled by the Board given it does not believe a name change is needed. The working group anticipates revisiting this item for Board consideration again next year.

B. Commission Review

Commissioners are encouraged to discuss and provide feedback on the report. This includes providing direction to staff with respect to making comments on any legislative items of interest or concern to the Commission.

Attachments:

1) CALAFCO Legislative Policies
2) CALAFCO Status Report on Current Legislation
3) Letter from Executive Officer Concerning the Napa County Farmland Protection Act
4) Letter from City of Napa Concerning the Napa County Farmland Protection Act

ATTACHMENT ONE

CALAFCO 2012 Legislative Policies

Adopted by the Board of Directors on 10 February 2012

1. LAFCo Purpose and Authority

1.1. Support legislation which enhances LAFCo authority and powers to carry out the legislative findings and authority in Government Code §56000 et. seq.

1.2. Support authority for each LAFCo to establish local policies to apply Government Code §56000 et. seq. based on local needs and conditions, and oppose any limitations to that authority.

1.3. Oppose additional LAFCo responsibilities which require expansion of current local funding sources. Oppose unrelated responsibilities which dilute LAFCo ability to meet its primary mission.

1.4. Support alignment of responsibilities and authority of LAFCo and regional agencies which may have overlapping responsibilities in orderly growth, preservation, and service delivery, and oppose legislation or policies which create conflicts or hamper those responsibilities.

1.5. Oppose grants of special status to any individual agency or proposal to circumvent the LAFCo process.

1.6. Support individual commissioner responsibility that allows each commissioner to independently vote his or her conscience on issues affecting his or her own jurisdiction.

2. LAFCo Organization

2.1. Support the independence of LAFCo from local agencies.

2.2. Oppose the re-composition of any or all LAFCos without respect to the existing balance of powers that has evolved within each commission or the creation of special seats on a LAFCo.

2.3. Support representation of special districts on all LAFCos in counties with independent districts and oppose removal of special districts from any LAFCo.

2.4. Support communication and collaborative decision-making among neighboring LAFCos when growth pressures and multicounty agencies extend beyond a LAFCo's boundaries.

3. Agricultural and Open Space Protection

3.1. Support legislation which clarifies LAFCo authority to identify, encourage and insure the preservation of agricultural and open space lands.

3.2. Encourage a consistent definition of agricultural and open space lands.

3.3. Support policies which encourage cities, counties and special districts to direct development away from prime agricultural lands.

3.4. Support policies and tools which protect prime agricultural and open space lands.

3.5. Support the continuance of the Williamson Act and restore program funding through State subvention payments.

4. Orderly Growth

4.1. Support the recognition and use of spheres of influence as the management tool to provide better planning of growth and development, and to preserve agricultural, and open space lands.

4.2. Support adoption of LAFCo spheres of influence by other agencies involved in determining and developing long-term growth and infrastructure plans.

4.3. Support orderly boundaries of local agencies and the elimination of

islands within the boundaries of agencies.

4.4. Support communication between cities, counties, and special districts through a collaborative process that resolves service, housing, land use, and fiscal issues prior to application to LAFCo.

4.5. Support cooperation between counties and cities on decisions related to development within the city's designated sphere of influence.

5. Service Delivery and Local Agency Effectiveness

5.1. Support the use of LAFCo resources to prepare and review Regional Transportation Plans and other growth plans to ensure reliable services, orderly growth, sustainable communities, and conformity with LAFCo's legislative mandates.

5.2. Support LAFCo authority and tools which provide communities with local governance and efficient service delivery options, including the authority to impose conditions that assure a proposal's conformity with LAFCo's legislative mandates.

5.3. Support the creation or reorganization of local governments in a deliberative, open process which will fairly evaluate the proposed agency's long-term financial viability, governance structure and ability to efficiently deliver proposed services.

5.4. Support the availability of tools for LAFCo to insure equitable distribution of revenues to local government agencies consistent with their service delivery responsibilities.

5.5. Support collaborative efforts among agencies and LAFCOs that encourage opportunities for sharing of services, staff and facilities to provide more efficient and cost effective services. Support proposals which provide LAFCo with additional tools to encourage shared services.

2012 Legislative Priorities

Primary Issues

Viability of Local Governments	Support legislation that maintains or enhances LAFCo's ability to review and act to assure the efficient and sustainable delivery of local services and the financial viability of agencies providing those services to meet current and future needs. Support legislation which provides LAFCo and local communities with options for local governance and service delivery, including incorporation as a city or formation as a special district. Support efforts which provide tools to local agencies to address fiscal challenges and maintain services.
Authority of LAFCo	Support legislation that maintains or enhances LAFCo's authority to condition proposals to address any or all financial, growth, service delivery, and agricultural and open space preservation issues.
Agriculture and Open Space Protection	Preservation of prime agriculture and open space lands that maintain the quality of life in California. Support policies that recognize LAFCo's ability to protect and mitigate the loss of prime agricultural and open space lands, and that encourage other agencies to coordinate with local LAFCos on land preservation and orderly growth.
Water Availability	Promote adequate water supplies and infrastructure planning for current and planned growth. Support policies that assist LAFCo in obtaining accurate and reliable water supply information to evaluate current and cumulative water demands for service expansions and boundary changes including impacts of expanding private and mutual water company service areas on orderly growth.

Issues of Interest

Housing	Provision of territory and services to support affordable housing and the consistency of regional land use plans with local LAFCo policies.
Transportation	Effects of Regional Transportation Plans and expansion of transportation systems on future urban growth and service delivery needs, and the ability of local agencies to provide those services.
Flood Control	The ability and effectiveness of local agencies to maintain and improve levees and the public safety of territory proposed for annexation to urban areas which is at risk for flooding. Support legislation that includes security of the delta and assessment of agency viability in decisions involving new funds for levee repair.
Adequate Municipal Services in Inhabited Territory	Expedited processes for inhabited annexations should be consistent with LAFCo law and be fiscally viable. Funding sources should be identified for extension of municipal services to disadvantaged unincorporated communities, including option for annexation of contiguous disadvantaged unincorporated communities.

ATTACHMENT TWO

CALAFCO Daily Legislative Report as of 3/19/2012

1

AB 2238 (**Perea** D) **Public water systems: drinking water.**

Current Text: Introduced: 2/24/2012 pdf html
Introduced: 2/24/2012
Status: 3/15/2012-Referred to Coms. on L. GOV. and E.S. & T.M.

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Summary:
Would require the State Department of Public Health to promote the consolidation and merger of small community water systems that serve disadvantaged communities, as specified, and would require the studies performed prior to a construction project to include the feasibility of consolidating or merging community water systems. This bill would also require the department to give priority to funding projects involving managerial consolidation or merger when the consolidation or merger would further specified goals. This bill contains other related provisions and other current laws.

Position: None at this time
Subject: Water, Municipal Services
CALAFCO Comments: This bill, sponsored by California Rural Legal Assistance, would require LAFCo to determine the feasibility of consolidations and other service efficiency options in every MSR. It would also require LAFCo to determine compliance with the Safe Drinking Water Act. Both are discretionary under current law. It would also make LAFCo eligible to apply for certain water grants and loans to pay for the feasibility studies.

AB 2291 (**Gordon** D) **Local agency formation: extension of services.**

Current Text: Introduced: 2/24/2012 pdf html
Introduced: 2/24/2012
Status: 3/15/2012-Referred to Com. on L. GOV.

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Summary:
Current law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, authorizes a local agency formation commission, until January 1, 2013, to review and comment on the extension of services into previously unserved territory within unincorporated areas and the creation of new service providers to extend urban-type development into previously unserved areas to ensure that the proposed extension is consistent with the policies of the commission and certain policies under state law. This bill would eliminate the repeal date of January 1, 2013.

Position: None at this time
CALAFCO Comments: We believe this is a placeholder bill. CALAFCO Legislative Committee supports letting this section sunset as no LAFCo uses these provisions.

AB 2624 (**Smyth** R) **Sustainable communities.**

Current Text: Introduced: 2/24/2012 pdf html

Introduced: 2/24/2012
Status: 2/27/2012-Read first time.

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Summary:
The Strategic Growth Council is required to manage and award grants and loans to a council of governments, metropolitan planning organization, regional transportation planning agency, city, county, or joint powers authority for the purpose of developing, adopting, and implementing a regional plan or other planning instrument to support the planning and development of sustainable communities. This bill would make a local agency formation commission eligible for the award of financial assistance for those planning purposes.

Position: Support
Subject: Sustainable Community Plans
CALAFCO Comments: Makes LAFCo an eligible agency to apply for Strategic Growth Council grants. Sponsored by CALAFCO.

SB 1498 (Emmerson R) Local agency formation commission: powers.
Current Text: Introduced: 2/24/2012 pdf html
Introduced: 2/24/2012
Status: 2/27/2012-Read first time.

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Summary:
Would authorize a local agency formation commission to authorize a city or district to provide new or current services outside its jurisdictional boundaries and outside its sphere of influence to support current or planned uses involving public or private properties, subject to approval at a noticed public hearing, in which certain determinations are made. The bill would also authorize the commission to delegate to its executive officer the approval of certain requests to authorize a city or district to provide new or extended services outside its jurisdictional boundaries or outside its sphere of influence, as described above, under specified circumstances. The bill would also make certain technical, nonsubstantive, and conforming changes. This bill contains other related provisions and other current laws.

Position: None at this time
Subject: Municipal Services
CALAFCO Comments: Sponsored by the League of Cities, this bill does two things: 1) it includes the CALAFCO proposed language on expanding out-of-agency service authority (56133) and 2) removes the annexation requirements from SB 244. Those provisions require a city to apply to annex a disadvantaged unincorporated community if they apply to annex adjacent uninhabited territory.

SB 1566 (Negrete McLeod D) Vehicle license fees: allocation.
Current Text: Introduced: 2/24/2012 pdf html
Introduced: 2/24/2012
Status: 2/27/2012-Read first time.

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Summary:
Current law requires that a specified amount of motor vehicle license fees deposited to

the credit of the Motor Vehicle License Fee Account in the Transportation Tax Fund be allocated by the Controller, as specified, to the Local Law Enforcement Services Account in the Local Revenue Fund 2011, for allocation to cities, counties, and cities and counties. This bill would instead require, on and after July 1, 2012, that those revenues be distributed first to each city that was incorporated from an unincorporated territory after August 5, 2004, in an amount determined pursuant to a specified formula and second to each city that was incorporated before August 5, 2004, in an amount determined pursuant to a specified formula. By authorizing within the Motor Vehicle License Fee Account in the Transportation Tax Fund, a continuously appropriated fund, to be used for a new purpose, the bill would make an appropriation. This bill contains other related provisions and other current laws.

Position: Support
Subject: Annexation Proceedings, Tax Allocation
CALAFCO Comments: This problem would correct the VLF problem created by last year's budget bill SB 89, and restore VLF to recent incorporations and inhabited annexations.

2

AB 46 **(John A. Pérez D) Local government: cities.**
Current Text: Amended: 6/28/2011 pdf html
Introduced: 12/6/2010
Last Amended: 6/28/2011
Status: 8/29/2011-Read third time. Refused passage. (Ayes 13. Noes 17. Page 2084.).

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Summary:
Would provide that every city with a population of less than 150 people as of January 1, 2010, would be disincorporated into that city's respective county as of 91 days after the effective date of the bill, unless a county board of supervisors determines, by majority vote within the 90-day period following enactment of these provisions, that continuing such a city within that county's boundaries would serve a public purpose if the board of supervisors determines that the city is in an isolated rural location that makes it impractical for the residents of the community to organize in another form of local governance. The bill would also require the local agency formation commission within the county to oversee the terms and conditions of the disincorporation of the city, as specified. This bill contains other related provisions.

Position: None at this time
Subject: Disincorporation/dissolution
CALAFCO Comments: As written this bill applies only to Vernon, California. It bypasses much of the C-K-H disincorporation process, leaving LAFCo only the responsibility of assigning assets and liabilities following disincorporation.

AB 781 **(John A. Pérez D) Local government: counties: unincorporated areas.**
Current Text: Amended: 8/29/2011 pdf html
Introduced: 2/17/2011
Last Amended: 8/29/2011
Status: 8/30/2011-Measure version as amended on August 29 corrected.

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Summary:
Would authorize the board of supervisors of a county in which a city that will be disincorporated pursuant to statute is located to vote to continue that city if, after receipt of an audit conducted by the State Auditor, the board of supervisors determines that the territory to be disincorporated is not expected to generate revenues sufficient to provide public services and facilities, maintain a reasonable reserve, and pay its obligations during the 5 years following disincorporation. The bill would require a city that is audited pursuant to these provisions to reimburse the State Auditor for the costs incurred to perform the audit, thereby imposing a state-mandated local program. This bill contains other related provisions and other current laws.

Position: Watch
Subject: Disincorporation/dissolution, Special District Principle Acts
CALAFCO Comments: This bill was gutted and amended on 20 June to create a CSD in any unincorporated area that was previously a city and was disincorporated by the legislature. It is specifically targeted at Vernon. It also contains language directing LAFCo on the terms and conditions of the disincorporation.

AB 2115 (Alejo D) Recreation and park districts: powers and duties.
Current Text: Introduced: 2/23/2012 pdf html
Introduced: 2/23/2012
Status: 2/24/2012-From printer. May be heard in committee March 25.

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Summary:
Current law provides for the establishment of recreation and park districts prescribes procedures for, among other things, the formation of the district, and sets forth the powers and duties of the district board of directors. This bill would make various technical, nonsubstantive changes in the provisions governing the powers and duties of a recreation and park district.

Position: None at this time
Subject: Special District Principle Acts
CALAFCO Comments: Placeholder Bill on Park and Recreation Districts.

AB 2210 (Smyth R) Local agencies: jurisdictional changes: allocation of property tax revenues.
Current Text: Introduced: 2/23/2012 pdf html
Introduced: 2/23/2012
Status: 2/24/2012-From printer. May be heard in committee March 25.

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Summary:
Current law requires an auditor to estimate the amount of property tax revenue generated within the territory and to notify the governing body of each local agency whose service area or service responsibility will be altered by the amount of, and allocation factors with respect to, property tax revenue that is subject to a negotiated exchange. This bill would make a clarifying change to the auditor's notification requirement described above. This bill would also make other technical, nonsubstantive changes to the provisions described above.

Position: None at this time
Subject: Annexation Proceedings
CALAFCO Comments: Placeholder bill on property tax exchange agreements.

AB 2239 **(Norby R) Political Reform Act of 1974.**

Current Text: Introduced: 2/24/2012 pdf html
Introduced: 2/24/2012
Status: 3/15/2012-In committee: Set, first hearing. Hearing canceled at the request of author.

2Year Dead	Desk	**Policy**	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Summary:
Would repeal limitations on contributions that may be made to, or accepted by, candidates for elective office. This bill contains other related provisions and other current laws.

Position: None at this time
CALAFCO Comments: Placeholder bill.

AB 2418 **(Gordon D) Health districts: reporting.**

Current Text: Introduced: 2/24/2012 pdf html
Introduced: 2/24/2012
Status: 2/27/2012-Read first time.

2Year Dead	**Desk**	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Summary:
Current law, the Local Health Care District Law, requires a local health care district that leases or transfers its assets to a corporation in accordance with specified provisions to act as an advocate for the community to the operating corporation, and to annually report to the community on the progress made in meeting the community's health needs. This bill would require the annual report to include percentages of district revenues spent on district administration and on health care activities.

Position: None at this time
Subject: Special District Principle Acts
CALAFCO Comments: Health Care District reporting requirements.

ACA 17 **(Logue R) State-mandated local programs.**

Current Text: Introduced: 2/15/2011 pdf html
Introduced: 2/15/2011
Status: 4/14/2011-Referred to Com. on L. GOV.

2Year Dead	Desk	**Policy**	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Summary:
Under the California Constitution, whenever the Legislature or a state agency mandates a new program or higher level of service on any local government, the state is required to provide a subvention of funds to reimburse the local government. With regard to certain mandates imposed on a city, county, city and county, or special district that have been determine to be payable, the Legislature is required either to appropriate, in the annual Budget Act, the full payable amount of the mandate, determined as specified, or to suspend the operation of the mandate for the fiscal year. The California Constitution provides that the Legislature is not required to appropriate funds for specified mandates.

Position: None at this time
Subject: LAFCo Administration

CALAFCO Comments: Changes state mandate law in a proposed constitutional amendment. Included is specific language that releases mandate responsibility if the local agency can change an individual or applicant for the cost of providing the mandated service. Would likely exempt some mandates to LAFCo from state funding.

SB 46 **(Correa D) Public officials: compensation disclosure.**

Current Text: Amended: 6/2/2011 pdf html
Introduced: 12/9/2010
Last Amended: 6/2/2011
Status: 8/22/2011-In Assembly. Read first time. Held at Desk.

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Summary:
Would, commencing on January 1, 2013, and continuing until January 1, 2019, require every designated employee and other person, except a candidate for public office, who is required to file a statement of economic interests to include, as a part of that filing, a compensation disclosure form that provides compensation information for the preceding calendar year, as specified. This bill contains other related provisions and other current laws.
Attachments:
CALAFCO Opposition Letter

Position: Oppose
Subject: LAFCo Administration
CALAFCO Comments: Similar to a 2010 bill, this would require all those who file a Form 700 to also file an extensive compensation and reimbursement disclosure report. Would require all local agencies, including LAFCo, to annually post the forms on their website.

SB 191 **(Committee on Governance and Finance) Validations.**

Current Text: Amended: 5/16/2011 pdf html
Introduced: 2/8/2011
Last Amended: 5/16/2011
Status: 6/6/2011-Ordered to inactive file on request of Senator Wolk.

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Summary:
This bill would enact the First Validating Act of 2011, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill contains other related provisions.
Attachments:
CALAFCO Support Letter

Position: Support
Subject: LAFCo Administration
CALAFCO Comments: One of three annual acts which validate the boundaries of all local agencies.

SB 192 **(Committee on Governance and Finance) Validations.**

Current Text: Amended: 5/16/2011 pdf html
Introduced: 2/8/2011
Last Amended: 5/16/2011
Status: 8/30/2011-Ordered to inactive file on request of Senator Wolk.

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Summary:
This bill would enact the Second Validating Act of 2011, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill contains other related provisions.
Attachments:
CALAFCO Support Letter

Position: Support
Subject: LAFCo Administration
CALAFCO Comments: One of three annual acts which validate the boundaries of all local agencies.

SB 804 **(Corbett D) Health care districts: transfers of assets.**
Current Text: Amended: 1/4/2012 pdf html
Introduced: 2/18/2011
Last Amended: 1/4/2012
Status: 1/19/2012-In Assembly. Read first time. Held at Desk.

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Summary:
Current law authorizes a health care district to transfer, for the benefit of the communities served by the district, in the absence of adequate consideration, any part of the assets of the district to one or more nonprofit corporations to operate and maintain the assets. Current law deems a transfer of 50% or more of the district' s assets to be for the benefit of the communities served only upon the occurrence of specified conditions. This bill would include among the above-described conditions the inclusion within the transfer agreement of the appraised fair market value of any asset transferred to the nonprofit corporation, as specified. This bill contains other related provisions and other current laws.

Position: None at this time
Subject: Special District Principle Acts
CALAFCO Comments: Current law allows the transfer of Health Care District assets to a non profit to operate and maintain the asset. This bill would include in the transfer, the transfer of the fair market value of the asset.

SB 1084 **(La Malfa R) Local government: reorganization.**
Current Text: Introduced: 2/14/2012 pdf html
Introduced: 2/14/2012
Status: 3/1/2012-Referred to Com. on RLS.

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Summary:
Current law, for purposes of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, makes various legislative findings and declarations regarding the use of local government reorganization. This bill would make a technical, nonsubstantive change to that provision.

Position: None at this time
CALAFCO Comments: This is a placeholder bill.

SB 1090 **(Committee on Governance and Finance) Local government: omnibus bill.**

Current Text: Introduced: 2/15/2012 pdf html
Introduced: 2/15/2012
Status: 3/6/2012-Set for hearing April 18.

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Calendar:
4/18/2012 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, WOLK, Chair
Summary:
Would require the legislative body of a general law city to submit a sidewalk installation charge to the voters and receive a 2/3 vote to approve the charge prior to imposing the charge, thereby conforming these provisions to current law. This bill contains other related provisions and other current laws.

Position: None at this time
CALAFCO Comments: Senate Omnibus bill. At this time it does not contain any LAFCo-related legislation.

3

AB 1266 **(Nielsen R) Local government: Williamson Act: agricultural preserves: advisory board.**

Current Text: Introduced: 2/18/2011 pdf html
Introduced: 2/18/2011
Status: 7/14/2011-From consent calendar. Ordered to third reading. Ordered to inactive file at the request of Senator La Malfa.

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Summary:
Current law, the Williamson Act, authorizes a city or county to enter into contracts to establish agricultural preserves. Current law also authorizes the legislative body of a city or county to appoint an advisory board to advise the legislative body on agricultural preserve matters. This bill would specify matters on which the advisory board may advise the legislative body of a county or city. This bill would also state that the advisory board is not the exclusive mechanism through which the legislative body can receive advice on or address matters regarding agricultural preserves.

Position: None at this time
Subject: Ag Preservation - Williamson
CALAFCO Comments: Specifies additional responsibilities for the county or city Williamson Act advisory board. May also be a placeholder for more significant modifications to the Williamson Act.

AB 1902 **(Jones R) Publication: newspaper of general circulation: Internet Web site.**

Current Text: Introduced: 2/22/2012 pdf html
Introduced: 2/22/2012
Status: 3/8/2012-Referred to Com. on G.O.

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Summary:
Current law requires that various types of notices are provided in a newspaper of general

circulation. Current law requires a newspaper of general circulation to meet certain criteria, including, among others, that it be published and have a substantial distribution to paid subscribers in the city, district, or judicial district in which it is seeking adjudication. This bill would provide that a newspaper that is available on an Internet Web site may also qualify as a newspaper of general circulation, provided that newspaper meets certain criteria.

Position: None at this time
Subject: LAFCo Administration
CALAFCO Comments: Allows posting of notices in a web-based newspaper.

AB 1979 **(Hernández, Roger D) District-based local elections.**
Current Text: Introduced: 2/23/2012 pdf html
Introduced: 2/23/2012
Status: 2/24/2012-From printer. May be heard in committee March 25.

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Summary:
Current law provides for political subdivisions that encompass areas of representation within the state. With respect to these areas, public officials are generally elected by all of the voters of the political subdivision (at-large) or from districts formed within the political subdivision (district-based). This bill would state the intent of the Legislature to enact legislation relating to district-based local elections.

Position: None at this time
Subject: CKH General Procedures
CALAFCO Comments: Changes to law regarding district-based local elections.

AB 2452 **(Ammiano D) Political Reform Act of 1974: online disclosure.**
Current Text: Introduced: 2/24/2012 pdf html
Introduced: 2/24/2012
Status: 3/15/2012-Referred to Com. on E. & R.

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Summary:
Would authorize a local government agency to require an elected officer, candidate, committee, or other person required to file specified statements, reports, or other documents to file those statements, reports, or other documents online or electronically with a local filing officer. The bill would prescribe criteria that must be satisfied by a local government agency that requires online or electronic filing of statements, reports, or other documents, as specified, including, among others, that the system be available free of charge to filers and to the public for viewing filings, and that the system include a procedure for filers to comply with the requirement that they sign statements and reports under penalty of perjury. This bill contains other related provisions and other current laws.

Position: None at this time
Subject: LAFCo Administration
CALAFCO Comments: Allows on-line filing of Political Reform Act documents with local agencies.

SB 878 **(DeSaulnier D) Regional planning: Bay Area.**
Current Text: Amended: 6/9/2011 pdf html
Introduced: 2/18/2011

Last Amended: 6/9/2011
Status: 1/26/2012-In Assembly. Read first time. Held at Desk.

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Summary:
Would require the joint policy committee to submit a report to the Legislature by January 31, 2013, on, among other things, methods and strategies for developing and implementing a multiagency set of policies and guidelines relative to the Bay Area region's sustainable communities strategy, including recommendations on organizational reforms for the regional agencies. The bill would require preparation of a work plan for a regional economic development strategy to be submitted to the Legislature on that date. The bill would also require the member agencies to report on public outreach efforts that they individually or jointly perform. The bill would require public meetings in each of the region's 9 counties and creation of advisory committees, as specified. By imposing new duties on local agen cies, the bill would impose a state-mandated local program. This bill contains other related provisions and other current laws.

Position: None at this time
Subject: Sustainable Community Plans
CALAFCO Comments: Provides legislative direction to the Bay Area counties on development of their sustainable communities strategy and requires the "joint committee" to report back to the Legislature by 1 January 2013.

SB 1044 (Liu D) Libraries: administration.
Current Text: Amended: 3/8/2012 pdf html
Introduced: 2/6/2012
Last Amended: 3/8/2012
Status: 3/12/2012-Set, first hearing. Hearing canceled at the request of author.

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Summary:
Would delete the annual allowance for the improvement and maintenance of coordinated reference service support to the members of a library system. The bill would also delete the authorization for a library system to apply for funds for special services programs. The bill would delete the requirement that a library system establish a specified advisory board. The bill would make technical and conforming changes. This bill contains other related provisions and other current laws.

Position: None at this time
Subject: Special District Principle Acts
CALAFCO Comments: Allows Library Districts to be noncontiguous.

SB 1305 (Blakeslee R) Regional open-space district: County of San Luis Obispo.
Current Text: Introduced: 2/23/2012 pdf html
Introduced: 2/23/2012
Status: 3/8/2012-Referred to Com. on GOV. & F.

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Summary:
Would permit the formation of a regional open-space district in the County of San Luis Obispo to be initiated by resolution of the county board of supervisors after a noticed hearing, if the boundaries of a proposed district are coterminous with the exterior

boundaries of the County of San Luis Obispo. The bill would specify the contents of the resolution, including a requirement to call an election, as prescribed.

Position: None at this time
Subject: Special District Principle Acts
CALAFCO Comments: Allows the creation of an open space district in San Luis Obispo County and circumvents the LAFCo process.

SB 1337 (DeSaulnier D) Zone 7 Water Agency.
Current Text: Introduced: 2/24/2012 pdf html
Introduced: 2/24/2012
Status: 3/8/2012-Referred to Com. on RLS.

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Summary:
Current law, the Alameda County Flood Control and Water Conservation District Act, establishes the Alameda County Flood Control and Water Conservation District and grants to the district authority relating to, among other things, flood control and stormwater. Under the district law, the Board of Supervisors of Alameda County serves as the Board of the Alameda County Flood Control and Water Conservation District. This bill would state the intent of the Legislature to enact legislation that would create the Zone 7 Water Agency. This bill contains other current laws.

Position: None at this time
Subject: Water

SB 1395 (Rubio D) State Auditor: local government agency audit program.
Current Text: Introduced: 2/24/2012 pdf html
Introduced: 2/24/2012
Status: 3/8/2012-Referred to Com. on RLS.

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Summary:
Current law authorizes the State Auditor to establish a high-risk local government agency audit program for the purpose of identifying, auditing, and issuing reports on any local government agency that the State Auditor identifies as being at high risk for the potential of waste, fraud, abuse, and mismanagement or that has major challenges associated with its economy, efficiency, or effectiveness. This bill would make technical, nonsubstantive changes to this provision.

Position: None at this time
Subject: Financial Viability of Agencies

SB 1459 (De León D) Regional and local park districts: cities and counties.
Current Text: Introduced: 2/24/2012 pdf html
Introduced: 2/24/2012
Status: 2/27/2012-Read first time.

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Summary:
Current law prescribes procedures for the formation of regional park districts, regional

park and open-space districts, or regional open-space districts. Current law authorizes 3 or more cities, together with any parcel or parcels of city or county territory, whether in the same or different counties, to organize and incorporate, but requires that all the territory in the proposed district be contiguous. This bill would revise the above authorization to instead only allow district formation for 4 or more cities.

Position: None at this time
Subject: Special District Principle Acts

SB 1519 **(Fuller R) Desert View Water District-Bighorn Mountains Water Agency consolidation.**
Current Text: Introduced: 2/24/2012 pdf html
Introduced: 2/24/2012
Status: 2/27/2012-Read first time.

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

Summary:
Current law, the Desert View Water District-Bighorn Mountains Water Agency Consolidation Law, effected a consolidation between the Desert View Water District and the Bighorn Mountains Water Agency and required the successor board of directors to operate under the Bighorn Mountains Water Agency Law. Under current law, for a period of not less than 10 years after January 1, 1990, meetings of the successor board of directors are required to be held, as prescribed. This bill would make a technical, nonsubstantive change in these provisions.

Position: None at this time
Subject: Special District Principle Acts

Total Measures: 29

Total Tracking Forms: 29

3/19/2012 10:28:24 AM

ATTACHMENT THREE

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

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

February 13, 2012

DELIVERED BY E-MAIL

Ms. Nancy Watt, Executive Officer
County of Napa
1195 Third Street, Room 300
Napa, California 94559
nancy.watt@countyofnapa.org

Ms. Dana Shigley, City Manager
City of American Canyon
4381 Broadway Street, Suite 201
American Canyon, California 94503
dshigley@cityofamericancanyon.org

Mr. Richard Spitler, City Manager
City of Calistoga
1232 Washington Street
Calistoga, California 94515
rspitler@ci.calistoga.ca.us

Mr. Mike Parness, City Manager
City of Napa
955 School Street
Napa, California 94559
mparness@cityofnapa.org

Mr. Gary Broad, City Manager
City of St. Helena
1480 Main Street
St. Helena, California 94574
garyb@cityofsthelena.org

Mr. Steven Rogers, Town Manager
Town of Yountville
6550 Yount Street
Yountville, California 94599
srogers@yville.com

Subject: Comments on the Proposed Napa County Farmland Protection Act

Sirs and Madams,

On behalf of the Local Agency Formation Commission (LAFCO) of Napa County, and for your respective agencies' consideration, I have reviewed the legislative proposal drafted by the Napa County Farm Bureau titled "Napa County Farmland Protection Act." The stated intent of the proposal is to establish additional measures to protect and preserve agricultural and open-space resources in Napa County. This would specifically involve amending California Government Code to effectively prohibit Napa LAFCO from adding any lands designated for an agricultural or open space use under the County of Napa General Plan to a city or special district's (a) sphere of influence or (b) jurisdictional boundary through 2059; a date directly corresponding with the sunset of Measure P.

In reviewing the proposal, and in consultation with other stakeholders, I am concerned with its near and long-term implications for Napa County. Specific points of concern are summarized in the following paragraphs and were shared with the Commission at its February 6, 2012 meeting. Markedly, the Commission shares many of my concerns and unanimously directed me to formalize my comments for distribution to all six land use authorities given it is our understanding the agencies may consider the proposal shortly.

Lewis Chilton, Chair
Councilmember, Town of Yountville

Brad Wagenknecht, Vice Chair
County of Napa Supervisor, 1st District

Brian J. Kelly, Commissioner
Representative of the General Public

Joan Bennett, Commissioner
Councilmember, City of American Canyon

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

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

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

Keene Simonds
Executive Officer

- **Addressing an Unknown Problem**
  The proposal seeks to solve a problem that does not appear to exist in Napa County. The explicit premise of the proposal is to protect against "ill-advised annexations" by creating a new State mandate effectively prohibiting cities or special districts from expanding their spheres or boundaries into County designated agricultural lands through 2059. No examples of past or pending "ill-advised annexations" are provided by the proponent. Conversely, and in contrast to the proposal's inferences, it seems a successful and durable partnership already exists between LAFCO, cities, special districts, and the County in protecting agricultural and open-space resources while facilitating smart and sustainable growth as evident by current conditions; all of which seems to indicate local agencies are already collectively accomplishing exactly what the proposal seeks to achieve through a new and restrictive State mandate.

- **Delegating Control of Local Boundaries to the State Legislature**
  The proposal would delegate significant control over local boundary lines and related actions – including outside municipal service extensions – from local decision-makers to the State Legislature over the next 50 years. The Legislature, as evident in its housing allocation process and other related mandates, has proven exceptionally effective in ignoring local conditions and circumstances in Napa County in devising and enforcing their objectives. Delegating control of local boundary lines to the Legislature appears counterintuitive to existing efforts in advocating for more discretion for local decision-makers in planning for the present and future needs of the varying and distinct communities that comprise Napa County.

- **Non-Uniform Implementation of LAFCO Law in Napa County**
  The proposal would reorient Napa LAFCO to entirely focus its planning and regulatory activities in implementing the County General Plan. This reorientation counters the Cortese-Knox-Hertzberg Act and its charge that all 58 LAFCOs exercise their independent judgment in determining the appropriate location of urban and non urban uses and not defer to any one agency (county, city, or district). This means, among other things, the cities and general public would be effectively prohibited from planning/pursuing boundary changes or related actions at Napa LAFCO contrasting with the County General Plan irrespective of the potential value and benefit to individual communities over the next 50 years.

- **Unintended Consequences Regarding Outside Service Provision**
  It does not appear the proponent has considered the consequences of the proposal with respect to administering Government Code Section 56133 in Napa County. This statute is relatively new and requires all cities and special districts to receive LAFCO approval before providing new or extended municipal services outside their boundaries. The statute specifies LAFCO approval is subject to making certain findings based on one of two geographic conditions. First, if the land lies within the affected agency's sphere, LAFCO may approve the new or extended service as long as it finds it is in anticipation of a future change of organization (i.e., annexation). Second, if the land lies outside the affected agency's sphere, LAFCO may approve new or extended service as long as it finds it addresses an immediate threat to public

health or safety. All of the cities have established water and/or sewer services outside their spheres that crisscross unincorporated lands designated for agricultural use under the County General Plan. The proposal would effectively prohibit approving what otherwise could be considered minor and reasonable requests to connect new or extended services off of these existing water and sewer lines to support new or intensifications of existing development in the affected unincorporated areas unless an immediate threat to public health or safety finding can be legally made given sphere expansions would be explicitly forbidden.

- **Possible Modification to Eliminate Special District References**
  It is my understanding the proponent plans to modify the proposal to eliminate any references and restrictions tied to special districts in order to address concerns identified by the County Counsel's Office. This modification, if implemented, would seemingly exasperate the referenced concerns already tied to the proposal. In particular, such a modification may incentivize the formation of new special districts to accommodate future service needs in unincorporated areas that would be better served by cities and without creating more layers of government.

In sum, agricultural and open-space protection is a paramount public policy issue for all in Napa County and I have reviewed the proponent's proposal with this premise in mind. However, despite good intentions and for the reasons referenced, the proposal is misdirected. I respectfully suggest a better approach – one that retains local control over boundaries lines – would be for the proponents to work with local agencies on policy development as needed.

Thank you for considering my comments. If you have any questions, please contact me by telephone at 707-259-8645 or by e-mail at ksimonds@napa.lafco.ca.gov.

Sincerely,

Keene Simonds
Executive Officer

Attachment:
1) Proposed Napa County Farmland Protection Act

cc: Napa Commissioners
Ms. Jacqueline M. Gong, Counsel, Napa Commission
Ms. Sandy Elles, Director, Napa County Farm Bureau
Ms. Michelle Benvenuto, Director, Winegrowers of Napa County
Mr. Larry Florin, Community Intergovernmental Affairs, County of Napa
Mr. William Chiat, Director, CALAFCO
Ms. Lou Ann Texeira, Executive Officer, CALAFCO

Revised Draft Legislation – Napa County Farmland Protection Act

An act to add sections 56426.7 and 56748 to the Government Code, relating to protection of agricultural lands in Napa County.

SEC. 1. This Act shall be known as the "Napa County Farmland Protection Act."

SEC. 2. The Legislature finds and declares all of the following:

(a) Napa County holds a unique and vitally important place in California's agricultural economy. Napa County is responsible for more than 25 percent of the sales value of California wine, and the County's wine industry contributes more than $10 billion annually to the State's economy.

(b) By taking steps to preserve agricultural land and open space from development, beginning with the establishment of an "Agricultural Preserve" zoning designation in 1968, Napa County has facilitated tremendous growth in the State's wine industry. Since 1982, the total number of acres of land planted with vineyards has nearly doubled, and the total value of the County's wine grape crop has almost quadrupled.

(c) One of the most important and innovative steps taken by Napa County to preserve its agricultural heritage and economy was the adoption by the County's voters of an initiative measure known as Measure J in 1990. Measure J protected lands designated as "Agricultural Resource" or "Agriculture, Watershed and Open Space" under the Napa County General Plan by requiring either a vote of the people or adoption of specific findings by the County Board of Supervisors in order to redesignate those lands for other uses. The California Supreme Court upheld Measure J in *DeVita v. County of Napa* (1995) 9 Cal.4th 763. *DeVita* remains the leading case on voter-sponsored efforts to prevent urban sprawl and protect open-space and agricultural lands in California. At the November 4, 2008, general election, the voters of Napa County adopted Measure P, which updated Measure J and extended its core protections until December 31, 2058.

(d) Because Measures J and P apply only to protected agricultural lands within unincorporated Napa County, ill-advised annexation of these lands could lead to the elimination of the protective measures enacted by the County's voters. This could result in poorly planned development, urban sprawl, and loss of agricultural lands of tremendous productivity and statewide economic importance.

(e) The Legislature recognizes both the unique value of agricultural lands in Napa County and the important steps taken by the citizens of Napa County to protect those lands. In order to avoid the adverse consequences described in the preceding paragraph, the Legislature intends that annexation of such lands to cities within the County, and inclusion of such lands within the spheres of influence of cities within the County, shall be permitted only under specific, carefully defined circumstances.

SEC. 3. Section 56426.7 is added to the Government Code, to read:

(a) The commission shall not approve or conditionally approve a change to the sphere of influence or urban service area of a local government agency that would include within the sphere of influence or urban service area any territory within the County of Napa designated as "Agricultural Resource" or "Agriculture, Watershed and Open Space" on the Napa County General Plan Land Use Map, if that local government agency provides or would provide facilities or services related to sewers, nonagricultural water, or streets and roads to the territory.

(b) Notwithstanding subdivision (a), the commission may approve a change for that territory upon making all of the findings set forth in either paragraph (1), paragraph (2), paragraph (3), or paragraph (4) of this subdivision:

(1) The provision of facilities or services to the territory is necessary to the initiation or continuation of land uses that are allowed under the "Agricultural Resource" or "Agriculture, Watershed and Open Space" land use designations in the Napa County General Plan.

(2) (A) The provision of facilities or services to the territory is necessary in order to provide public water or sewer service to an existing parcel to respond to a documented public health hazard.

(B) The local government agency can provide adequate public water or sewer service to the affected territory without extending any water or sewer mainline more than 1,000 feet.

(C) The provision of facilities or services to the territory will not harm land in agricultural or open-space use, is compatible with agricultural uses, does not interfere with accepted agricultural practices, and does not adversely affect the stability of land-use patterns in the area.

(D) The provision of facilities or services to the territory will not result in or promote conversion of agricultural or open-space uses to urban use.

(3) (A) The provision of facilities or services to the territory is necessary to the establishment or continuation of an essential municipal service. For purposes of this paragraph, "essential municipal service" shall mean a building or facility of a public or quasi-public nature that is essential to preservation of the public health, safety, or welfare. The commission shall not make the findings required under this paragraph unless the application for the change to the sphere of influence or urban service area is accompanied by a resolution of the governing body of the affected local government agency, adopted by a vote of at least two-thirds of its members, declaring that the proposed change is necessary to the establishment or continuation of an essential municipal service within the meaning of this paragraph.

(B) No suitable alternative site capable of accommodating the essential municipal service reasonably exists within the affected local

government agency's existing incorporated boundaries, sphere of influence, or urban service area.

(C) The provision of facilities or services to the territory (i) will not harm other land in agricultural or open-space use, (ii) will not result in or promote conversion of other agricultural or open-space lands to urban uses, (iii) is compatible with agricultural uses, (iv) does not interfere with accepted agricultural practices, and (v) does not adversely affect the stability of land-use patterns in the area.

(D) No more territory is proposed for inclusion within the sphere of influence or urban service area than is necessary to accommodate the essential municipal service.

(4) (A) The territory immediately adjoins an area that is already developed in reliance on facilities or services related to sewers, nonagricultural water, or streets and roads that are already provided by the local government agency.

(B) Any development that could be facilitated by the provision of facilities or services to the territory is compatible with agricultural uses, does not interfere with accepted agricultural practices, and does not adversely affect the stability of land use patterns in the area.

(C) The territory has not been used for agricultural purposes during the prior two years and is unusable for agriculture due to its topography, drainage, flooding, adverse soil conditions, or other physical reasons.

(D) The territory does not exceed 40 acres in size.

(c) This section shall remain in effect only until January 1, 2059, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2059, deletes or extends that date.

SEC. 4. Section 56748 is added to the Government Code, to read:

(a) The commission shall not approve or conditionally approve a change of organization or reorganization that would result in the annexation to a city of any territory within the County of Napa designated as "Agricultural Resource" or "Agriculture, Watershed and Open Space" on the Napa County General Plan Land Use Map.

(b) Notwithstanding subdivision (a), the commission may approve a change for that territory upon making all of the findings set forth in either paragraph (1), paragraph (2), paragraph (3), paragraph (4), or paragraph (5) of this subdivision:

(1) The annexation is necessary to the initiation or continuation of land uses that are allowed under the "Agricultural Resource" or "Agriculture, Watershed and Open Space" land use designations in the Napa County General Plan.

(2) (A) The annexation is necessary in order to provide public water or sewer service to an existing parcel to respond to a documented public health hazard.

(B) The city can provide adequate public water or sewer service to the affected territory without extending any water or sewer mainline more than 1,000 feet.

(C) Annexation of the territory will not harm land in agricultural or open-space use, is compatible with agricultural uses, does not interfere with accepted agricultural practices, and does not adversely affect the stability of land-use patterns in the area.

(D) Annexation of the territory will not result in or promote conversion of agricultural or open-space uses to urban use.

(3) (A) The annexation is necessary to the establishment or continuation of an essential municipal service. For purposes of this paragraph, "essential municipal service" shall mean a building or facility of a public or quasi-public nature that is essential to preservation of the public health, safety, or welfare. The commission shall not make the findings required under this paragraph unless the application for annexation of the territory is accompanied by a resolution of the city council of the affected city, adopted by a vote of at least two-thirds of its members, declaring that the proposed annexation is necessary to the establishment or continuation of an essential municipal service within the meaning of this paragraph.

(B) No suitable alternative site capable of accommodating the essential municipal service reasonably exists within the affected city's incorporated boundaries or sphere of influence.

(C) Annexation of the territory (i) will not harm other land in agricultural or open-space use, (ii) will not result in or promote conversion of other agricultural or open-space lands to urban uses, (iii) is compatible with agricultural uses, (iv) does not interfere with accepted agricultural practices, and (v) does not adversely affect the stability of land-use patterns in the area.

(D) No more territory is proposed for annexation than is necessary to accommodate the essential municipal service.

(4) (A) The territory proposed for annexation immediately adjoins an area that is already developed in reliance on facilities or services that are already provided by the city.

(B) Any development that could be facilitated by the annexation of the territory is compatible with agricultural uses, does not interfere with accepted agricultural practices, and does not adversely affect the stability of land use patterns in the area.

(C) The territory has not been used for agricultural purposes during the prior two years and is unusable for agriculture due to its topography, drainage, flooding, adverse soil conditions, or other physical reasons.

(D) The territory does not exceed 40 acres in size.

(5) The territory proposed for annexation is already within the city's sphere of influence as of the date this section takes effect.

(c) This section shall remain in effect only until January 1, 2059, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2059, deletes or extends that date.

SEC. 5. Notwithstanding any other provision of law, this act shall not be interpreted to diminish, conflict with, or otherwise affect the authority of the Board of Supervisors or the voters of Napa County under the initiative measure known as Measure P adopted by the County of Napa at the November 4, 2008 general election.

SEC. 6. The Legislature finds and declares that, because of the unique circumstances applicable to the County of Napa, as regards the high value and economic importance of agricultural land within the county, a statute of general applicability cannot be enacted within the meaning of subdivision (b) of Section 16 of Article IV of the California Constitution.

203982.3

ATTACHMENT FOUR

CITY of NAPA

CITY MANAGER
955 School Street
Mailing Address:
P.O. Box 660
Napa, California 94559-0660
(707)- 257-9501
FAX (707) 257-9534

RECEIVED
FEB 14 2012
NAPA COUNTY
LAFCO

February 9, 2012

Nancy Watt, County Executive Officer
County Administrative Building
1195 Third Street, Room 310
Napa, CA 94559

Dear Ms. Watt:

Let me begin by thanking Chairman Caldwell and the Napa County Board of Supervisors, who on January 25, 2012 continued consideration of a proposal to endorse the "Napa County Farmland Protection Act" until the City of Napa and other interested agencies had an opportunity to review and comment on the draft legislation. As you know, the City of Napa has been a longtime supporter of protecting agricultural lands and open space, and we are committed to continuing to target urban development consistent with these goals. The proposed legislation by Save Measure J has the potential to affect these goals and therefore it warrants careful consideration by the City of Napa, Napa County, and our similarly-minded partners.

Although I have not spoken directly with Mr. Volker Eisele or others who may have assisted in the drafting of this proposed legislation, I understand its purpose is to address a concern that the current protections in place within unincorporated Napa County do not fully or adequately protect agricultural lands from ill-advised annexation. This concern, if left unchecked, could purportedly lead to poorly planned development, urban sprawl, and the loss of agriculture of significant productivity and statewide economic importance; therefore, the proposed legislation would take steps to further preserve agricultural lands from development.

However, it is unclear from anything that I have read or heard about the proposed legislation if there are any agricultural lands within Napa County that are threatened by impending annexation outside of the cities' spheres of influence approved by the Napa County Local Agency Formation Commission (LAFCO). Moreover, there are already significant and effective measures in place to protect these agricultural lands, including Napa County's "Agricultural Preserve" zoning designation originally adopted in 1968 and Measures J and P passed by the voters in 1990 and 2008, respectively. The proposed "Napa County Farmland Protection Act" appears to now target lands within established spheres of influence designated as "Agricultural Resource" or "Agriculture, Watershed and Open Space" and restrict their ability to be annexed in the future.

As you know, the land surrounding the City of Napa that has not been annexed is designated by the Napa County General Plan as "Rural Residential", "Agricultural Resource" or "Agriculture, Watershed and Open Space". These parcels are located entirely within the City of Napa's sphere of influence (SOI) and its Rural Urban Limit (RUL). Although the proposed legislation does not appear to affect these areas, this does not mean that future Napa County General Plan or zoning changes could not be approved that could then be used to prevent annexation under the provisions of the proposed

legislation. This would have the effect of interfering with well-planned, SMART growth efforts to target planned growth within or adjacent to the City of Napa near municipal services and infrastructure.

Moreover, it is uncertain what the proposed legislation is attempting to regulate that is not already secured under the County of Napa's General Plan or Measures J and P. If this legislation is ultimately adopted, it would cede to the State legislature and to the County of Napa, LAFCO's responsibility of coordinating land planning and public utility service delivery between the area cities and Napa County. There are already significant measures in place by Napa County and the cities, including the City of Napa, to protect agricultural lands. The City of Napa's RUL and its designation of agricultural and open space lands outside its RUL as "greenbelt" are just two examples approved by the City of Napa, in cooperation with Napa County, to further our commitment to targeting development in urban areas and protect agricultural lands and open space around the city.

In summary, it is unclear what the specific reasoning is for the "Napa County Farmland Protection Act" and how it will address issues that are not already protected by significant measures in place in Napa County. It is further unclear what the unintended consequences are of this proposed legislation, which the Board's Legislation Committee did not specifically endorse in December when it reviewed the draft. If the proposed legislation were adopted, it would render LAFCO essentially meaningless in Napa County and would cede to the California legislature matters that belong under the careful review of Napa County and its local agencies, and under the review of LAFCO which is responsible for coordinating the timely development of local government agencies and their services, including managing boundary lines, while protecting agriculture and open space resources.

Again, thank you for the opportunity to comment on this issue prior to the Board considering the matter in the future.

Sincerely,

Mike Parness
City Manager

cc: Mayor Techel and Council Members
Volker Eisele
Sandy Elles, Napa County Farm Bureau
Chris Messina, Chamber of Commerce
Keene Simonds, LAFCO
Richard Spitler, City Manager, Calistoga
Gary Broad, City Manager, St. Helena
Steve Rogers, Town Manager, Yountville
Dana Shigley, City Manager, American Canyon