Local Agency Formation Commission of Napa County
Subdivision of the State of California
We Manage Government Boundaries, Evaluate Municipal Services, and Protect Agriculture
Brian J. Kelly, Chair ■ Joan Bennett, Vice Chair ■ Bill Dodd ■ Greg Pitts ■ Brad Wagenknecht
Juliana Inman, Alternate ■ Mark Luce, Alternate ■ Gregory Rodeno, Alternate

Administrative Office
1030 Seminary Street, B
Napa, California 94559
Telephone: 707-259-8645
www.napa.lafco.ca.gov

REGULAR MEETING AGENDA

Monday, April 7, 2014
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. APPROVAL OF AGENDA

The Chair will consider a motion to approve the agenda as prepared by the Executive Officer with any requests to remove or rearrange items by members or staff.

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 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 and subject to single motion approval. With the concurrence of the Chair, a Commissioner may request discussion of an item on the consent calendar.

a) Current and Future Proposals (Information)
The Commission will receive a report summarizing current and future proposals.

b) Approval of Meeting Minutes (Action)
The Commission will consider approving summary minutes prepared by staff for the February 3, 2014 Regular Meeting and for the Special Meeting of February 25, 2014.

c) Amendments to Support Services Agreement with the County of Napa (Action)
The Commission will consider approving amendments to its support services agreement with the County of Napa involving the provision of information technology services. The proposed amendments are highlighted by establishing the Commission's 2014-2015 annual charge for information technology services in the amount of $23,663 and represents an approximate 5.8% increase over the current fiscal year.

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) City of Napa: Proposed Sphere of Influence Amendment
The Commission will review a proposal submitted by the County of Napa for amendment of the City of Napa's sphere of influence to include the 82-acre site for a new County Jail. The proposed amendment was discussed in reports presented to the Commission in December 2013 and February 2014. Staff recommends that the Commission certify that it has read and considered the Final Environmental Impact Report prepared for the project by the County of Napa and adopt a resolution amending the City of Napa's sphere of influence to include the County Jail site.

b) Central County Region Municipal Service Review: Final Section on NSD, CVWD, and SCSD
The Commission will review a final section of its scheduled municipal service review on the Central County region specific to Napa Sanitation District (NSD), Congress Valley Water District (CVWD), and Silverado Community Services District (SCSD). The final section examines the availability and adequacy of municipal services provided by NSD, CVWD, and SCSD relative to the Commission's mandates to facilitate orderly growth and development and will serve as the source document to inform pending agency-specific sphere of influence updates. The Commission will also consider adopting a resolution confirming the determinative statements in the report.

c) Appointment of Regular Public Member
The city and county members will consider making an appointment for the regular public member position. One candidate has applied and the appointment term is four years beginning May 2014 and ending May 2018.

d) Proposed Budget for Fiscal Year 2014-2015
The Commission will consider adopting a resolution to approve a proposed budget for 2014-2015. Proposed operating expenses total $456,560 and represent a 3.4% decrease over the current fiscal year. Proposed operating revenues total $444,205 with the remaining shortfall ($12,355) to be covered by drawing down on agency reserves.

7. ACTION ITEMS

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

a) Approval of Amendment No. 2 to Agreement for Interim Executive Officer Services
The Commission appointed Ms. Laura Snideman as its new Executive Officer, commencing March 25, 2014. Pending the recruitment, the Commission retained Peter Banning to perform interim executive officer duties. Under Amendment No. 1 of his Agreement, the term for his services was extended to March 31, 2014 and he was further retained for consultation as needed for a maximum of 30 hours. To ensure a smooth, effective transition of executive duties, staff recommends extending the term of Mr. Banning's agreement to December 31, 2014 and for up to 10 additional hours at a maximum additional cost of $1,000, so he may be available for further consultation as needed. This brings the total maximum additional hours for consultation and total contract compensation under the agreement respectively capped to 40 hours and $58,600. Other than these amendments, all other terms and conditions of the Agreement are unchanged.

b) Request for Legislative Support
The Commission will consider authorizing the Executive Officer to sign letters in support of Assembly Bill 2156 and Assembly Bill 2762, both of which are authored by Assembly Member Katcho Achadjian.

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.

None

9. EXECUTIVE OFFICER REPORT

The Commission will receive a verbal report from the Executive Officer regarding current staff activities.

10. CLOSED SESSION

None

11. COMMISSIONER COMMENTS; REQUEST FOR FUTURE AGENDA ITEMS

12. ADJOURNMENT TO NEXT REGULAR SCHEDULED MEETING: June 2, 2014

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.

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

April 7, 2014
Agenda Item No. 5a (Consent/Information)

March 31, 2014

TO: Local Agency Formation Commission

FROM: 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. One new proposal has been submitted since the February 3, 2014 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 active proposals follows.

1121 Orchard Avenue Annexation to the Napa Sanitation District

A representative for an interested landowner of two incorporated lots totaling 7.2 acres located at 1121 Orchard Avenue in north Napa has applied for annexation to the Napa Sanitation District. The purpose of annexation would be to allow the landowner to further develop the lots to include up to 18 single-family residences that would be connected to the Napa Sanitation District's public sewer system. The District has provided assurances it has sufficient capacity to extend public sewer services to the subject lots at buildout without adversely impacting existing ratepayers. Staff anticipates presenting the item for the Commission to consider taking action at the next regular meeting in June.

Joan Bennett, Vice Chair
Councilmember, City of American Canyon

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

Brian J. Kelly, Chair
Representative of the General Public

Greg Pitts, Commissioner
Councilmember, City of St. Helena

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

Laura Snideman
Executive Officer

Silverado Trail/Zinfandel Lane Annexation to the City of St. Helena

The City of St. Helena filed a proposal with the Commission on November 19, 2008 to annex approximately 100 acres of unincorporated territory located northwest of the intersection of Silverado Trail and Zinfandel Lane. The subject 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 subject 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. The two subject parcels are identified by the County Assessor as 030-240-017 (portion) and 030-250-018. 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 subject territory. Negotiations remain pending.

There are seven potential new proposals that may be submitted to the Commission in the near future based on discussions with proponents. A summary of anticipated proposals follows.

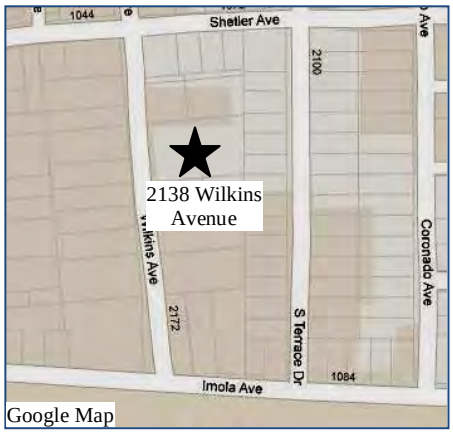
2075 West Pueblo Annexation to the City of Napa

The landowner of two unincorporated lots totaling 2.5 acres located at 2075 West Pueblo Avenue has inquired about annexation to the City of Napa. The purpose of annexation would be to allow the landowner to further develop the lots to include up to 12 single-family residences as contemplated under the City Zoning Ordinance. The City has agreed to serve as Lead Agency under CEQA and will prepare an initial study. Staff anticipates the landowner will submit a formal application in the near future.

Easum Drive Island Annexation to the City of Napa

An interested landowner within a completely surrounded unincorporated island located near 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 outlining the cost benefits to annexation. Subsequent follow up indicates one of the other two landowners within the island is also agreeable to annexation if there is no financial obligation. Staff is working with the City on its interest/willingness to reduce or waive fees associated with adopting a resolution of application in order to initiate "island proceedings".

2138 Wilkins Avenue Annexation to the City of Napa



A representative for an interested landowner of a 0.77 acre unincorporated property located at 2138 Wilkins Avenue has inquired about re-initiating annexation to the City of Napa. This property was conditionally approved for annexation by the Commission on February 2, 2009. 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.

Airport Industrial Area Annexation to County Service Area No. 3

LAFCO staff recently completed a sphere of influence review and update for County Service Area (CSA) No. 3. This included amending CSA No. 3's sphere to add approximately 125 acres of unincorporated territory located immediately north of the City of American Canyon in the Airport Industrial Area. The County of Napa is expected to submit an application to annex the 125 acres to CSA No. 3. The subject territory is completely uninhabited and includes seven entire parcels along with a portion of an eighth parcel. This eighth parcel, notably, comprises a railroad track owned and operated by Southern Pacific. The subject territory also includes segments of Airport Drive, Devlin Road, and South Kelly Road. Annexation would help facilitate the orderly extension of street and fire protection services to the subject territory under the land use authority of the County.

3105 Redwood Road Annexation to the Napa Sanitation District

An interested landowner of a 1.9 acre incorporated parcel located at 3105 Redwood Road has inquired about annexation to the Napa Sanitation District. The purpose of annexation would be to allow the landowner to connect an existing single-family residence to District's public sewer system. The District provided assurances it has sufficient capacity to extend public sewer services to the subject lot without adversely impacting existing ratepayers. Staff anticipates an application will be submitted in the near future.

Big Ranch Road Annexation to the Napa Sanitation District

A representative for an interested landowner of two incorporated parcels located at 2091 and 2097 Big Ranch Road has inquired about annexation to the Napa Sanitation District. The purpose of annexation would be to allow the landowner to subdivide the parcels and develop new single-family residences with public sewer service from the District. The District has provided assurances it has sufficient capacity to extend public sewer services to the subject lot without adversely impacting existing ratepayers. Staff anticipates an application will be submitted in the near future.

1196 Monticello Road Annexation to the Napa Sanitation District

An interested landowner of a 6.5 acre unincorporated parcel located at 1196 Monticello Road has inquired about annexation to the Napa Sanitation District. The purpose of annexation would be to allow the landowner to connect an existing single-family residence to District's public sewer system. Notably, the subject parcel is located outside the District's sphere of influence. However, the District's existing public sewer infrastructure extends through the subject parcel and has sufficient capacity to extend public sewer services to the subject lot without adversely impacting existing ratepayers. Staff anticipates an application will be submitted in the near future.

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

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

April 7, 2014
Agenda Item No. 5b (Consent/Action)

March 31, 2014

TO: Local Agency Formation Commission

FROM: Kathy Mabry, Commission Secretary

SUBJECT: Approval of Meeting Minutes
The Commission will consider approving summary minutes prepared by staff for the February 3, 2014 Regular Meeting and for the Special Meeting of February 25, 2014.

A. Discussion and Recommendation

Attached are summary minutes prepared for the Commission's February 3, 2014 Regular Meeting and for the Special Meeting of February 25, 2014. Staff recommends approval.

Respectfully submitted,

_____
Kathy Mabry
Commission Secretary

Attachments: as stated

Joan Bennett, Vice Chair
Councilmember, City of American Canyon

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

Brian J. Kelly, Chair
Representative of the General Public

Greg Pitts, Commissioner
Councilmember, City of St. Helena

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

Laura Snideman
Executive Officer

ATTACHMENT ONE

LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
MEETING MINUTES OF FEBRUARY 3, 2014

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

Chair Kelly called the regular meeting of February 3, 2014 to order at 4:00 pm.
At the time of roll call, the following Commissioners and staff were present:

Regular Commissioners	Alternate Commissioners	Staff
Brian J. Kelly, Chair	Juliana Inman	Peter Banning, Acting Executive Officer
Joan Bennett, Vice-Chair	Gregory Rodeno	Jackie Gong, Commission Counsel
Bill Dodd	*Excused: Mark Luce*	Brendon Freeman, Analyst
Greg Pitts		Kathy Mabry, Secretary
Brad Wagenknecht		

2. PLEDGE OF ALLEGIANCE

Chair Kelly led the Pledge of Allegiance.

3. APPROVAL OF AGENDA

Chair Kelly made a request to move agenda item #10 to be heard following #5 Consent Items*.

4. PUBLIC COMMENTS

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

5. CONSENT ITEMS

a) Second Quarter Budget Report for 2013-2014

The Commission reviewed a second quarter budget report for 2013-2014 which compares budgeted versus actual transactions through one-half of the fiscal year. The report projects the Commission is on pace to finish the current fiscal year with an operating surplus of $5,338.

b) Approval of Meeting Minutes

The Commission approved minutes prepared by staff for the December 2, 2013 meeting.

c) Current and Future Proposals

The Commission received a report summarizing current and future proposals.

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

VOTE:

AYES:	**WAGENKNECHT, BENNETT, DODD, PITTS AND KELLY**
NOES:	**NONE**
ABSENT:	**LUCE**
ABSTAIN:	**NONE**

*10. CLOSED SESSION

Public Employee Appointment – Executive Officer (Government Code Section 54957(b)(1)).
There was no reportable action taken during closed session.

6. PUBLIC HEARING ITEMS

a) City of Napa Sphere of Influence Update

The Commission reviewed a final sphere of influence update for the City of Napa. The report recaps and builds upon research done for the Central County Municipal Service Review submitted to the Commission in December. Staff recommended that the City of Napa sphere of influence be amended to include the Napa Pipe and County Jail sites but that the Commission defer formal action until final environmental impact reports have been certified by the County as lead agency under CEQA for each project.

Peter Banning, Acting Executive Officer, provided an overview of the agenda item.

Larry Florin, Director of Napa County's Housing & Inter-Governmental Affairs spoke before the Commission and discussed the EIR's for both proposed Napa Pipe and County Jail Sites, noting the EIR has been circulated for the County Jail Site, but the Napa Pipe EIR still needs action by the City's water division.

Following a lengthy discussion by the Commission and staff, the Commission took action to continue consideration of the City of Napa Sphere of Influence Review and Update to the April 7, 2014 meeting in order to allow additional time for completion and certification of environmental review documents for both the Napa Pipe and County Jail sites which are proposed to be added to the City of Napa's sphere of influence.

VOTE:

AYES:	**PITTS, WAGENKNECHT, BENNETT, DODD AND KELLY**
NOES:	**NONE**
ABSENT:	**LUCE**
ABSTAIN:	**NONE**

b) Ratification of an Outside Service Agreement for the City of Napa Involving 4120 Howard Lane

The Commission considered a recommendation to ratify an outside service agreement approved by the Chair authorizing the City of Napa to provide public water service to an unincorporated property at 4120 Howard Lane (036-180-040) to address a public health threat. The Commission considered a recommendation to adopt a resolution ratifying the Chair's earlier approval of the outside service agreement request. Napa serves as the lead agency given it is principally responsible for approving the underlying activity: extending water service to the affected territory. Napa has determined this activity is a project under the California Environmental Quality Act, but qualifies for an exemption from further review under Public Resources Code Section 21080(b)(4).

Brendon Freeman, Analyst provided an overview of the agenda item and its report.

Chair Kelly opened the public hearing. No public comments were received.

Chair Kelly closed the public hearing.

Upon motion by Commissioner Pitts and second by Commissioner Wagenknecht, the Commission approved staff's recommendation and approved the resolution ratifying the Chair's approval of the outside service agreement (**Resolution No. 2014-01**).

VOTE:

AYES:	**WAGENKNECHT, BENNETT, DODD, KELLY AND PITTS**
NOES:	**NONE**
ABSENT:	**LUCE**
ABSTAIN:	**NONE**

7. ACTION ITEMS

a) Approval of Draft Proposed Budget for Fiscal Year 2014-2015

The Commission reviewed a draft proposed budget for 2014-2015. The draft's operating expenses total $455,025, representing a 1.7% decrease over the current fiscal year. The draft's operating revenues total $441,185 with the remaining shortfall – ($13,840) – to be covered by drawing down on agency reserves. The draft was presented to the Commission for approval and authorization to circulate to local funding agencies for their review in anticipation of adopting a proposed budget in April.

Brendon Freeman, Analyst provided an overview of the proposed budget for the Commission.

Chair Kelly opened the public hearing. No public comments were received.

Chair Kelly closed the public hearing.

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

1) Approve the draft proposed budget for 2014-2015 as provided in Attachment One of the staff report, and;
2) Direct the Executive Officer to circulate the approved draft proposed budget to funding agencies for review and schedule a public hearing on April 7, 2014 for consideration of adoption.

VOTE:

AYES:	**WAGENKNECHT, KELLY, BENNETT, DODD AND PITTS**
NOES:	**NONE**
ABSENT:	**LUCE**
ABSTAIN:	**NONE**

b) Approval of Amendment No. 1 to Agreement for Interim Executive Officer Services

At its Special Meeting of September 23, 2013, the Commission approved the Agreement with Peter Banning to perform interim executive officer duties pending the recruitment of a new Executive Officer. Due to ongoing recruitment, the Commission was requested to extend Mr. Banning's interim services through March 31, 2014, to perform interim executive officer duties until the appointment of the new Executive Officer and then to be available for consultation as needed for a maximum of 30 hours. Amendment No. 1 would amend the contract maximum to $57,600 (from $45,000).

Commission Counsel Jackie Gong provided a brief overview of the agenda item.

The Commission agreed to approve Amendment No. 1 to the contract between the Commission and Peter Banning to extend the term of his services until March 31, 2014, in an amount not to exceed a total compensation of $57,600.

Upon motion by Commissioner Pitts and second by Commissioner Wagenknecht, the amendment to the contract was approved by the Commission.

VOTE:

AYES:	**PITTS, WAGENKNECHT, BENNETT, DODD AND KELLY**
NOES:	**NONE**
ABSENT:	**LUCE**
ABSTAIN:	**NONE**

7. ACTION ITEMS – continued:

c) Approval of Budget Amendment for Contract for Interim Executive Officer Services

In anticipation of the Commission's approval of the amendment to Peter Banning's contract for interim executive officer services (Action Item 7.b above), the Commission was requested to reallocate budget appropriations in the amount of an additional $13,500 for payment of amended contract costs.

County Counsel Jackie Gong provided a brief overview of the agenda item.

The Commission approved the amendment to the current fiscal year budget to reallocate appropriations in the amount of $13,500 from the Salaries and Wages Account (Account No. 51100) to the Consulting Services Account (Account No. 52310) to cover the estimated costs associated with the contract amendment and directed Commission Counsel to pursue with the County Auditor-Controller the necessary steps for implementing this budget appropriation.

Upon motion by Commissioner Pitts and second by Commissioner Wagenknecht, the amendment to the contract was approved by the Commission.

VOTE:

AYES:	**PITTS, WAGENKNECHT, BENNETT, DODD AND KELLY**
NOES:	**NONE**
ABSENT:	**LUCE**
ABSTAIN:	**NONE**

8. DISCUSSION ITEMS

a) Central County Region Municipal Service Review: Draft Section on NSD, CVWD, and SCSD

The Commission reviewed a draft section of its scheduled municipal service review on the Central County region specific to Napa Sanitation District (NSD), Congress Valley Water District (CVWD), and Silverado Community Services District (SCSD). The draft section examined the availability and adequacy of municipal services provided by NSD, CVWD, and SCSD relative to the Commission's mandates to facilitate orderly growth and development and serves as the source document to inform pending agency-specific sphere of influence updates. The draft section was presented for discussion and feedback in anticipation of preparing a final version for future action.

Peter Banning, Acting Executive Officer, provided an overview of the agenda item which involves three special districts within the Central County region.

No action was taken by the Commission.

Staff will initiate a 30-day public comment period on the draft section with the expectation of returning with a complete and final section for approval by the Commission at its next regular meeting on April 7, 2014.

b) Public Member Policy Alternatives

The Commission received a report from staff following up on a request to consider alternatives to the agency's policy for appointing and re-appointing public members. The report was presented for discussion with possible direction for staff with respect to pursuing a potential amendment to the policy. Brendon Freeman, Analyst provided an overview of the agenda item and reviewed the existing policy for the Commission. No direction was given to staff to pursue amendment to the existing policy.

After a lengthy discussion regarding available options, the Commission directed staff to prepare and publish a Notice of Vacancy for the Regular Public Member appointment, with specific language in the public notice that the current incumbent is expected to reapply for reappointment.

NOTE: Chair Kelly and Alternate Commissioner Rodeno recused themselves on this matter.

9. EXECUTIVE OFFICER REPORT
There was no report.

***10. CLOSED SESSION - heard after agenda item #5.**

11. COMMISSIONER COMMENTS
There was no discussion.

12. ADJOURNMENT TO NEXT REGULAR SCHEDULED MEETING
The meeting was adjourned at 4:53 p.m. The next regular LAFCO meeting is scheduled for Monday, April 7, 2014 at 4:00 p.m.

_____
Brian J. Kelly, Chair

ATTEST:
Jackie Gong, Commission Counsel

Prepared by:
Kathy Mabry
Kathy Mabry
Commission Secretary

LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
SPECIAL MEETING OF FEBRUARY 25, 2014
Location: County Counsel Office, 1195 Third St., Suite 301, 3rd Floor
Napa, CA 94559

1. WELCOME AND CALL TO ORDER BY CHAIR

Chair Kelly called the special meeting of February 25, 2014 to order at 8:45 A.M.
At the time of roll call, the following Commissioners and staff were present:

Regular Commissioners	Alternate Commissioners	Staff
Brian J. Kelly, Chair	Juliana Inman (*voted for Pitts who was not present*)	Peter Banning, Acting Executive Officer
Joan Bennett, Vice-Chair	Gregory Rodeno	Jackie Gong, Commission Counsel
Brad Wagenknecht		Kathy Mabry, Secretary
Bill Dodd (*did not vote due to late arrival*)		

2. PUBLIC COMMENTS

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

3. COMMISSION ACTION ITEMS

a) Appointment of Executive Officer

The Commission will consider appointment of a full-time Executive Officer, effective March 25, 2014, at the starting salary of $114,275. The Commission will further consider the approval of reimbursement for relocation expenses in an amount not to exceed $10,000 in accordance with applicable personnel policy and authorize a budget amendment to increase appropriations from the available reserve fund balance to cover these expenses ($5,000 to Account #51100 – Salaries and Wages, and $5,000 to Account #53600 – Special Departmental Expense).

Jackie Gong, Commission Counsel, provided an overview of the agenda item and stated that Ms. Laura Snideman has officially accepted the position of Executive Officer. If the Commission approves the appointment today, a press release will follow today's meeting. Chair Kelly shared his experience with meeting Ms. Snideman, and noted he is delighted that she has accepted the offer and stated she will be a valuable asset to the agency.

Upon a motion from Commissioner Bennett and second by Commissioner Wagenknecht, the Commission unanimously agreed to approve the following three actions under one motion:

1. Appoint full-time Executive Officer, Laura Snideman effective March 25, 2014, at the starting salary of $114,275.
2. Approve reimbursement for relocation expenses in an amount not to exceed $10,000 in accordance with applicable personnel policy.
3. Authorize a budget amendment to increase appropriations from the available reserve fund balance to cover these expenses ($5,000 to Account #51100 – Salaries and Wages, and $5,000 to Account #53600 – Special Departmental Expense).

VOTE:

AYES:	**BENNETT, WAGENKNECHT, INMAN AND KELLY**
NOES:	**NONE**
ABSENT:	**DODD (*not present during vote*), PITTS AND LUCE**
ABSTAIN:	**NONE**

3. ADJOURNMENT TO NEXT REGULAR SCHEDULED MEETING

The meeting was adjourned at 9:15 a.m. The next regular LAFCO meeting is scheduled for Monday, April 7, 2014 at 4:00 p.m.

_____
Brian J. Kelly, Chair

ATTEST:
Jackie Gong, Commission Counsel

Prepared by:

Kathy Mabry
Commission Secretary

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

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

April 7, 2014
Agenda Item No. 5c (Consent/Action)

March 31, 2014

TO: Local Agency Formation Commission

FROM: Laura Snideman, Executive Officer

SUBJECT: **Amendments to Support Services Agreement with the County of Napa**
The Commission will consider approving amendments to its support services agreement with the County of Napa involving the provision of information technology services. The proposed amendments are highlighted by establishing the Commission's 2014-2015 annual charge for information technology services in the amount of $23,663 and represents an approximate 5.8% increase over the current fiscal year.

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 specifies 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. Background

In July 2003, LAFCO of Napa County ("Commission") entered into a support services agreement (SSA) with the County of Napa. The SSA establishes terms and conditions for the County to provide a range of personnel and related services necessary for the Commission to fulfill its responsibilities. The SSA was amended in September 2007 to incorporate a new billing calculation involving the provision of information technology services (ITS), which is applied to all County departments and contracted agencies to proportionally recover operating costs. Key inputs underlying the existing calculation include the number of (a) personnel and (b) network computers assigned in each department or contracting agency. The County and the Commission have used this existing calculation in amending the SSA over the last several years. This includes calculating the current fiscal year charge of $22,374.

Joan Bennett, Vice Chair
Councilmember, City of American Canyon

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

Brian J. Kelly, Chair
Representative of the General Public

Greg Pitts, Commissioner
Councilmember, City of St. Helena

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

Laura Snideman
Executive Officer

B. Discussion/Analysis

The County proposes new amendments to the SSA for the principal purpose of resetting and increasing the Commission's annual charge for ITS to $23,663 in 2014-2015. The proposed amount represents an 5.8% increase over the current fiscal year and attributed to (a) accommodating labor expense increases for ITS due to scheduled cost-of-living adjustments for all County employees and (b) network enhancement projects associated with system security improvements and storage needs.

It is important to note the Commission's annual fee for ITS is all-inclusive with respect to covering all network administration and monitoring costs. This includes providing e-mail, technical support, database maintenance for accounting and payroll, and access to the County's geographic information system. The level and range of these services are exceptional. The Commission has allocated sufficient funds to cover the proposed rate increase in its proposed budget scheduled for adoption as part of Agenda Item No. 6d.

C. Recommendation

Staff believes the proposed amendments to the ITS portion of the SSA are reasonable and will provide the Commission will sufficient and needed technology services to support its responsibilities in 2014-2015. Approval is recommended.

D. Alternatives for Action

Alternative Action One (Recommendation):
Adopt the attached draft resolution approving the amendments to the SSA with any desired changes.

Alternative Action Two:
Continue the item to a future meeting and provide direction to staff as appropriate.

E. Procedures for Consideration

This item has been agendized as part of the consent calendar. Accordingly, a successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified by the Commission.

Respectfully submitted,

_____
Laura Snideman
Executive Officer

Attachments:

1) Proposed Amendment No. 8 to LAFCO Agreement No. 03-02

AMENDMENT NO. 8
NAPA COUNTY AGREEMENT NO. 4433
LOCAL AGENCY FORMATION COMMISSION OF
NAPA COUNTY AGREEMENT NO. 03-02

SUPPORT SERVICES BY THE COUNTY OF NAPA TO THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

THIS AMENDMENT NO. 8 OF NAPA COUNTY AGREEMENT NO. 4433 is made and entered into as of this 1st day of July, 2014, by and between NAPA COUNTY, a political subdivision of the State of California, hereinafter referred to as "COUNTY", and the LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY (hereinafter "LAFCO"), a local public agency formed pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act (Government Code Section 56000et.seq.);

RECITALS

WHEREAS, on or about July 1, 2003, COUNTY and LAFCO entered into Napa County Agreement No. 4433 (hereinafter referred to as "MA"), amended on or about September 1, 2007, June 17, 2008, July 1, 2009, July 1, 2010, July 1, 2011, July 1, 2012 and amended on July 1, 2013 for the provision by COUNTY of support services needed for LAFCO's performance of its functions and responsibilities, including information technology services; and

WHEREAS, the parties now desire to amend the MA to modify the annual rates of compensation to COUNTY for services provided by its Information Technology Services Department ("ITS") to reflect changes in the costs to COUNTY to provide such services;

TERMS

NOW, THEREFORE, COUNTY and LAFCO hereby amend the Agreement as follows:

1. The portion entitled "Services of Information Technology (annual rate)" of Attachment AA of the Agreement is hereby amended to read in full as follows:

1. Services of Information Technology (annual rate):

a. Background. County allocates Internet Technology Service (ITS) costs to all of the County's internal departments each year as part of it budgeting process. The County performs this task by breaking out all ITS costs – into subdivisions, which align with the major services being provided: Administration, Land Use Application, Network Operations, Development, Help Desk, Enterprise Resource Planning and Customer Management. County then allocates ITS costs throughout the County's departments based on either the number of personal computers ("PCs") or full-time equivalent employees ("FTE"). It is the intent and understanding of the parties that County shall calculate LAFCO's Annual Fee by multiplying the total costs per PC or FTE County utilized for setting the County's own departmental budgets by the number of LAFCO's

PCs or FTE.

b. Payment.

The Annual Fee shall be payable in arrears on or before the first of the month succeeding the month of service, with the payable monthly rate being 1/12 of the annual rate in effect on the first date of the month of service.

c. Amount of Annual Fee. The Annual Fee shall be as follows:

Fiscal Year	Annual Rate
2003-2004	$12,900.00
2004-2005	$12,999.96
2005-2006	$13,377.96
2006-2007	$17,799.00
2007-2008	$16,387.00
2008-2009	$17,768.00
2009-2010	$18,705.00
2010-2011	$14,945.00
2011-2012	$20,261.00
2012-2013	$22,009.00
2013-2014	$22,374.00
2014-2015	$23,663.00

The Annual Fee for Fiscal Year 2015-2016 and thereafter shall remain $23,663.00 until this Agreement is amended.

2. This Amendment No. 8 of the MA shall be effective as of July 1, 2014.

/ / /

/ / /

/ / /

3. Except as set forth in (1) through (2), above, the terms and provisions of the MA shall remain in full force and effect as previously approved.

IN WITNESS WHEREOF, this Amendment No. 8 of Napa County Agreement No. 4433 was executed by the parties hereto as of the date first above written.

LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

By_____
BRIAN J. KELLY, Chair of the Agency Board

"LAFCO"

NAPA COUNTY, a political subdivision of the State of California

By_____
MARK LUCE, Chairman of the Board of Supervisors

" COUNTY"

ATTEST: GLADYS I. COIL,
Clerk of the Board of Supervisors

By:_____

APPROVED AS TO FORM
Office of County Counsel
By: *Thomas S. Capriola*

Date: *March 17, 2014*

APPROVED AS TO FORM
Commission Counsel

By: *Jackie Gong*
(E-Signature)

Date: 3/18/14

APPROVED BY THE NAPA COUNTY BOARD OF SUPERVISORS

Date: _____

Processed by:

_____
Deputy Clerk of the Board

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

1030 Seminary Street, Suite B
Napa, California 94559
Phone: (707) 259-8645
Fax: (707) 251-1053
www.napa.lafco.ca.gov

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

April 7, 2014
Agenda Item No. 6a (Public Hearing)

March 27, 2014

TO: Local Agency Formation Commission

FROM: Peter Banning, Acting Executive Officer
Brendon Freeman, Analyst

SUBJECT: **Proposed Sphere of Influence Amendment Involving the City of Napa**
The Commission will review a proposal submitted by the County of Napa for amendment of the City of Napa's sphere of influence to include the 82-acre site for a new County Jail. The proposed amendment was discussed in reports presented to the Commission in December 2013 and February 2014. Staff recommends that the Commission certify that it has read and considered the Final Environmental Impact Report prepared for the project by the County of Napa and adopt a resolution amending the City of Napa's sphere of influence to include the County Jail site.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH") directs Local Agency Formation Commissions (LAFCOs) to periodically review adopted spheres of influence and update them as necessary based on information developed in the municipal service review process. Such updates vary in scope and can focus on a particular agency, service, or geographic region as directed by the Commission. Municipal service reviews in conjunction with sphere of influence updates may also lead LAFCOs to take other actions under its authority such as approving annexations of territory to local agencies, forming, consolidating, or dissolving special districts. LAFCO actions to amend or affirm adopted spheres of influence must include making written determinations on a number of factors as required by California Government Code (G.C.) Section 56425.

A. Background

The principal objective of updating the adopted sphere of influence (as informed by the municipal service review) is to comply with mandates for periodic review and update for these documents and to provide current information on the service capabilities of public agencies and possible extensions of their boundaries during the coming five-year update cycle. Keeping spheres of influence current allows the Commission to efficiently process applications for boundary changes when they arise.

Joan Bennett, Vice Chair
Councilmember, City of American Canyon

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

Brian J. Kelly, Chair
Representative of the General Public

Greg Pitts, Commissioner
Councilmember, City of St. Helena

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

Laura Snideman
Executive Officer

The Commission completed work on the Municipal Service Review for the City of Napa ("City") at its meeting on December 2, 2013. On February 3, 2014, staff presented its report and recommendations on the amendment of the City's sphere of influence. Staff recommended that the City's sphere be expanded to include the County Jail site and the Napa Pipe site, but that formal adoption of a resolution to approve those amendments to the City's sphere should be delayed until the environmental review process was complete and the Commission could consider final environmental impact reports prepared for each project by the County. The County of Napa ("County") has now adopted a Final Environmental Impact Report (FEIR) for the County Jail Project and has formally applied to the Commission for amendment of the City's sphere in order to extend services to the area. On March 4, 2014, the City adopted a resolution supporting the County's request to expand its sphere and authorizing its staff to apply to LAFCO for an outside service agreement for the provision of water to the project site. No application for approval of outside service has been received by LAFCO staff as of the date of this report.

The County's application, a map of the project area, and a memo from the County's Housing and Intergovernmental Affairs Director are attached to this report for the Commission's consideration. The memo explains the project's current status and the timing of the County's application.

B. Commission Review

The Commission has previously held public hearings and reviewed staff reports updating the Municipal Service Review and Sphere of Influence of the City of Napa in December 2013 and February 2014 which directly address service and jurisdictional issues relevant to the proposed sphere of influence amendment. Staff anticipates that the Commission will open the public hearing on April 7, 2014 for consideration of adopting a resolution approving the amendment of the sphere of influence of the City to accommodate extension of services to the new County Jail.

C. Environmental Review

Action by the Commission to amend the City's sphere to include the County Jail site constitutes a non-exempt project under the California Environmental Quality Act (CEQA) requiring analysis of the full extent of development that could occur as an outgrowth of the Commission's action. That analysis has been completed by the County (acting as lead agency under the California Environmental Quality Act) in adoption of a Final Environmental Impact Report (FEIR) for the County Jail Project by resolution on February 11, 2014. The scope of the County's FEIR includes the amendment of the City's sphere and extension of services to the site by the City. Copies of the County's FEIR have been forwarded to Commissioners under separate cover for their review. An Executive Summary of the FEIR is attached to this staff report.

The Commission's approval of the proposed amendment requires that it also certify that it has considered the content of the County's FEIR, as reflected in the text of the draft resolution of approval attached to this staff report.

D. Recommendation

Staff recommends that the Commission amend the sphere of influence of the City of Napa to include the new County Jail site as shown on the map in Attachment Three based on the ***City of Napa Sphere of Influence Review and Update*** (February 2014) previously presented to the Commission. As discussed in that report and in materials submitted with the present application, the County's work on the new County Jail Project has reached an advanced stage of development review and will clearly demand services that the City would most logically provide. The City is able to provide those services as described in the Commission's updated Municipal Service Review, the County's FEIR, and other documents.

Staff recommends that the Commission take this action by approving the attached draft resolution amending the sphere of influence of the City of Napa to include the site of the proposed new County Jail as requested by the County Board of Supervisors. The draft resolution contains the following proposed Statement of Determinations for the amendment, as required by Government Code Section 56425:

STATEMENT OF DETERMINATIONS
CITY OF NAPA
SPHERE OF INFLUENCE UPDATE

1. **Present and planned land uses in the sphere, including agricultural and open-space lands.**

   Lands within the City of Napa's updated sphere of influence are predominately developed for urban uses or expected to be developed for urban uses within the next five years. Agricultural and open-space lands in the updated sphere of influence are relatively limited.

2. **The present and probable need for public facilities and services in the sphere.**

   Lands within the City of Napa's updated sphere of influence presently need an elevated level of public services or are expected to need an elevated level of public services within the next five years to accommodate and support urban uses. The City of Napa is best positioned to provide the necessary range of supporting urban services.

3. **The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.**

   The Commission's recently completed municipal service review on the Central County region indicates the City of Napa has generally established adequate administrative, service, and financial capacities to accommodate present and planned urban uses within the updated sphere of influence.

4. **The existence of any social or economic communities of interest in the sphere if the commission determines that they are relevant to the agency.**

   Lands within the updated sphere of influence have established social and economic interdependencies with the City of Napa distinct from neighboring unincorporated areas. The update affirms and strengthens these established community ties.

E. Alternatives for Commission Action

Staff has identified the following alternative actions for Commission consideration:

Alternative One (Recommended):

Adopt the draft resolution identified as Attachment Two amending the sphere of influence of the City of Napa to include the new County Jail site as shown on the map in Attachment Three based on the ***City of Napa Sphere of Influence Review and Update*** (February, 2014) previously presented to the Commission.

Alternative Two:

Deny approval of amendments to the sphere of influence of the City of Napa.

Alternative Three:

Continue consideration of the proposed amendment of the City of Napa SOI to a future Commission meeting.

F. Procedures for Consideration

This item has been agendized for public hearing as required under State law and adopted policy. The following procedures are recommended with respect to the Commission's consideration of this item:

1) Receive verbal report from staff;
2) Open the public hearing and invite public testimony;
3) Close the public hearing; and
4) Discuss item and consider action on recommendation.

Respectfully submitted,

Peter Banning Acting Executive Officer	Brendon Freeman Analyst

Attachments:

1) City of Napa Sphere of Influence Review and Update (February 2014)
2) Draft Resolution of Approval
3) Aerial Map of Proposed Sphere of Influence Amendment
4) Completed Application Questionnaire: County of Napa County
5) Memo from Larry Florin, Housing and Intergovernmental Affairs Director, County of Napa
6) Executive Summary, Final Environmental Impact Report, County Jail Project
(complete copies sent under separate cover)

ATTACHMENT ONE

LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
Political Subdivision of the State of California

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

CITY OF NAPA
SPHERE OF INFLUENCE REVIEW AND UPDATE

Prepared in accordance with Government Code Section 56425

Final Report
February 2014

Commissioners
Brian J. Kelly, Chair, Public Member
Joan Bennett, Vice Chair, City Member
Bill Dodd, Commissioner, County Member
Gregory Pitts, Commissioner, City Member
Brad Wagenknecht, Commissioner, County Member
Juliana Inman, Alternate Commissioner, City Member
Mark Luce, Alternate Commissioner, County Member
Gregory Rodeno, Alternate Commissioner, Public Member

Staff / Administrative Office
Peter Banning, Acting Executive Officer
Jacqueline Gong, Commission Counsel
Brendon Freeman, Staff Analyst
Kathy Mabry, Commission Secretary

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I. EXECUTIVE SUMMARY

1.0 Overview

This report is presented as part of a process mandated by Section 56425 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. As stated in that section, "In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local government agencies so as to advantageously provide for the present and future needs of the county and its communities, the Local Agency Formation Commission shall develop and determine the sphere of influence of each local governmental agency within the county." A "sphere of influence" under the definition in the Cortese-Knox-Hertzberg Act (Government Code Section 56076) is "…. a plan for the probable physical boundaries and service area of a local (government) agency."

Decisions on annexations, detachments and other boundary or organizational changes must be consistent with the conclusions that the Commission has drawn in its previous research and policy activities. The adopted spheres of influence are used by LAFCO as a policy guide in its consideration of boundary change proposals affecting each city and special district in Napa County. Other agencies and individuals use adopted spheres of influence to better understand the services provided by each local agency and the geographic area in which those services will be available. Clear public understanding of the planned geographic availability of urban services is crucial to the preservation of agricultural land and discouraging urban sprawl – policy objectives that are held in common by LAFCO, Napa County, and the City of Napa.

The following report reviews and proposes amendments to the sphere of influence of the City of Napa, originally established by Napa LAFCO in 1972 and updated in 1976 and most recently in 2005.

2.0 Approach

In updating its adopted spheres of influence, the Commission is required to consider and adopt written determinations for five factors relevant to the development of spheres of influence. Those factors are:

1. The present and planned land uses in the area, including agricultural and open space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services which the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the commission determines they are relevant to the agency.
5. If the city or district provides water, sewer, or fire, the present and probable need for those services of any disadvantaged unincorporated communities within the existing sphere.

This periodic review and update, including the draft determinations for the five factors listed above, is partially based on Napa LAFCO's recently released Municipal Service Review for the City of Napa which details services provided by the City of Napa and the City's ability to continue and extend those services. That report is available to the public on the Commission's website.

Both the Municipal Service Review and this Sphere of Influence Update have been separated from study of three special districts that also provide service in the Central County Area. This alteration of the original work program has been undertaken in order to accelerate review of the City's boundary and service area. The services, boundaries and service areas of the Napa Sanitation District, Congress Valley Water District and Silverado Community Services District will be the subjects of the next phase of study, which will include analysis of organizational alternatives for those agencies.

Study Areas

For the City of Napa, staff identified Primary, Secondary and Tertiary study areas, ranked according to staff's estimation of how each area meets the definition of "sphere of influence" as well as recent changes to local planning policy, service demand and service availability. A map showing the study areas is included on page 19 of the following report.

The Primary Study Area includes lands subject to known development projects that are near or adjacent to Napa's existing sphere that if approved would require one or more urban type of municipal services within the next five years. Two sub-areas have been identified for inclusion within the Primary Study Area and briefly identified as:

- P-1 consists of two unincorporated contiguous parcels totaling 155 acres. P-1 is commonly referred to as the Napa Pipe site and immediately southwest of the intersection of Kaiser and Basalt Roads. A portion of the Napa Pipe site is already within the City's sphere of influence.

- P-2 consists of two unincorporated contiguous parcels totaling 82 acres. P-2 is commonly referred to as the County Jail site and immediately east of the intersection of State Highway 221 and Basalt Road.

The Secondary Study Area consists of four sub-areas to the west, north and east of the City's current boundary. These areas have been identified where outside service extensions within the next five to ten years may be justified based on existing policies and land use planning, but where justification for annexation to the City is doubtful in that timeframe. The four subareas are listed and discussed beginning on page 25 of the report.

The Tertiary Study Area consists of ten small sub-areas on all sides of the City's current boundary. The sub-areas have been identified where the nature of the area and land use policy make the extension of water and other City services unlikely, but where there may be merit in re-evaluation in future land use planning and service review updates. The ten tertiary sub-areas are listed and discussed beginning on page 26 of the report.

3.0 Conclusions & Recommendations

Staff recommends that the Commission amend the sphere of influence of the City of Napa to include the two sub-areas of the Primary Study Area. The Napa Pipe site and the County Jail site have reached an advanced stage of development review and will clearly demand services that the City of Napa would most logically provide. The City is able to provide those services, especially water service, as shown in the Commission's accompanying Municipal Service Review or by virtue of mitigation measures incorporated into the project designs in both areas.

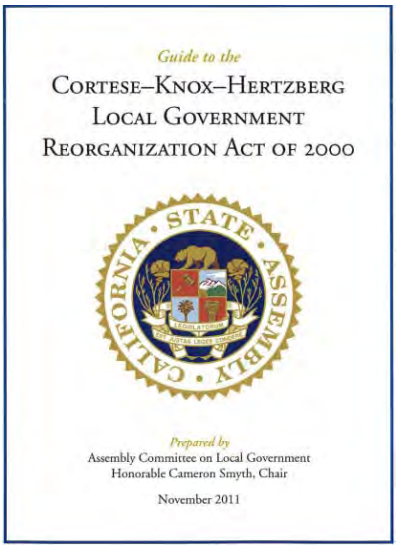
Although this report and recommendation has been undertaken as part of a periodic review of the City's sphere of influence that the Commission is obligated to undertake, the development processes on both sites anticipate applications for each recommended sphere of influence amendment from the City of Napa at some time during 2014. If the Commission chooses to approve the sphere of influence amendments recommended by staff, it may wish to evaluate the timing of its formal action by resolution in order to more fully consider the subsequent final environmental review actions of the City acting as lead agency on both projects. LAFCO would then act as a responsible agency on both projects.

II. INTRODUCTION

1.0 Local Agency Formation Commissions

1.1 Authority and Objectives

Local Agency Formation Commissions (LAFCOs) were established in 1963 as political subdivisions of the State of California and are currently responsible for providing regional growth management services under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH").[1] LAFCOs are located in all 58 counties in California and are delegated regulatory and planning powers to coordinate and oversee the logical formation and development of local governmental agencies and their municipal service areas. Towards this end, LAFCOs are commonly referred to as the Legislature's "watchdog" for local governance issues. Underlying LAFCOs' regulatory and planning powers is to fulfill specific objectives outlined by the California Legislature under Government Code (G.C.) Section 56301, which states:


Guide to the
CORTESE–KNOX–HERTZBERG
LOCAL GOVERNMENT
REORGANIZATION ACT OF 2000

Prepared by
Assembly Committee on Local Government
Honorable Cameron Smyth, Chair

November 2011

> *"Among the purposes of the commission are discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing governmental services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances. One of the objects of the commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities."*

1.2 Regulatory Responsibilities

LAFCOs' principal regulatory responsibility involves approving or disapproving all jurisdictional changes involving the establishment, expansion, and reorganization of cities and special districts within their jurisdictions.[2] LAFCOs are also provided broad discretion to condition jurisdictional changes as long as they do not directly regulate land use, property development, or subdivision requirements. LAFCOs generally exercise their regulatory authority in response to applications submitted by local agencies, landowners, or registered voters. Recent amendments to CKH, however, now empower and encourage LAFCOs to initiate on their own jurisdictional changes to form, merge, and dissolve special districts consistent with current and future community needs. The following table provides a complete list of LAFCOs' regulatory authority as of January 1, 2013.

LAFCOs' Regulatory Authority	
• City Incorporations and Disincorporations	• City and District Annexations
• District Formations and Dissolutions	• City and District Detachments
• City and District Consolidations	• Merge/Establish Subsidiary Districts
• City and District Outside Service Extensions	• District Service Activations or Divestitures

[1] Reference California Government Code Section 56000 et seq.

[2] CKH defines "special district" to mean any agency of the State formed pursuant to general law or special act for the local performance of governmental or proprietary functions within limited boundaries. All special districts in California are subject to LAFCO with the following exceptions: school districts; community college districts; assessment districts; improvement districts; community facilities districts; and air pollution control districts.

1.3 Planning Responsibilities

LAFCOs inform their regulatory actions through two central and interrelated planning responsibilities: (a) making sphere of influence ("sphere") determinations and (b) preparing municipal service reviews. Sphere determinations have been a central planning function of LAFCOs since 1971 and effectively serve as the Legislature's version of "urban growth boundaries" with regard to delineating the appropriate interface between urban and non urban uses. Municipal service reviews, in contrast, are a relatively new planning responsibility enacted in 2001 as part of CKH and are intended to inform – among other activities – sphere determinations. The Legislature mandates, notably, all sphere changes be accompanied by preceding municipal service reviews to help ensure LAFCOs are effectively aligning governmental services with current and anticipated community needs. An expanded summary of the function and role of these two planning responsibilities follows.

Sphere Determinations

LAFCOs establish, amend, and update spheres for all cities and special districts to designate the territory it independently believes represents the appropriate and probable future service area and jurisdictional boundary of the affected agency. Importantly, all jurisdictional changes, such as annexations and detachments, must be consistent with the spheres of the affected local agencies with limited exceptions.[3] Further, an increasingly important role involving sphere determinations relates to their use by regional councils of governments as planning areas in allocating housing need assignments for counties and cities, which must be addressed by the agencies in their housing elements.

LAFCO must review and update as needed each local agency's sphere every five years. In making a sphere determination, LAFCO is required to prepare written statements addressing five specific planning factors listed under G.C. Section 56425. These mandatory factors range from evaluating current and future land uses to the existence of pertinent communities of interest between an agency under study and geographic areas to which its jurisdiction might be extended. The intent in preparing the written statements is to orient LAFCO in addressing the core principles underlying the sensible development of each local agency consistent with the anticipated needs of the affected community. The five mandated planning factors are summarized in the following table.

Sphere Determinations: Mandatory Written Statements	
1.	Present and planned land uses in the area, including agricultural and open space.
2.	Present and probable need for public facilities and services in the area.
3.	Present capacity of public facilities and adequacy of public services the agency provides or is authorized to provide.
4.	Existence of any social or economic communities of interest in the area if the commission determines they are relevant to the agency.
5.	If the city or district provides water, sewer, or fire, the present and probable need for those services of any disadvantaged unincorporated communities within the existing sphere.

[3] Exceptions in which jurisdictional boundary changes do not require consistency with the affected agencies' spheres include annexations of State correctional facilities or annexations to cities involving city owned lands used for municipal purposes.

Municipal Service Reviews

Municipal service reviews are comprehensive studies of the availability, range, and sufficiency of governmental services provided within a defined geographic area. LAFCOs generally prepare or update municipal service reviews to explicitly inform subsequent sphere determinations as required by the Legislature. LAFCOs also prepare municipal service reviews irrespective of making any specific sphere determinations in order to obtain and provide current information contributing to the overall orderly development of local communities.

Municipal service reviews vary in scope and can focus on a particular agency or governmental service. LAFCOs may use the information generated from municipal service reviews to initiate other actions under their authority, such as forming, consolidating, or dissolving one or more local agencies. All municipal service reviews – regardless of their intended purpose – culminate with LAFCOs preparing written statements addressing seven specific service factors listed under G.C. Section 56430. This includes, most notably, infrastructure needs or deficiencies, growth and population trends, and financial standing. The seven mandated service factors are summarized in the following table.

Municipal Service Reviews: Mandatory Written Statements	
1.	Growth and population projections for the affected area.
2.	Location and characteristics of any disadvantaged unincorporated communities within or contiguous to affected spheres of influence.[4]
3.	Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies.
4.	Financial ability of agencies to provide services.
5.	Status and opportunities for shared facilities.
6.	Accountability for community service needs, including structure and operational efficiencies.
7.	Matters relating to effective or efficient service delivery as required by LAFCO policy.

[4] This determination was added to the municipal service review process by Senate Bill 244 effective January 1, 2012. The definition of "disadvantaged unincorporated community" is defined under G.C. Section 56330.5 to mean inhabited territory that constitutes all or a portion of an area with an annual median household income that is less than 80 percent of the statewide annual median household income; the latter amount currently totaling $57,287.

III. OVERVIEW

1.0 Current Agency Operations

The City of Napa ("Napa") provides a relatively full range of municipal services directly and highlighted by operating its own fire, police, and public works departments. Napa also contracts with outside agencies to provide additional municipal services, such as garbage collection and street cleaning.[5] The City's current total staffing is 475. Its adopted budget for Fiscal Year 2013-14 is $66.4 million.

The current estimated population within Napa is 77,881; an amount representing a 2.5% overall – or approximately 0.3% annual – increase in population since the last sphere of influence update was completed in 2006. The City has responded to the 2008-12 economic downturn by controlling the growth of its staff and taking other measures to strengthen its financial standing, apparently without significant impact on service programs. Although a structural deficit has reduced the City's reserve account balance during the recession, that deficit has been nearly eliminated as the recession has reached its end. Measures of infrastructure adequacy show results of management strategies that have maintained the City's service capabilities under challenging circumstances.

As detailed in the Draft Municipal Service Review for the City of Napa submitted to LAFCO in October 2013, the City, with manageable exceptions, is capable of providing adequate municipal services to its current residents and anticipated population increase and remains appropriately accountable for provision of those services.

2.0 Background

2.1 Incorporation and Early Development

The City was incorporated in 1914 as a charter-law municipality governed by a five-member city council elected at large.[6] Napa's original boundaries spanned approximately 1.1 square miles in size and generally extended clockwise from Lincoln Avenue, Soscol Avenue, Elm Street, and York Street. Napa's incorporation population was estimated at 4,000 and modestly grew thereafter as the economy transitioned towards more industrial uses and highlighted by the establishment of several tanneries and flour mills. This gradual growth eventually expanded Napa's boundary by the end of the 1930s to extend from Pueblo Avenue to the north and Imola Avenue to the south with an estimated population of 7,700.

Ambitious development policies enacted in the 1940s positioned Napa to become a large regional metropolitan community in step with growth trends throughout the San Francisco Bay Area. Markedly, and over the next forty years, Napa's population growth rate continually exceeded the statewide average as wartime operations at nearby Basalt Rock and Mare Island created thousands of new jobs and demand for new housing; the latter of which were accommodated in Napa with the annexation and development of Westwood in the 1940s followed by the Bel Aire and Devita areas in the 1950s and produced a population of 22,200 by 1960. Napa anticipated additional growth would occur through the end of the century and codified these expectations with the adoption of its first General Plan in 1969.

[5] A notable exception with regards to the delivery of local municipal services involves wastewater, which is provided by the Napa Sanitation District.

[6] Napa was originally incorporated in 1872 as a general-law municipality.

The inaugural General Plan, which paralleled growth expectations codified a decade earlier by the County of Napa, contemplated Napa expanding north to Ragatz Lane and east to Wooden Valley Road by 1990 and result in a total population of 150,000.

2.2 Revised Growth and Development Policies

Napa's growth management policies aimed at becoming a large metropolitan community proved to be relatively short-lived, however, as a paradigm shift towards slower growth emerged and resulted in the City issuing an advisory ballot requesting residents to identify a preferred population total for 2000. The results of the advisory ballot led Napa to adopt a new General Plan in 1975 reducing the population projection to 75,000 by 2000 as well as establishing an urban growth boundary or Rural Urban Limit line (RUL). Subsequent updates to Napa's General Plan were adopted in 1982, 1986, and 1998 with the latter codifying policies and standards with respect to land use and development over the succeeding two decade period. Pertinently, the 1998 General Plan contemplates a total buildout population for Napa of 90,000 by 2020.

3.0 Current and Projected Population

Napa's current and permanent resident population is estimated at 77,881. This amount represents an overall population growth rate of 5.3% over the last 10 year period – or 0.5% annually – and marks the highest rate change among all six land use authorities in Napa County with the exception of the City of American Canyon.[7] Napa's recent growth, notably, is characterized by two distinct episodes. Growth within the first half of the 10 year period was 1.7% before more than doubling to 3.6% over the second half. Further, this overall growth rate was three-fifths lower than the growth rate for the previous 10 year period, which was 13.3% or 1.3% annually between 1993 and 2003.

With respect to projections, and as detailed in the accompanying municipal service review, it is reasonable to assume Napa's annual population growth rate over the next 10 years within the existing sphere designation will match the growth rate from the previous decade and remain at or below 0.5%. Two factors provide substantive support for applying this projected annual growth rate. First, the rate parallels recent annual changes in Napa's population growth. Second, the rate is consistent with local employment and household estimates jointly prepared by ABAG and the Metropolitan Transportation Commission (MTC) as part of Plan Bay Area; a working planning document aimed at integrating transportation, land use, and housing decision-making consistent with Senate Bill 375 and its provisions to curb greenhouse gas emissions.[8] If the preceding assumptions hold, Napa's permanent population is expected to increase to 79,828 by 2018 and 81,775 by 2023; the latter amount remaining below the 90,000 build-out population estimate tied to Napa's existing RUL.

[7] American Canyon's population growth rate over the affected period was 52.7% and marked third among all 101 cities in the San Francisco Bay Area. (Brentwood and San Ramon, both in Contra Costa County, ranked first and second among all Bay Area cities in population growth during this period at 58.1% and 56.1%, respectively).

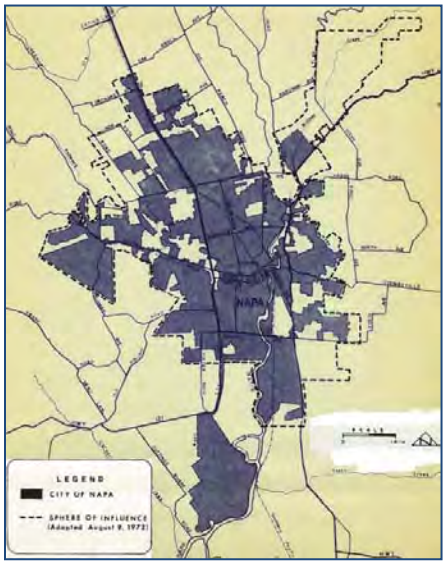
[8] Plan Bay Area anticipates an overall annual population growth rate for the entire region of 1.0% over the next 30 years with the majority – over four-fifths – occurring in locally-defined priority development areas (PDAs) and infill-oriented areas near existing transportation corridors. There is only one PDA in Napa and it is located along Soscol Avenue between First Street and Imola Avenue and anchored by the Gasser Specific Plan that anticipates – among other things – building 500 units of high-density housing units.

Projected Population Growth in Napa within Existing Sphere
(Napa LAFCO)

2013	2018	2023	Difference	Annual Percentage
77,881	79,828	81,775	3,894	0.5

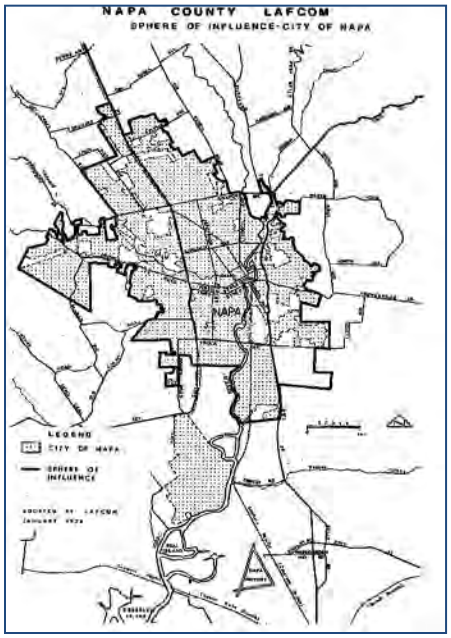
4.0 Sphere of Influence

4.1 Establishment



Napa's sphere was established by the Commission in 1972 to include nearly its entire 8,000 acre then-incorporated boundary – minus the Stanly Ranch area – along with approximately 5,200 acres of unincorporated land; the latter including the Napa State Hospital site, Monticello Road area, and Silverado Resort. The principal planning factor used by the Commission in establishing the sphere was to pair the availability of water and sewer service with expected and reasonable annexation requests within the next five to ten year period. Markedly, the adoption of the inaugural sphere culminated a four year process in which the Commission effectively included about one-half of the total area that had been requested by Napa; a request that included unincorporated lands extending as far north as Ragatz Lane and west into Carneros.

4.2 Update in 1976



The Commission initiated its own update to Napa's sphere in 1976 to review and address new land use policies codified in the City's new General Plan. The update was unanimously adopted by the Commission and significantly reduced the amount of unincorporated land within the sphere by approximately 2,400 acres or nearly one-fifth and marked by the removal of Silverado Resort and the adjacent Monticello Road area. The underlying criterion used by the Commission in redesignating the sphere was to generally align – although not uniformly – with Napa's recently established RUL. The establishment of an RUL coincided with the County of Napa establishing a corresponding zoning assignment for all affected lands requiring annexation to Napa as an alternative to processing any new development applications. Notable examples of lands within the RUL excluded from the sphere included Stanly Ranch, Stewart Dairy, and Big Ranch Road.[9]

[9] The 1976 update immediately facilitated 18 separate amendments through 2005. The majority of these amendments were engendered by petitions of property owners to facilitate residential development as part of concurrent annexation proposals. Notably, in approving these amendments, the Commission determined that there were consistencies between the general plans of the City and County of Napa with respect to the planned land uses of the affected territory.

4.3 Update in 2005

The Commission adopted a second comprehensive update to Napa's sphere in 2005. This update, which was engendered by the earlier enactment of CKH and its cornerstone requirement that LAFCOs review and update each agency's sphere by 2008 and every five years thereafter, expanded Napa's sphere to include an additional 1,090 acres and further align with the RUL. These additional acres comprised six distinct study areas and highlighted by bringing in Stewart Dairy (also known as "Ghisletta" lands), Big Ranch Road, and Stanly Ranch. The substantive result of the second update was general consistency between the sphere and RUL with the lone difference involving the Commission's continued inclusion of the Napa State Hospital.

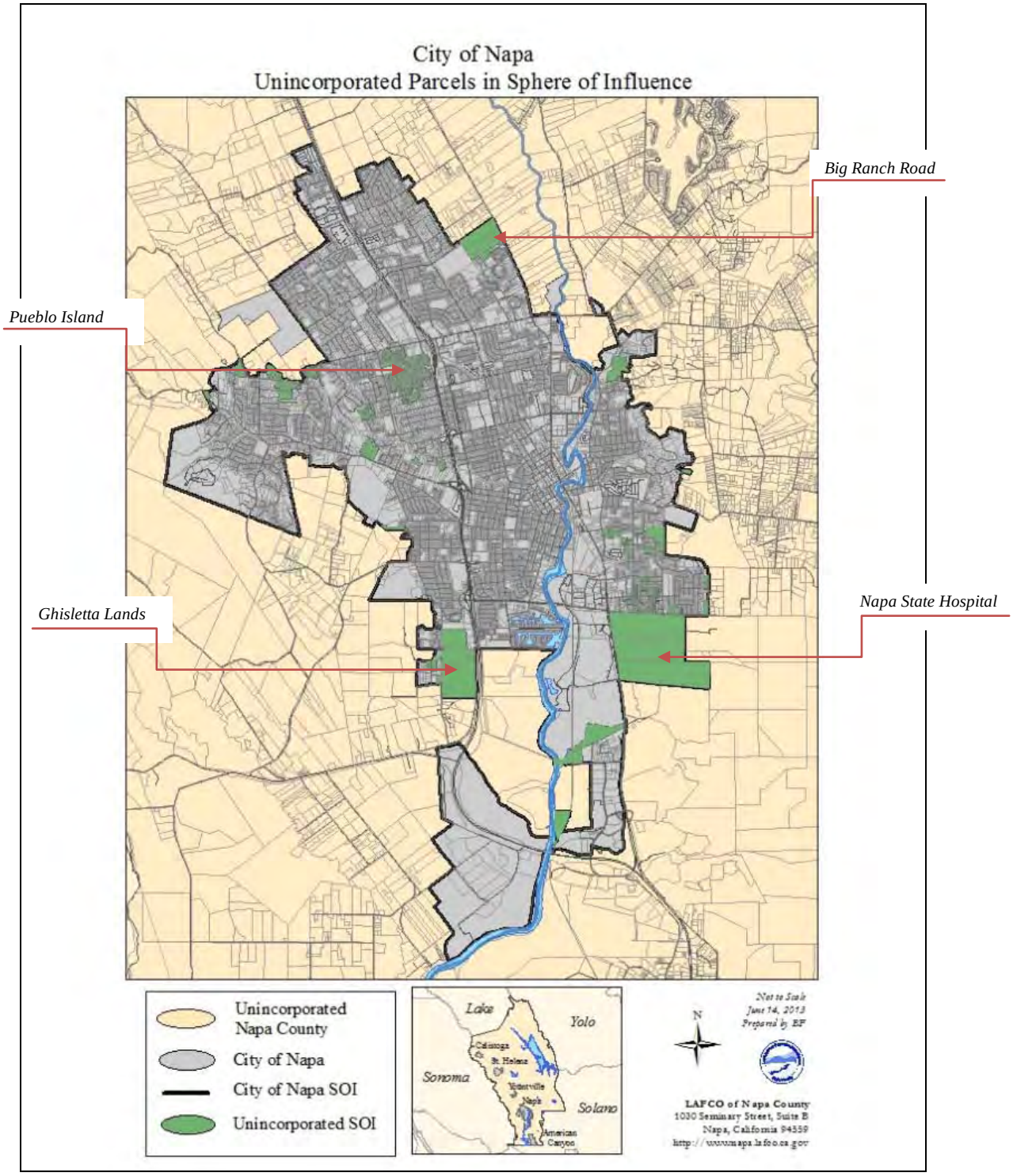
Since the 2005 SOI update, Napa LAFCO has approved 11 annexations of territory within the City's sphere of influence totaling approximately 143 acres to the City of Napa as shown in the following table.

City of Napa Annexations Since 2006		
Year Approved	**Proposal Name**	**Size (acres)**
2013	Grandview Drive No. 1	1.1
	Forest Drive No. 2	6.0
	Imola Avenue No. 1	2.3
	Levitin Way No. 1	18.6
2012	Rosewood Lane No. 1	1.1
2011	N/A	0.0
2010	Trancas Crossing Park	33.3
2009	Big Ranch Road No. 1	20.1
2008	Silverado Trail No. 1	28.8
2007	Laurel Street No. 1	26.3
2006	El Centro No. 8	5.3
TOTAL		142.9

4.4 Current Composition

There are close to 1,000 unincorporated acres in Napa's sphere eligible for annexation or outside service extensions.

Napa's sphere remains entirely intact from the last update and presently encompasses 19.7 square miles or 12,624 acres. There are a total of 967 entire and portions of five unincorporated lots covering 974 acres currently in the sphere and eligible for annexation or outside service extensions; the latter amount meaning 7.7% of acreage within the sphere remains unincorporated. The majority of these unincorporated lands lie within the 20 islands that are either entirely or substantially surrounded by Napa. A map highlighting the unincorporated lands already within the sphere is provided below.


City of Napa
Unincorporated Parcels in Sphere of Influence
Big Ranch Road
Pueblo Island
Ghisletta Lands
Napa State Hospital
Unincorporated Napa County
City of Napa
City of Napa SOI
Unincorporated SOI
Lake
Yolo
Sonoma
Solano
Calistoga
St. Helena
Yountville
Napa
American Canyon
N
Not to Scale
June 14, 2013
Prepared by EF
LAFCO of Napa County
1030 Seminary Street, Suite B
Napa, California 94559
http://www.napa.lafco.ca.gov

5.0 Relevant Planning and Service Factors

5.1 City of Napa

The Napa General Plan was comprehensively updated in 1998 and codifies land use and development policies for the City through 2020. Major and broad land use objectives within the General Plan include restricting development within the RUL and maintaining and cultivating distinct neighborhood characteristics. The General Plan also emphasizes redevelopment of the downtown area in step with the implementation of the Napa River/Napa Creek Flood Protection Project.[10] All unincorporated lands located within the RUL – which currently total 594 acres – have been prezoned by Napa and, with limited exceptions, are assigned moderate to low residential densities. The General Plan contemplates a total resident population in Napa of 90,000 by 2020.

The Napa General Plan divides the RUL – which generally aligns with the existing sphere as described in the preceding section – into 12 distinct planning areas with residential designations comprising the north, east, and west perimeters. Residential density allowances range from two to 40 housing units per acre. Housing units overall have increased by 6.6% over the last ten years, rising by 1,873 since 2003 to a total of 30,295. Housing units constructed during this period has been fairly evenly divided between single family and multi-unit development with single family units comprising 55% of the total. Napa has also experienced a sizable increase in unoccupied residences with the residential vacancy rate rising from 4% in 2003 to approximately (and coincidentally) 6.6% currently.

It is pertinent to note Napa's water service area – as defined in a 1966 agreement between the City and the Napa County Flood Control and Water Conservation District – extends beyond the existing sphere and RUL and covers all lands south to Soscol Ridge, east to Silverado, west to Old Sonoma Notch, and north to Oak Knoll.[11] As of 2001, two separate and sequential approval processes are required for Napa to provide new or extended outside water service. First, Napa's Resolution No. 7 requires the City Council to approve making a request to the Commission for a new or extended outside water service connection with no less than four affirmative votes. Second, the Commission must make one of two determinations in authorizing an outside water service connection under G.C. Section 56133. If the affected territory lies within the existing sphere, the Commission may approve the outside connection so long as it determines it is in explicit anticipation of a future annexation. If the affected territory lies beyond the existing sphere, the Commission may approve the outside connection so long as it determines it addresses a present or impending threat to public health or safety.

[10] The Napa River/Napa Creek Flood Protection Project was approved by all six local land use authorities in 1997 and funded through a voter-approved half cent sales tax (Measure A) in 1998. Key project activities include constructing a new bypass channel where the Napa River and Napa Creek converge to direct flood waters away from the downtown area and is scheduled to be completed in 2018.

[11] Napa's water service area also extends beyond and north of Oak Knoll to serve properties along Highways 29 and 128 that connect directly to the City's transmission line to Lake Hennessey.

5.2 County of Napa

The County General Plan was comprehensively updated in 2008 and codifies land use policies through 2030. The General Plan includes a vision statement for the County to moderate and direct growth in ways that minimize resource consumption and make the unincorporated area a sustainable rural community. The General Plan also incorporates and complements two voter initiatives strongly influencing growth in the unincorporated area commonly referred to as Measures "A" and "P." Measure A was approved by voters in 1980 and subsequently re-adopted by the Board of Supervisors as an ordinance in 2000 and limits housing growth in the unincorporated area to 1.0% annually. Measure P was originally approved by voters in 1990 and subsequently extended in 2008 to prohibit the re-designation of unincorporated lands designated for agricultural or open space use to another category except by majority vote of the people through 2058. The County General Plan emphasizes and directs the majority of urban development to areas within the boundaries of the County's five incorporated cities.

There are five distinct unincorporated areas immediately adjacent to Napa's existing sphere designated under the County General Plan for an urban type use. Four of these adjacent urban designated areas – referred to by their principal roadway as "Monticello," "Coombsville," "Big Ranch," and "Partrick" – are predominately built-out with low-density residential uses (sometimes including very small vineyards and private equestrian facilities) as provided under the General Plan. The fifth adjacent urban designated area – referred to as "Napa Pipe" – was a former industrial use site that has been recently re-designated from industrial to mix residential/commercial uses in anticipation of considering a development project submitted by the landowner.[12] All five of these adjacent urban designated areas lie outside the sphere and RUL.

5.3 Napa Sanitation District

NSD provides public wastewater collection, treatment, and disposal services within and adjacent to Napa's existing sphere of influence and RUL. NSD is a dependent special district governed by an appointed five-member board with members appointed from both the Napa City Council and the County Board of Supervisors. Approximately 71% of NSD's existing jurisdiction lies within the boundary of the City of Napa. There have been two separate reviews over the last 20 years to considering the merits of reorganizing NSD either as a subsidiary district of the City of Napa or as an independent sanitary district.[13] The first formal review was initiated by NSD in 1995 in response to an earlier grand jury report. This review – prepared by a NSD subcommittee and in consultation with the Commission, Napa, and the County – produced a recommendation that was ultimately enacted through special legislation to increase the number of members on the governing board of the existing sanitation district from three to five with the two new seats belonging to members of the public and each getting appointed by Napa or the County.[14] The second review was performed directly by the Commission as part of its inaugural municipal service review on NSD and included a determination finding that the current governance structure appropriately balances the interests of both Napa and the County while allowing NSD to remain independent in matters of local land use decisions.[15]

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[12] The development project for Napa Pipe currently proposes a master planned community consisting of 945 townhome and apartment units, 150-room hotel, 50,000 square feet of office and retail space, and a 155,000 square foot Costco.

[13] Government Code Section 57105 requires that 70% of a district's geographic area and 70% of its registered voters lie within the boundary of a city in order for the district to become a subsidiary district of that city.

[14] Reference is for California State Senate Bill 156 (Thompson) in 1995.

[15] The municipal service review on NSD and the referenced determination was adopted by the Commission in April 2006.

IV. DISCUSSION

1.0 Objectives

The basic objective of this report is to identify and evaluate areas warranting consideration for inclusion in the City of Napa's sphere of influence as part of a scheduled update required by the State. This effort is will culminate in a designated sphere of influence that represents a plan for the probable boundary and service area of the City of Napa that, in the Commission's independent judgment, will facilitate the sensible and timely development of the City consistent with the objectives of the Legislature as expressed in the Cortese-Knox-Hertzberg Act. Specific goals under this legislation include discouraging urban sprawl, preserving open-space and prime agricultural lands, and providing for the efficient extension of local government services.

The Commission's "Policy Determinations" were comprehensively updated in 2011 and provide general prescription in fulfilling its legislative objectives paired with responding appropriately to local conditions and circumstances. The Policy Determinations highlight the Commission's commitment to avoid the premature conversion of important agricultural or open-space lands for urban uses through a series of restrictive allowances. This includes a broad determination to exclude all agricultural or open-space lands from city and district spheres of influence with limited exceptions. An additional and closely related policy determination states the Commission's support for Measure "P" by assigning deference to the County General Plan as it relates to determining agricultural and open-space land use designations.[16]

2.0 Coverage Period

State law currently requires LAFCOs review and update each local agency's sphere by January 1, 2008 and every five years thereafter. Accordingly, it has been the practice of the Commission to update each local agency's sphere in a manner emphasizing a probable five year annexation or outside service area plan; actual boundary change approvals, however, are subject to separate analysis with particular emphasis on determining whether the timing of the proposed action is appropriate.[17] This update's analysis is consistent with this practice.

[16] Measure P – formerly Measure J – was initially enacted by Napa County voters in 1990 and prohibits the County from amending agricultural or open-space land use designations for urban uses without electorate approval through 2050. Measure P only applies to unincorporated lands designated for an agricultural or open space use prior to 2008.

[17] LAFCOs are directed to consider 16 specific factors under G.C. Section 56668 anytime it reviews a proposed boundary change (i.e. annexation) for purposes of informing the appropriateness of the action. Additionally, it is Commission policy to discourage annexations to cities and districts involving undeveloped or underdeveloped lands without a known project or development plan.

V. STUDY AREAS

1.0 Criteria

This report and its analysis on potential sphere modifications for Napa is predicated on the policy interest of the Commission to facilitate Napa's logical development relevant to the factors prescribed by the Legislature and local needs as determined by the membership. Directly said, this update assesses whether a change to Napa's sphere is warranted either now and possibility in the future to facilitate the expansion of the incorporated boundary and/or service area under three distinct timing periods: primary; secondary, or tertiary. These timing periods are further described below.

- Primary Category (Probable Need in Next Five Years)
  Areas that appear to merit consideration for inclusion into Napa's sphere to either facilitate an annexation or outside service extension based on existing policies and/or anticipated projects as part of this five year update.

- Secondary Category (Potential Need in 5-10 Years)
  Areas that appear to merit some consideration for inclusion into Napa's sphere to either facilitate an annexation or outside service extension based on existing land use and policies as part of future updates.

- Tertiary Category (More Discussion in Future Updates)
  Areas that do not appear to merit consideration for inclusion into Napa's sphere to either facilitate an annexation or outside service extension based on existing land use and policies in this or future updates. However, given local conditions, it would be appropriate for the Commission and interested parties – specifically Napa and the County – to discuss potential changes in land use policies and revisit the merits of adding these areas to the sphere in future updates.

2.0 Selection

Based on the criteria outlined in the preceding section, and in consultation with affected and interested parties, two primary study areas have been selected for detailed review as part of this update. These primary study areas are identified hereafter as "P-1" and "P-2" and evaluated for purposes of facilitating annexation and/or outside service extension within the next five years. Four additional study areas – hereafter identified as "S-1" though "S-4" – have been selected for limited review based on frequency of requests for outside service extensions and on existing land use planning policies; merit for annexations is doubtful in this timeframe. Finally, 10 other study areas – hereafter identified as "T-1" through "T-10" – have been selected for limited review representing sites that may potentially merit inclusion into the sphere in the more distant future, but additional discussions among affected and interested parties are first needed to more fully inform the Commission. All study areas selected for review and divided between the three referenced timing categories are depicted in the map included as Appendix A.

3.0 Evaluation Factors

The evaluation of the 16 study areas selected for review as part of this report are organized to focus on addressing the five factors the Commission is required to consider anytime it makes a sphere determination under CKH. These five factors are: (a) present and planned uses; (b) present and probable need for public facilities and services; (c) present adequacy and capacity of public services; (d) existence of any social or economic communities of interest; and (e) if the agency provides water, sewer, or fire protection, present and probable need for these services for any disadvantaged unincorporated communities.

Discussion and staff's conclusions are offered for each study area relative to evaluating the preceding factors along with incorporating the policies of the Commission in administering the Cortese-Knox-Hertzberg Act in Napa County. This includes considering the merits of any proposed change relative to the Commission's five interrelated policies with respect to determining the appropriate sphere of influence as summarized below.

- The location of a city's sphere shall serve to promote appropriate urban uses as independently determined by the Commission with limited exceptions.
- A city's sphere should reflect existing and planned service capacities based on information independently analyzed by the Commission.
- Lands designated for agricultural or open-space uses shall not be included in a city's sphere for purposes of facilitating urban development unless special and merited circumstances exist as determined by the Commission.
- The Commission shall assign deference to the County General Plan in determining the appropriate location of urban uses while reserving discretion to address unique or otherwise pertinent considerations in support of sensible growth management.
- A city's sphere shall guide annexations and outside service extensions within a five-year planning period. Inclusion of land within a sphere, however, shall not be construed to indicate automatic approval of a subsequent annexation or outside service extension request; these requests will be considered on their own merits with deference assigned to timing.

VI. ANALYSIS

1.0 Primary Study Area

The Primary Study Area includes lands subject to known development projects that are near or adjacent to Napa's existing sphere that if approved would require one or more urban type of municipal services within the next five years. Two sub-areas (P-1 and P-2) have been identified for inclusion within the Primary Study Area and briefly identified as:

- P-1 consists of two unincorporated contiguous parcels totaling 155 acres. P-1 is commonly referred to as the Napa Pipe site and immediately southwest of the intersection of Kaiser and Basalt Roads.

- P-2 is consists of two unincorporated contiguous parcels totaling 82 acres. P-2 is commonly referred to as the County Jail site and immediately east of the intersection of State Highway 221 and Basalt Road.

1.1 Napa Pipe (P-1)

The Napa Pipe area is comprised of two parcels totaling 155 acres located on the east bank of the Napa River approximately three miles south of downtown Napa. The area is contiguous to and surrounded on three sides by the City's present boundary. Access to the site is exclusively by means of the City's street network, most notably Kaiser Road west of the Napa Vallejo Highway (Highway 221). A portion of the site (18.5 acres) at the southern end is already within the City's sphere of influence. The site is flat with industrial and office park uses to the east and south. Part of the site and adjacent areas are wetlands.

Present and Planned Land Use

In a recent amendment to its General Plan, Sub-Area P-1 was recently re-designated by the County primarily (other than a 19 acre "reserve" area) as "Napa Pipe Mixed Use," a transitional land use category that contemplates a broad range of residential and commercial uses including high-density, senior and other housing types, hotel, retail, office, light industrial and recreational land uses. The County has adopted a Final Environmental Impact Report (FEIR), a statement of overriding considerations and a mitigation monitoring and reporting program for amendments to the General Plan to accommodate development of Napa Pipe.

Napa County and the City of Napa are currently engaged in a joint planning effort for this area that contemplates initiation of development activity under the County's jurisdiction and eventual annexation of the entire area to the City as memorialized in a Memorandum of Understanding (MOU) adopted by both parties earlier this year. The MOU sets out a process that encompasses a series of County-City agreements necessary to accomplish this goal, including a development agreement and other agreements on tax sharing, development standards and design guidelines. The project area is outside of the City's RUL; therefore, any action to annex the territory to the City would first require voter approval of an amendment to the RUL.

The subsequent and ongoing planning activities affecting this site are expected to take the form of inter-governmental planning efforts reflected in these agreements which are intended to coordinate the policy objectives of the City and County with regard to housing, population growth and development standards. The project anticipates, among many other milestones, favorable action by LAFCO to include the site in the City's sphere of influence, followed by voter approval of the City's RUL, and then followed by development of the site. Development would occur in phases which would be initiated under the County's jurisdiction and annexed to the City prior to completion.

Present and Probable Need for Public Facilities and Services

This area is a currently disused industrial/manufacturing site. If development of the Napa Pipe site is approved as proposed, the project will require the full range of services provided by the City of Napa, especially water, public safety and public works services.

The project as proposed includes construction of all on-site infrastructure to serve the mix of uses included in the project, financing for those facilities and services through standard sources of tax revenue as well as community facilities districts and homeowners/property owners associations. The project's new housing and non-residential uses will create significant demand for municipal services from the City's transportation, water, police, fire, library and other services that the City is uniquely capable of providing.

Present Capacity and Adequacy of Public Services

The City's capacity to provide adequate services to the Napa Pipe site with proposed mixed use development is generally established in two parts: 1) Facilities and service capacities described in the Municipal Service Review for the Central County Region, Draft Section on City of Napa, and, 2) The description of the Napa Pipe project, including the mitigation measures adopted by the County in its process to amend its General Plan. There remain some limited issues requiring further study and mitigation, such as expansion of off-site water transmission facilities and emergency service response times. However, these issues remain subject to the ongoing City-County planning and development approval process, thereby requiring resolution prior to final project approval.

Social and Economic Communities of Interest

Due to the proximity of (and access to) the Napa Pipe site to the incorporated area of the City of Napa, development of the Napa Pipe project in intensive mixed urban uses would create the most basic communities of interest between the project site and the City's currently incorporated area. Potential communities of interest would include the participation of project area residents and businesses in the civic institutions and activities in the City of Napa (school attendance, service organizations, sports leagues etc.), patronage or market areas in common for commercial activity in both the project area and existing City enterprises.

Present and Probable Need for Public Services for Disadvantaged Unincorporated Communities

Neither inclusion of the Napa Pipe site within the sphere of influence of the City of Napa nor its anticipated development is related to the need for public services for disadvantaged unincorporated communities. No disadvantaged unincorporated communities meeting the definition under State law have been identified anywhere in Napa County.

Recommendation

The Napa Pipe site has been in industrial and other non-agricultural uses for many years. Re-development of the site within the City's boundary and sphere of influence would be consistent with various policies adopted by LAFCO, the County of Napa and City of Napa promoting urban development within city boundaries.

Redevelopment of the Napa Pipe area is apparently immanent. Both the demand for City services and the ability of the City to provide those services have been documented in the Commission's current Service Review and in various documents associated with development review and environmental review of the proposed project. Staff recommends that the Commission amend the sphere of influence of the City of Napa to include the Napa Pipe site on the basis of:

- The site's geographic relationship to the City boundary, services and facilities;
- Consistency with relevant plans and policies;
- The significant commitments of public planning effort on the part of the City and the County to coordinate development of the site;
- The necessary role of LAFCO in the sequence of steps required to implement a multi-jurisdictional planning effort.

1.2 County Jail Site (P-2)

Sub-Area P-2, the County Jail Site, is located on unincorporated land approximately two miles southeast of Downtown Napa. The site is made up of two parcels totaling 80 acres contiguous to the boundary of the City of Napa on the east side of Soscol Avenue (Napa-Vallejo Highway/State Route 221) immediately south of Napa State Hospital.

Present and Planned Land Use

The current land use of the jail site area is described in the County Jail Project Draft Environmental Impact Report ("DEIR", August 16, 2013), "Portions of both parcels are currently used for equipment storage, retail and wholesale of building materials and an impound yard for a local towing company. The eastern parcel is dominated by a large, oblong warehouse. The western parcel contains a complex of eight abandoned industrial buildings; two small modern buildings; and a rectangular, open bay, partitioned sand/gravel storage area."

The project would re-designate the site from "Study Area" to "Public Institution" in the County General Plan.

Present and Probable Need for Public Facilities and Services

Napa County initiated an Adult Correctional System Master Plan in 2004 that identified deficiencies in programs, practices and capacity of the County's jail facilities. In order to address the identified correctional system needs, the County proposes phased construction of new facilities to replace the existing jail in downtown Napa.

The project description consists of a new jail and a "staff secure facility." Again as described in the DEIR, "The jail would be designed with an initial capacity of 366 beds, but would include core support facilities designed for expansion and occupancy of up to 526 beds in the event the County needs to add bed capacity at some point in the future. Ancillary facilities would include a storage and maintenance unit, administrative offices, food services, laundry, medical and mental health units, programming rooms, visiting areas, and inmate intake and release." The Staff Secure Facility "… would house 50 to 100 additional inmates, and would serve as a transitional step for inmates moving back to the community. The facility would also provide programming space, recreational areas, and staff offices, as well as kitchen and laundry space."

The project would require extension of utilities, including water service from the City of Napa and sewer service from Napa Sanitation District. The project site lies outside the City's boundary and sphere of influence. Expansion of the City's sphere of influence would allow extension of water service either following annexation to the City or by approval of an outside service agreement with the City. The County has no announced plan to seek annexation of the site or amendment to the City's RUL. If the site is added to the City's sphere of influence, a four-fifths vote of the City Council would be required to seek LAFCO's approval of extension of water service in the absence of annexation.

Present Capacity and Adequacy of Public Services

The City's capacity to provide adequate services to the County Jail site's correctional facilities is established in two parts: 1) facilities and service capacities described in the Municipal Service Review for the Central County Region, Draft Section on City of Napa; and, 2) the more focused conclusions of the DEIR for the County Jail. Water service is available from the City's main transmission line on the west side of Soscol Avenue. Water supply is adequate, given the City's ability to manage water shortages in a single dry year scenario, as discussed in both source documents.

Mitigation measures proposed in the DEIR will address traffic impacts of the new facility. The nature of the jail facility, with its residents incarcerated, indicates that demand for other City services such as police protection, library and community development would be minimal or similar to service demand from the existing jail.

Social and Economic Communities of Interest

Although there is no compelling necessity for a jail facility to be sited within the same jurisdiction as the population it serves, some substantial proportion of both staff and inmate population of the County Jail will be residents of the City of Napa. In addition, employment, social and recreational opportunities for released or transitioning inmates housed in the staff secure facility at the jail would be most immediately available in the City of Napa, now adjacent to the jail site. At least to this extent, a community of interest may be expected to exist between the jail site and the City if and when the jail is built.

Present and Probable Need for Public Services for Disadvantaged Unincorporated Communities

No disadvantaged unincorporated communities meeting the definition under State law have been identified anywhere in Napa County.

Recommendation

Like the Napa Pipe site, the site for the proposed County Jail facility has been in industrial use for many years. Re-development of the site within the City's sphere of influence would be consistent with various policies adopted by LAFCO, the County of Napa and City of Napa promoting urban development within city boundaries.

The County is well-advanced in its planning process for the new jail having completed a Draft EIR and having acquired an option to purchase the site. Both the demand for City services and the ability of the City to provide those services have been documented in the Commission's current Service Review and in various documents associated with environmental review of the proposed project. On the basis of significant commitments of public planning effort on the part of the County to plan and develop the site as well as the necessary role of LAFCO in provision of water service for the site, staff recommends that the Commission amend the sphere of influence of the City of Napa to include the County Jail site.

2.0 Secondary Study Area

The Secondary Study consists of four sub-areas in which outside service extensions within the next five to ten years may be justified based on existing policies and land use planning, but where justification for annexation to the City of doubtful in that timeframe. The four sub-areas are identified and summarized below.

Napa SOI Subareas: Land Use Planning Characteristics – Secondary Study Area (Source: Napa LAFCO)

Subarea	Parcels	Acres	General Plan Designation	Zoning Standard
S-1: Coombsville	310	576.7	95% Rural Residential 5% Agriculture, Watershed and Open Space	Residential Country
S-2: El Centro Avenue	47	115.1	Rural Residential	Residential Country
S-3: Monticello Road	681	1,248.2	Rural Residential	85% Residential Country 13% Residential Single 1% Commercial Limited 1% Planned Development
S-4: Partrick Road	12	37.4	75% Rural Residential 25% Agriculture, Watershed and Open Space	Residential Country

As shown in the table above, the four sub-areas are primarily rural residential areas with some agricultural and open space designations interspersed. Zoning in these areas is Residential Country and Residential Single. Each is outside the City's general plan area and RUL, but not subject to the County's Measure P restrictions on conversion of agricultural and open space lands.

These areas are characterized by average parcel sizes of two to three acres, typically with either exclusively residential use or with small-scale vineyard or equestrian uses. All four sub-sub-areas are contiguous to the City's boundary and have access through the City's street network. Extensive portions of the Monticello area (S-3) and all of the Partrick Road area (S-4) receive water from the City through outside service extensions that either pre-date LAFCO's authority to review such extensions or that the Commission has approved since 1993. The other two areas rely on groundwater. Some level of further demand for City water service may be expected to emerge in the future as a result of individual well problems or other localized conditions. The use of recycled wastewater for application to vineyards or other non-residential uses may also be a long-term possibility in the Coombsville area (S-1).

In the development of this report, no indication of widespread community support for eventual annexation to the City has emerged in any of these areas. While some demand for City water service may be expected to arise as groundwater problems occur, there is no indication of demand for other City services to these areas.

Recommendation – Secondary Study Area

In the absence of City action to amend its General Plan and RUL, these sub-areas cannot be accurately described as part of the City's "probable boundary and service area" as would be necessary under the definition of sphere of influence. However, underlying conditions, including local planning policy and demand for City services, may change over time. The purpose of defining and discussing secondary study areas is to alert the Commission, other local government agencies and the public of the proximity and nature of these sub-areas for future consideration.

Staff recommends that the Commission take no action to include any part of the Secondary Study Area in the sphere of influence of the City of Napa at this time. Unless otherwise directed by the Commission, staff will undertake no further analysis of inclusion of these areas in the sphere of influence of the City of Napa within this five-year update cycle.

3.0 Tertiary Study Area

The Tertiary Study consists of ten sub-areas in which the nature of the sub-areas and land use policy make the extension of water and other City services unlikely, but where there may be merit in re-evaluation in future land use planning and service review updates. The Ten sub-areas are identified and summarized below.

Napa SOI Subareas: Land Use Planning Characteristics – Tertiary Study Area (Source: Napa LAFCO)

Subarea	Parcels	Acres	General Plan Designation	Zoning Standard
T-1: McCormick Lane	4	173.4	Agriculture, Watershed and Open Space	Agricultural Watershed
T-2: Monte Vista Drive	1	4.4	Agriculture, Watershed and Open Space	Residential Country
T-3: Howard Lane	1	1.9	Agricultural Resource	Agricultural Preserve
T-4: Orchard Avenue	3	6.1	Agricultural Resource	Agricultural Preserve
T-5: Redwood Road	4	19.1	Agricultural Resource	Agricultural Preserve
T-6: West Silverado	5	25.2	Agricultural Resource	Agricultural Preserve
T-7: W. Old Sonoma Road	4	32.4	Agriculture, Watershed and Open Space	Agricultural Watershed
T-8: Wyatt Avenue	1	22.8	Agriculture, Watershed and Open Space	Agricultural Watershed
T-9: Penny Lane	17	37.1	Agriculture, Watershed and Open Space	Residential Country
T-10: Anderson Road	1	35.2	Agriculture, Watershed and Open Space	Agricultural Watershed: Airport Compatibility

As shown in the table on the previous page, these sub-areas are designated for Agriculture, Watershed, Open Space and Agricultural Resource use categories. Zoning classifications within these sub-areas are Agricultural Watershed, Residential Country, Agricultural Preserve and Airport Compatibility. Each is outside the City's general plan area and RUL and all are subject to the County's Measure P restrictions on conversion of agricultural and open space lands. The County General Plan designations, Measure P restriction and parcel sizes in these sub-areas distinguish the Tertiary Study Area from other areas discussed in this report.

Parcel sizes in these sub-areas vary widely between two and 43 acres, with an overall average parcel size of approximately 25 acres. These sub-areas typically combine rural residential with small-scale agricultural use. All ten sub-areas are contiguous to the City's boundary and have access through the City's street network. None of the sub-areas receives water service from the City, relying instead on wells. As with the Secondary Study Area, some level of further demand for City water service may be expected to emerge in the future as a result of individual well problems or other localized conditions.

Again, in the development of this report, no indication of widespread community support for eventual annexation to the City has emerged in any of the Tertiary Study Area, though there are occasional letters from property owners interested in receiving water service from the City.

Recommendation – Tertiary Study Area

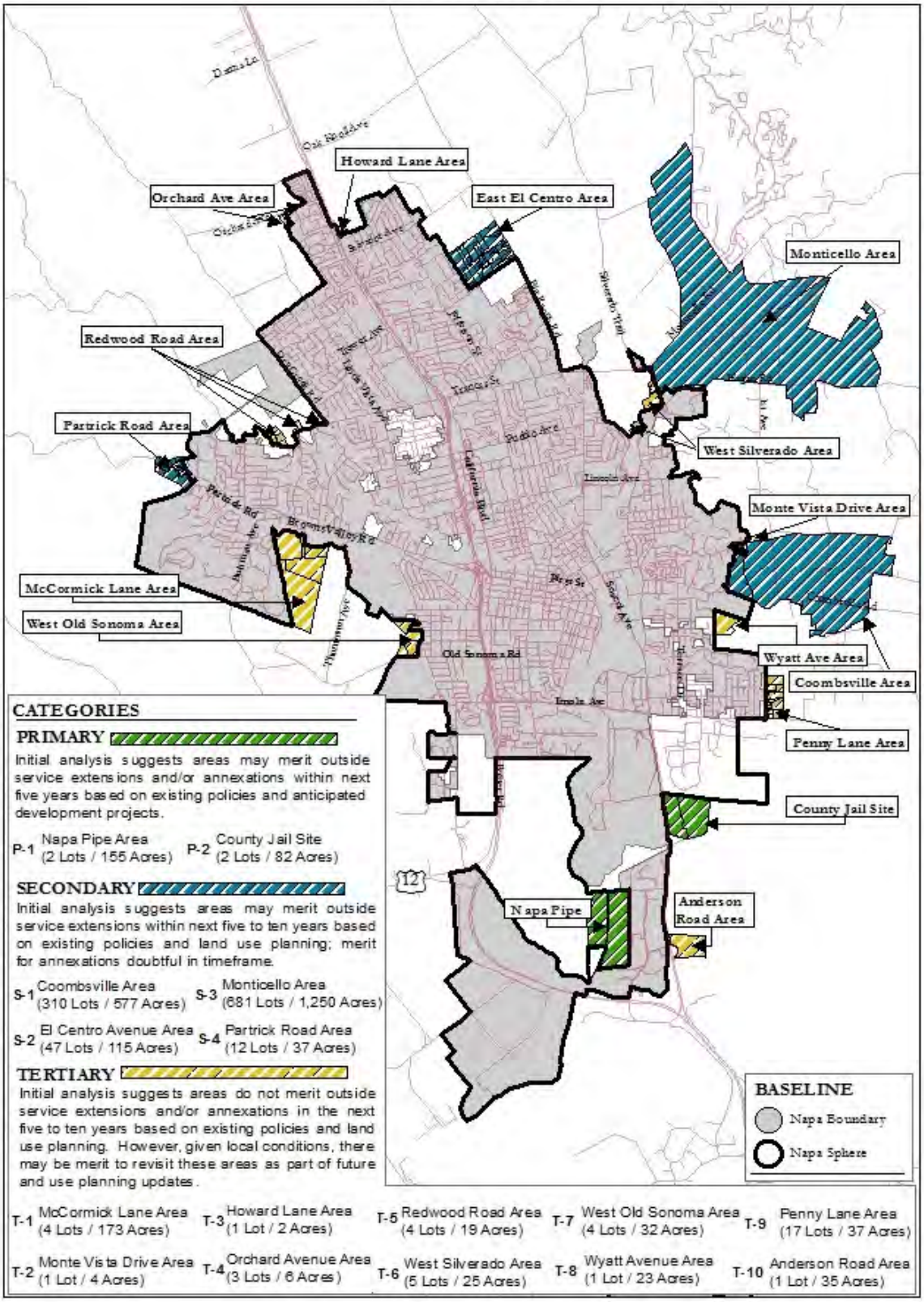
As is the case with the Secondary Study Area, these sub-areas cannot be accurately described as part of the City's "probable boundary and service area" due to their designation for agricultural and open space use under the County's General Plan and the absence of City action to amend its General Plan and RUL. The fact that the Tertiary Study Area is also covered by the County's restrictions against the conversion to urban use of agricultural and open space lands under Measure P further indicates the current improbability of considering these sub-areas as eligible for annexation to the City.

However, these sub-areas do include a component of residential use and each is contiguous to, and receives access from, the City's street system. Underlying conditions, including local planning policy and demand for City services, may change over time. The purpose of defining and discussing a Tertiary Study Area is to acknowledge these facts in the public record and to provide a beginning point to the next five-year update of the City's sphere of influence. In the short term, these sub-areas may be recognized by other agencies as of potential relevance to updates or amendments to City and County general plans.

Staff recommends that the Commission take no action to include any of the ten sub-areas of the Tertiary Study Area in the sphere of influence of the City of Napa at this time. Unless otherwise directed by the Commission, staff will undertake no further analysis of inclusion of these sub-areas in the sphere of influence of the City within this five-year update cycle.

APPENDIX A

City of Napa
Sphere Study Areas



ATTACHMENT TWO

RESOLUTION NO. ___

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

CITY OF NAPA
SPHERE OF INFLUENCE UPDATE & AMENDMENT
COUNTY JAIL SITE

WHEREAS, the Local Agency Formation Commission of Napa County, hereinafter referred to as "the Commission", adopted a schedule to conduct studies of the provision of municipal services in conjunction with reviewing the spheres of influence of the local governmental agencies whose jurisdictions are within Napa County; and

WHEREAS, the Napa Local Agency Formation Commission is required to periodically review and update adopted spheres of influence for each city and special district within Napa County under Government Code Section 56425; and

WHEREAS, the Executive Officer prepared a written report of the review, including his recommendation to add two areas to the sphere of influence of the City of Napa commonly known as the "County Jail Site" and "Napa Pipe"; and

WHEREAS, the Board of Supervisors of Napa County has proposed amendment of the sphere of influence of the City of Napa in order to accommodate construction of a new county jail facility and adopted an environmental impact report thereon; and

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

WHEREAS, the Commission heard and fully considered all the evidence presented at public meetings held on February 3, 2014 and April 7, 2014; and

WHEREAS, the Commission considered all the factors required by law under California Government Code Section 56425.

NOW, THEREFORE, the Napa Local Agency Formation Commission **DOES HEREBY RESOLVE, DETERMINE AND ORDER,** based upon the information contained in the Executive Officer's report, correspondence from affected agencies and information received during the public hearings, as follows:

1. The sphere of influence of the City of Napa is hereby amended to include all areas within the current sphere of influence of the City of Napa as of the date of this resolution plus the area known as the County Jail Site as shown in Exhibit One.

2. The Commission certifies that it has reviewed and considered the environmental impact report prepared for this project by County of Napa acting as lead agency (County Jail Project, Final Environmental Impact Report, January 2014). The Commission finds that changes or alterations to the project and mitigation measures to lessen environmental effects to less that significant levels as identified in the FEIR are within the responsibility of the County of Napa and not LAFCO. The County of Napa, acting as lead agency, has adopted a mitigation monitoring and reporting plan in which staff of the County of Napa is responsible for compliance and is empowered to sanction non-compliance.

3. Pursuant to California Government Code Section 56425 of the Government Code, the Commission adopts the statement of determinations as shown in Exhibit Two.

4. The effective date of this sphere of influence update shall be immediate.

5. The Executive Officer shall revise the official records of the Commission to reflect this update of the sphere of influence.

The foregoing resolution was duly and regularly adopted by the Commission at a meeting held on April 7, 2014 by the following vote:

AYES: Commissioners _____

NOES: Commissioners _____

ABSENT: Commissioners _____

ABSTAIN: Commissioners _____

ATTEST: Laura Snideman
Executive Officer

Recorded by: _____
Kathy Mabry
Commission Secretary

EXHIBIT ONE

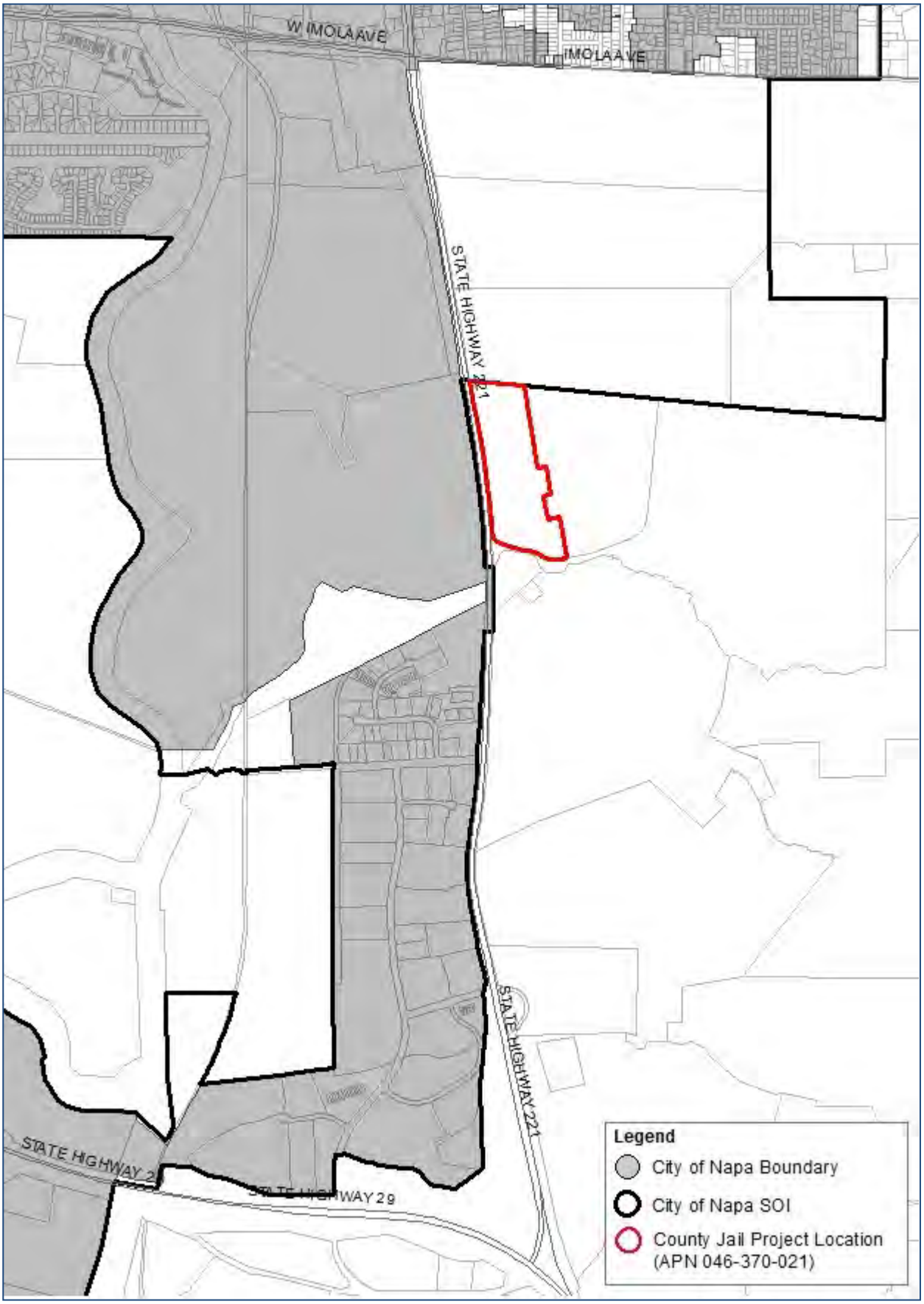

W IMOLA AVE
IMOLA AVE
STATE HIGHWAY 221
STATE HIGHWAY 221
STATE HIGHWAY 29
Legend
City of Napa Boundary
City of Napa SOI
County Jail Project Location
(APN 046-370-021)

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EXHIBIT TWO

STATEMENT OF DETERMINATIONS

CITY OF NAPA
SPHERE OF INFLUENCE UPDATE & AMENDMENT

1. **Present and planned land uses in the sphere, including agricultural and open-space lands.**

   Lands within the City of Napa's updated sphere of influence are predominately developed for urban uses or expected to be developed for urban uses within the next five years. Agricultural and open-space lands in the updated sphere of influence are relatively limited.

2. **The present and probable need for public facilities and services in the sphere.**

   Lands within the City of Napa's updated sphere of influence presently need an elevated level of public services or are expected to need an elevated level of public services within the next five years to accommodate and support urban uses. The City of Napa is best positioned to provide the necessary range of supporting urban services.

3. **The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.**

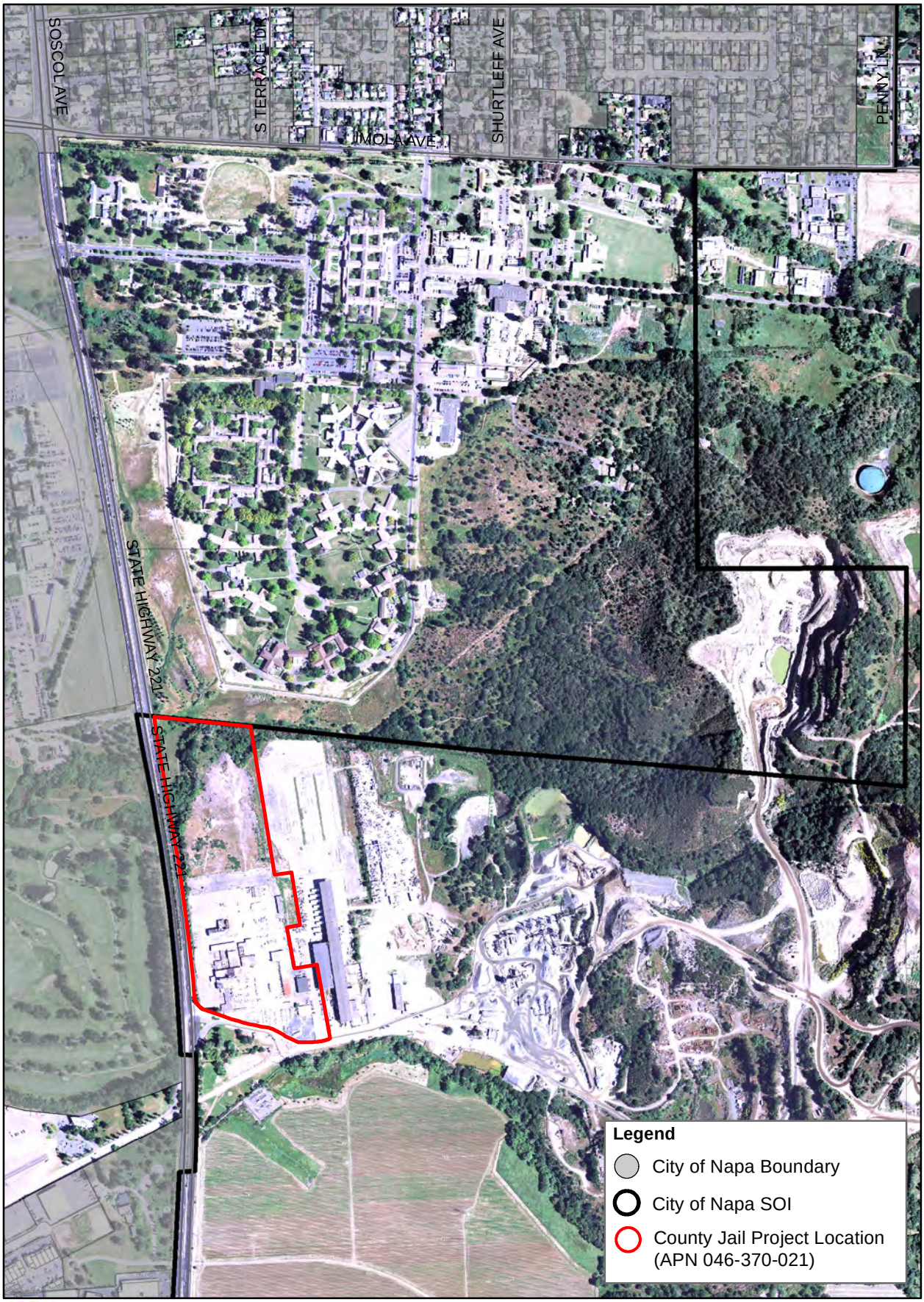
   The Commission's recently completed municipal service review on the Central County region indicates the City of Napa has generally established adequate administrative, service, and financial capacities to accommodate present and planned urban uses within the updated sphere of influence.

4. **The existence of any social or economic communities of interest in the sphere if the commission determines that they are relevant to the agency.**

   Lands within the updated sphere of influence have established social and economic interdependencies with the City of Napa distinct from neighboring unincorporated areas. The update affirms and strengthens these established community ties.

ATTACHMENT THREE

County Jail Project



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

0 0.1 0.2 Miles

** Prepared by LAFCO Staff*
March 19, 2014

ATTACHMENT FOUR

Local Agency Formation Commission of Napa County
1030 Seminary Street, Suite B
Napa, California 94559
(707) 259-8645 Telephone
http://www.napa.lafco.ca.gov

Questionnaire for Amending a Sphere of Influence

1. Applicant information:

   Name: COUNTY OF NAPA

   Address: 1195 THIRD STREET, SUITE 310 94559

   Telephone Number: 253-4621 (Primary) 253-4421 (Secondary)

   E-Mail Address: larry.florin@countyofnapa.org

2. What is the purpose for the proposed sphere of influence amendment?

   TO ALLOW FOR NAPA CITY WATER SERVICE TO PROPOSED NAPA COUNTY JAIL.

3. Describe the affected territory in terms of location, size, topography, and any other pertinent characteristics.

   SUBJECT PROPERTY IS TWO MILES FROM DOWNTOWN NAPA. PARCEL IS 27.11 ACRES.

4. Describe the affected territory's present and planned land uses.

   CURRENTLY HOSTS VACANT BUILDINGS, AND IS USED FOR STORAGE, RETAIL, AND WHOLESALE OF BUILDING MATERIALS AND IMPOUNDYARD FOR A LOCAL TOWING CO.

5. Identify the County of Napa's current land use designation and zoning standard for the affected territory.

ZONED INDUSTRIAL: INTENDED FOR ADMINISTRATIVE FACILITIES, RESEARCH INSTITUTIONS, AND SPECIALIZED MANUFACTURING OPERATIONS.

6. Is the affected territory subject to a Williamson Act contract? If yes, please provide a copy of the contract along with any amendments.

NO.

7. If applicable, identify the governmental agencies currently providing the listed municipal services to the affected territory.

Water: CITY OF NAPA

Sewer: NAPA SANITATION

Fire: NAPA COUNTY FIRE DEPT (CALFIRE)

Police: NAPA COUNTY SHERIFF

Print Name: Lawrence Florin

Date: 3/5/14

Signature:

ATTACHMENT FIVE

County Executive Office

1195 Third Street
Suite 310
Napa, CA 94559
www.countyofnapa.org

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

Nancy Watt
County Executive Officer

A Tradition of Stewardship
A Commitment to Service

MEMORANDUM

To:	Commission Members LAFCO of Napa County	From:	Larry Florin, Director Housing and Intergovernmental Affairs
Date:	3/13/2014	Re:	Sphere of Influence Application

The enclosed application to the Local Agency Formation Commission of Napa County is for a Sphere of Influence amendment for a parcel currently located in the County of Napa. This parcel is under consideration for a use which would require inclusion in the City of Napa's service area for access to water and sanitation.

Napa County is considering this parcel for the construction of a new jail facility. The project site is located in unincorporated Napa County, approximately two miles from downtown Napa. The parcel is currently privately owned and zoned for industrial use (Pacific Coast parcel: assessor's parcel number [APN] 046-370-021). A portion of the parcel is currently used for retail and wholesale of building materials. The majority of the site has been previously graded, graveled, and paved. Site access is provided by Napa-Vallejo Highway/State Route (SR) 221 and the private roadway serving the adjacent Syar Napa Quarry.

The existing Napa County Jail is located at the Hall of Justice at 1125 3rd Street in downtown Napa. Built in 1976, the Hall of Justice consists of approximately 72,800 square feet located on approximately one acre. The County has been considering demolition and expansion of the existing jail for several years, to accommodate a growing inmate population, provide up-to-date security, and increase the operating efficiency of the facility.

The proposed Jail site is zoned Industrial. The Napa County Zoning Code defines an Industrial use "provide an environment exclusively for and conducive to the development and protection of a variety of industrial uses as administrative facilities, research institutions, and specialized manufacturing organizations to be located in areas suitable for industrial development."

The General Plan Designation for the proposed Jail site is presently designated as "Study Area" in the *Napa County General Plan* (Napa County 2008b:AG/LU-67). According to General Plan Policy AG/LU-52, "this [Study Area] designation allows industrial uses to continue pursuant to existing zoning, but signals the need for further site-or area-specific planning to assess the potential for a mix of uses in this area. The Study Area designation is intended to be applied to the Pacific Coast parcel in the unincorporated area south of the City of Napa, where sufficient infrastructure may be available to support mixed-use development." (Napa County 2008b:AG/LU-28)

The Jail project includes a General Plan amendment to re-designate the project site from "Study Area" to "Public-Institutional." Rezoning would not be required because the County-owned facility would be consistent with the Public-Institutional land use category, no matter what zoning district the project site is in. According to General Plan Policy AG/LU-53, the intent of the "Public-Institutional" land use designation is "to indicate those lands set aside for those existing and future uses of a governmental, public use, or public utility nature such as a public hospital, public use airport, sanitation district facilities, government equipment yard, state or federal administrative offices, recycling-composting facilities, or any other facilities for which the determinations set forth, pertaining to criteria for eminent domain in the California Code of Civil Procedures Section 1245.230(c)(1) through (3), can be made." As part of the proposed project, the County would amend the relevant General Plan text and land use map.

Napa County requests LAFCO place this Sphere of Influence amendment on the April 7th agenda for the following reasons: 1) Napa County has an option on this parcel, which expires by the end of April; and 2) Napa County has an obligation to fulfil its due diligence in order to secure state grant funding. This requires the County show it has obtained access to water and sewer service to this site by no later than April 15th.

Thank you in advance for your timely consideration of the request for placement of this Sphere of Influence amendment on your April 7th agenda.

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

1030 Seminary Street, Suite B
Napa, California 94559
Phone: (707) 259-8645
Fax: (707) 251-1053
www.napa.lafco.ca.gov

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

April 7, 2014
Agenda Item No. 6b (Public Hearing)

March 31, 2014

TO: Local Agency Formation Commission

FROM: Peter Banning, Acting Executive Officer
Brendon Freeman, Analyst

SUBJECT: **Central County Region Municipal Service Review: Final Section on Central County Special Districts**
The Commission will receive a final section of its scheduled municipal service review on the Central County region specific to Napa Sanitation District, Congress Valley Water District, and Silverado Community Services District. The report is being presented to the Commission to file. The Commission will also consider adopting a resolution confirming the determinative statements in the report.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH") directs Local Agency Formation Commissions (LAFCOs) to prepare municipal service reviews every five years to inform their other planning and regulatory activities. This includes 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 factors that include addressing infrastructure needs or deficiencies, growth and population trends, and financial standing as required by California Government Code (G.C.) Section 56430.

A. Discussion

Central County Region Study

Staff has prepared a final report representing LAFCO of Napa County's ("Commission") scheduled municipal service review of the Central County region; an area defined by the Executive Officer to encompass all lands extending south to Soscol Ridge, west to Congress Valley, north to Oak Knoll, and east to Silverado. The principal objective of the municipal service review is to develop and expand the Commission's knowledge and understanding of the provision of municipal services within the region relative to present and projected needs throughout the county. The final report follows the presentation of a draft at the February 3, 2014 meeting and focuses on the level and range of governmental services provided in the

Joan Bennett, Vice Chair
Councilmember, City of American Canyon

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

Brian J. Kelly, Chair
Representative of the General Public

Greg Pitts, Commissioner
Councilmember, City of St. Helena

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

Laura Snideman
Executive Officer

region relative to present and projected community needs in anticipation of subsequent sphere of influence updates. This includes evaluating the availability and adequacy of municipal services provided – directly or indirectly – by the four principal local service providers operating in the Central County region subject to Commission oversight. These agencies include: (a) City of Napa; (b) Napa Sanitation District (NSD); (c) Congress Valley Water District (CVWD); and (d) Silverado Community Services District (SCSD).

It was staff's original intention to prepare a complete draft report on the municipal service review – including a regional overview paired with individual profiles on all four affected agencies – for Commission and public review. However, in consultation with the affected agencies, staff has revised its initial work plan to prepare and present the report in two phases. The first phase involved preparing the municipal service review section specific to the City of Napa. The Commission completed action on this report at its meeting on December 3, 2013. The second phase involves preparing the municipal service review section for NSD, CVWD, and SCSD. The underlying purpose in phasing the municipal service review is to enable the Commission to focus its attention first on the service and governance issues tied to the City of Napa given that its subsequent sphere of influence update will help inform the updates of the other three agencies included in the study.

Consistent with the preceding comments, the second phase of the municipal service review is attached and represents the final section for the three Central County special districts. The final section is divided into eight subsections – overview, formation and development, adopted jurisdictional boundary, sphere of influence, demographics, organizational structure, municipal services, and financial standing – and culminating with determinative statements addressing all of the factors required for consideration under CKH.

Revisions from Draft Section

Staff has made minimal revisions to the final section relative to the draft presented at the February 3rd meeting. No comments on the draft section were received and therefore all changes are considered non-substantive.

B. Summary

With regard to central issues and key conclusions identified in the final section, information independently collected and analyzed indicates municipal services provided by NSD, CVWD, and SCSD appear effectively managed and largely responsive to meeting current and projected community needs. Specific areas of interest to the Commission relative to its mandates and policy interests are memorialized in the determinations section and include the following pertinent conclusions.

- NSD's population over the next 10 years within the existing sphere of influence will generally match its principal service area – the City of Napa – and supplemented by minimal increase in the unincorporated portions of its service area, primarily Silverado. Growth rates of less than one percent per year are expected in the service areas of NSD, CVWD and SCSD.

- NSD, CVWD and SCSD are providing reliable services within their respective service areas and are expected to meet current and projected demands for service under the existing general plans of Napa County and the City of Napa.

- Each of the three special districts described in this study finished the last fiscal year in relatively good financial standing as measured by high liquidity and capital ratios. These ratios provide some assurance that each district has sufficient resources to meet short- and near-term financial obligations as highlighted by net assets exceeding long-term liabilities.

- NSD and SCSD are dependent districts, with an appointed board (NSD) or governed by an *ex officio* board of directors (SCSD). CVWD is independently governed by a directly elected board, but that board is wholly dependent on the City of Napa to provide water service. Despite the lack of direct control over services by the residents of each of the three districts service areas, the study concludes that the existing arrangements for service and governance are appropriate and/or alternative arrangements are not likely to provide net improvement.

- The MSR section for the City of Napa discussed a "…governance disconnect between the boundary of the City of Napa and its historical water service area given that the latter extends significantly beyond the City's incorporated area and sphere of influence." This is partly reflected in the Congress Valley Water District's contract for service with the City. While there is no obstacle to public agencies entering into such contracts, this contract calls for the dissolution of CVWD in 2017. LAFCO may not be able to approve the dissolution under the restrictions of G.C. Section 56133. In pointing this out, the report suggests that the provisions of the contract on dissolution of CVWD be reviewed by the City and the District prior to the scheduled implementation of this provision in 2017.

C. Alternatives for Commission Action

The following two alternatives are available for Commission action.

Alternative One

a) Approve by motion to receive and file the attached final Central County region municipal service review section on NSD, CVWD, and SCSD; and

b) Adopt by motion the attached draft resolution making determinative statements as outlined in the final report with or without changes.

Alternative Two

a) Continue consideration to a later date and provide direction to staff as needed regarding any additional information requests.

D. Recommendation

Staff recommends the Commission take the prescribed actions identified under Alternative One in the preceding section.

E. 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) Open the public hearing (required);
3) Receive public comments, if any;
4) Close the public hearing; and
5) Discuss item and consider action on recommendation.

Respectfully submitted,

Peter Banning Acting Executive Officer	Brendon Freeman Analyst

Attachments:

1) Final Central County Region Municipal Service Review: Section on NSD, CVWD, and SCSD
2) Draft Resolution Approving Determinative Statements

B. Napa Sanitation District

1.0 Overview

The Napa Sanitation District (NSD) was formed in 1945 to provide public wastewater service for the City of Napa ("Napa") and surrounding unincorporated urban areas. Actual service began in 1949 following the completion of NSD's first wastewater treatment plant (Imola WTP) and an initial collection system covering most of the then-incorporated area extending between Pueblo Avenue to the north and Kaiser Road to the south. NSD's formation coincided with significant land use change between 1940 and 1950 when subdivision activity intensified to accommodate a population that was rapidly increasing. In the 1960s and into the 1970s, the District invested in separating storm drainage from sanitary sewer facilities in order to reduce demand on the treatment plant during winter storms. NSD expanded its services in the 1970s to include retail recycled water following the completion of a new wastewater treatment plant (Soscol WTP).

Napa Sanitation District

Date Formed	1945
Enabling Legislation	Health and Safety Code 4700 et. seq.
Active Services	Wastewater Reclaimed Water
Estimated Residential Service Population	81,448

NSD currently has an estimated resident service population of 81,448 with a jurisdictional boundary covering nearly all of the City of Napa as well as most surrounding unincorporated development, including the Silverado area and the Napa Valley Gateway Business Park. NSD is organized as a "dependent" special district, meaning that its five-member Board is not directly elected, but consists of appointed officials from the Napa City Council and County Board of Supervisors. NSD's revenues consist of user fees; the District does not collect or share in property taxes revenues. The current NSD operating budget is approximately $18.4 million. The total number of budgeted fulltime equivalent employees is 50 and has increased by five positions over the last ten years. NSD's current unrestricted/unreserved fund balance is $13.6 million.

2.0 Formation and Development

2.1 Community Need

The central county region – anchored by Napa – began experiencing significant increases in growth in the early 1940s and aided by the dual factors of proximity to wartime operations at Basalt Rock and Mare Island and accommodating land use policies aimed at becoming a large metropolitan community; the latter highlighted by the first Napa County General Plan anticipating a City population of 150,000 by 1990. Accelerated population growth in the Napa region required a transition from its previous state as a rural area served by small wastewater and storm collection systems discharging to local ponds (or directly to the Napa River) to a more densely populated community in need of a sewage collection system and treatment facility.[1]

[1] Napa and the County had also established public collection systems within their respective jurisdictions. These collection systems, however, were jointly used to capture and convey both wastewater and storm water to local drainage ponds/fields that were located throughout the region.

2.2 Formation and Initial Development

NSD's formation was completed in November 1945 through an agreement between the City of Napa and County of Napa to provide wastewater services for existing and planned urbanized areas throughout the central county region. Two-thirds of the District's initial 5,000 acre jurisdiction covered the incorporated area of the City and one-third extended over unincorporated lands. The NSD governing Board accordingly consisted of three appointed members: two from the Napa City Council and one from the County Board of Supervisors. The service population of the District at inception was approximately 22,000.

Upon formation, and drawing on funds collected from the property tax roll, NSD hired a general manager to oversee the design of an initial collection and secondary treatment system. These efforts ultimately led to a final design approval by the NSD Board in June 1946 followed by a successful special assessment election in August 1946 authorizing the District to sell $1.0 million in bonds to help fund the construction of the Imola WTP along the eastern shoreline of the Napa River and an initial collection system.[2] An additional $0.3 million towards construction costs were also contributed by the State of California for NSD agreeing to serve the Napa State Hospital. The Imola WTP commenced operations in September 1949 with a daily design capacity of 4.0 million gallons.[3]

2.3 Growth Impacts

Napa's growth between 1950 and 1960 – the City's population increased by 63% from 13,579 to 22,170 – proved taxing to NSD's infrastructure as average day flows began to reach and occasionally exceed the design capacity of the Imola WTP. Overflows of raw wastewater into the Napa River became more common and promoted NSD to adopt restrictions on new connections in October 1963 and call for a new special assessment to fund needed capital improvements.[4] The vote for a new special assessment, however, was rejected by voters in February 1964. This election defeat was followed by a cease and desist order by State regulators banning any new connections in November 1964 until specific improvements were made in order to protect the Napa River against dry-weather overflows. The cease and desist order was eventually lifted following voter approval of a new special assessment in October 1965 authorizing NSD to sell $8.0 million in additional bonds. Revenues generated from the second special assessment, notably, funded the expansion of the Imola WTP to raise the daily capacity to 5.0 million gallons, increase storage capacity within its oxidation ponds, and install new trunk line to handle sewer flows in north Napa.

[2] The special assessment election in 1946 also authorized NSD to purchase the referenced collection systems that had been constructed earlier by Napa and the County for specific development projects.

[3] The Imola WTP was constructed to provide both primary and secondary treatment with the latter being subsequently eliminated due to demands and costs.

[4] These restrictions included a moratorium on new connections located north of the Napa Creek and west of the Napa River unless previously entitled byway of an earlier contract.

2.4 New Wastewater Treatment Standards

A series of new Federal and State regulations beginning in the late 1960s and into the early 1970s established higher treatment thresholds for all public wastewater agencies and enacted significant restrictions on agencies – such as NSD – to discharge into surface waters during dry-weather seasons. These new regulations were highlighted by the Clean Water Act of 1972 and the resulting permit program known as the National Pollutant Discharge Elimination System (NPDES) aimed at regulating the treatment and timing of wastewater discharges into surface waters. The introduction of new treatment and discharge regulations prompted NSD to enter into a joint-powers agreement within the American Canyon County Water District known as the Napa-American Canyon Wastewater Management Authority ("Authority") in 1975. The Authority, which paralleled an existing service arrangement between the two affected parties in which NSD was already providing treatment through a common force main located near the Napa County Airport, facilitated the construction of the Soscol WTP in 1978 to supplement ongoing operations at the Imola WTP.[5] The construction of the Soscol WTP, provided NSD the ability to begin treating wastewater to a standard allowing for dry-season irrigation of pastures, orchards, and fodder which lessened the District's demand on its oxidation storage ponds and need for dry-season discharges into the Napa River.[6]

A second series of new regulations enacted by the State Resources Water Quality Control Board (the administrator of NPDES) in the 1980s mandated elimination of dry-season discharges into surface waters by the end of the decade. This prompted NSD to reorient its operations to focus on expanding its recycled water projects. Towards this end, NSD completed the Kirkland Pipeline project that included the purchase of additional agricultural property for dry-season irrigation as well as connection to the Chardonnay Golf Club, the District's first external paying customer for recycled wastewater. NSD also completed work on a comprehensive upgrade to the Soscol WTP to expand the scope of its recycled water program by raising treatment standards from secondary to tertiary in 1997.[7]

2.5 Governance Reviews

There have been at two separate reviews over the last 20 years with regard to considering the merits of reorganizing NSD. The first formal review was initiated by NSD in 1995 in response to a grand jury report. The study considered – among other items – two alternatives: reorganizing the District as an independent special district with a directly elected board or merging with Napa. This review – prepared by an NSD subcommittee and in consultation with the Commission, City of Napa, and the County – produced a recommendation that was ultimately enacted through special legislation to increase the number of appointed board members of the existing sanitation district from three to five with the two new seats belonging to members of the public, each appointed by the City or

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5 The Soscol WTP was initially designed with a daily capacity of 15.4 million gallons.

6 The Authority was dissolved in 1994 following the incorporation of American Canyon.

7 NSD reached a 20-year agreement with Napa in 1998 allowing the District to solicit and provide reclaimed water service within a specified area of the City's water service area. Referred to as the "reuse area," the agreement defines NSD's recycled service area as lands east of the Napa River, south of Imola Avenue, west of Highway 221, and north of American Canyon. The agreement also allows NSD to deliver reclaimed water to the Napa State Hospital, Stanly Ranch, and the South Napa Market Place. NSD agrees to reimburse Napa for the loss of potable water sales revenue in the event customers take delivery of recycled water in lieu of potable water from the City. NSD also agrees to furnish up to 50 acre-feet per year of reclaimed water to Kennedy Park and Napa Valley College at no cost.

the County.[8] The second review was performed directly by the Commission as part of its inaugural municipal service review of NSD. This study concluded with a determination that the current governance structure appropriately balances the interests of both the City and the County while allowing NSD to remain independent in matters affecting local land use decisions.[9]

3.0 Existing Boundary and Jurisdiction

3.1 Current Composition

NSD's existing jurisdictional boundary is approximately 21.5 square miles in size and covers 13,834 acres. There are currently 25,917 parcels within the jurisdictional boundary and divided between 71.4% incorporated and 28.6% unincorporated lands. All developed parcels have established wastewater services with NSD. Since the District's Board is appointed rather than directly elected, County Elections does not maintain a count of registered voters within NSD.

NSD's Jurisdictional Characteristics (Source: Napa LAFCO)	
Total Jurisdictional Acreage	13,834
Total Jurisdictional Parcels	25,917
- Percent Incorporated	71.4%
- Percent Unincorporated	28.6%
Percent of Jurisdictional Parcels Connected	100%
Registered Voters	41,377
- Percent Incorporated	93%
- Percent Unincorporated	7%

3.2 Jurisdictional Trends

NSD's jurisdictional boundary continues to evolve as a result of new annexations. The Commission has approved and recorded 420 annexations covering 7,200 acres since 1963 increasing the District's service area by one-half. The timing of these annexations has been relatively steady during each of the last five decades with the maximum occurring in the 1980s when a total of 108 annexations were approved.

The Commission has approved and recorded 420 annexations to NSD since 1963 and has expanded the District's jurisdictional size by one-half.

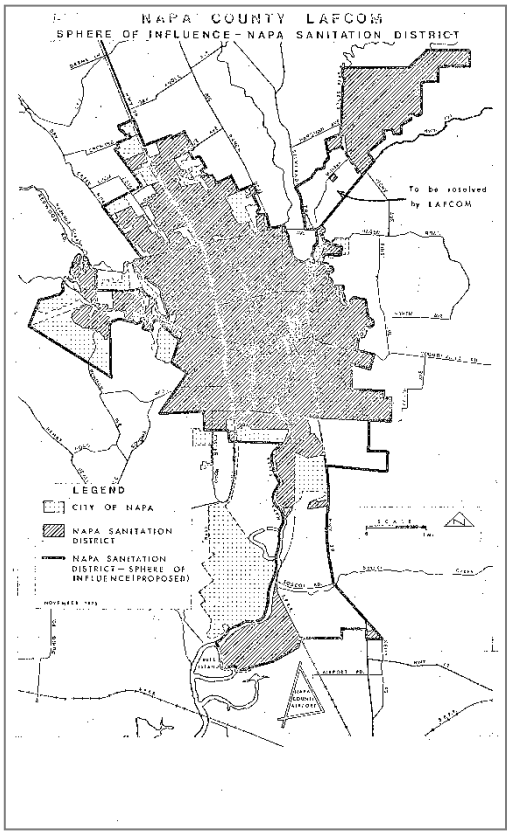
There have been a total of 15 approved and recorded annexations to NSD since the last municipal service review was completed by the Commission in late 2006. These approvals have added 37 parcels covering 495 acres with the majority involving underdeveloped lands in which the proposal was intended to facilitate a development project. A map showing all of the approved annexations during this latter period is provided as Appendix B.

[8] Reference California State Senate Bill 156 (Thompson) in 1995.
[9] The municipal service review on NSD and the referenced determination was adopted by the Commission in April 2006.

4.0 Sphere of Influence

4.1 Establishment in 1975

NSD's sphere was established by the Commission in 1975. Principal planning factors used by the Commission in establishing the location of the sphere included assessing the service capabilities of NSD over the next five year period paired with the adopted land use policies of Napa and the County with respect to planned urban development. The result was a sphere encompassing approximately 14,510 total acres or 22.7 square miles and covering NSD's entire jurisdictional boundary along with most lands lying within Napa's RUL with the notable exception of the Stanly Ranch area. Further, and within the total amount added to the sphere, the Commission included an estimated 1,465 acres of land lying outside the RUL to reflect either existing service commitments (Kaiser Steel and Napa State Hospital) or areas expected to need sewer within the near term (Monticello Road area) based on current and planned urban land uses.



4.2 Update in 1976

The Commission initiated an update to NSD's sphere one year later in 1976 at the request of NSD to address the District's objection to including the Monticello Road area. NSD asserted that the collection line traversing the area – Milliken Trunk Line – was not capable of serving the residential uses in the Monticello Road area given the majority of available capacity had been contractually reserved to accommodate additional development in development of the Silverado area. The Commission unanimously adopted the second update highlighted by the removal of the approximate 900 acre Monticello Road area from the sphere.[10]

4.3 Update in 2006

The Commission adopted a third update to NSD's sphere in 2006. This update – which was required by the earlier enactment of CKH and its cornerstone provision that LAFCOs review and update each agency's sphere by 2008 and every five years thereafter – resulted in a net increase to the NSD sphere of 1,950 acres, an expansion of 13%. These additional acres comprised 16 separate areas and highlighted by Foster Road, Big Ranch Road, and Stanly Lane. A key result of this third update was to ensure all lands within Napa's RUL (which had been revised in 1982 and not reflected in the earlier update) are in NSD's sphere.

[10] The Commission adopted 29 amendments to the NSD sphere adding 1,150 acres after the 1976 update through 2005. The majority of these amendments involved lands located in the Napa RUL and involved concurrent annexations to the City. The remaining portion of the amendments involved unincorporated lands located south of the Soscol Ridge and north of the City of American Canyon, including the Napa County Airport and surrounding industrial area.

The third update also added unincorporated lands lying outside the RUL that had established service through outside service agreements prior to becoming subject to LAFCO oversight, such as Eagle Vines and Chardonnay Golf Clubs. These amendments to the District's sphere did not include the Monticello unincorporated area.

4.4 Current Composition

There are 367 parcels covering approximately 2,500 non-jurisdictional acres in NSD's existing sphere eligible for annexations or outside service extensions.

NSD's sphere – which includes two distinct and non-contiguous areas centering on the City of Napa and the Silverado area – has not been further amended since the last update completed in 2006. The District's sphere presently encompasses 26.1 square miles or 16,710 acres. Of this amount, there are a total of 367 parcels covering 2,577 acres currently within the sphere eligible for annexation or outside service extensions. In other words, 15% of the sphere acreage remains outside the NSD jurisdictional boundary. A map showing lands in the sphere and eligible for annexation or outside service extensions is provided as Appendix C.

5.0 Demographics

5.1 Population

NSD's current resident population is estimated at 81,448. This estimate represents an overall population growth rate of 3.9% over the last 10 year period or 0.4% annually. Almost all of the projected growth within NSD is attributed to new residential development within Napa. Residents of the City currently account for 96% of the District's total population. The remainder of the population is divided between three unincorporated areas with the bulk lying within 20 islands surrounded by Napa but served by NSD followed by the Silverado and Penny Lane areas.

Recent Population Growth
(California Department of Finance / Napa LAFCO)

Jurisdiction	2003	2013	Difference	Annual Percentage
NSD	78,286	81,448	3,162	0.4%

Division of NSD's Current Population
(California Department of Finance / Napa LAFCO)

Service Area	2003	2013	Difference	Percentage
Napa	74,736	77,881	3,145	4.2
Island Properties	2,181	2,181	-	-
Silverado	1,325	1,342	17	1.3
Penny Lane	44	44	-	-
Total	78,286	81,448	3,162	0.4%

* *LAFCO does not measure any new residential growth within the unincorporated islands or Penny Lane over the last 10 years based on information available on GIS.*

* *Silverado's estimated population accounts only for permanent residences. An additional population base consisting of vacation/second homes totals 561 and – when occupied – would increase the population within the community from an estimated 1,342 to 2,745.*

With respect to projections, and for purposes of this review, it is reasonable to assume NSD's permanent resident population over the next 10 years within the existing sphere will generally match its principal service area – Napa – and modestly supplemented by a minimal increase in new residential development in Silverado. The assumptions suggest NSD's permanent resident population within its existing sphere designation will modestly increase relative to the previous decade and rise on average from 0.4% to 0.5%. The substantive result of these assumptions would be an agency-wide permanent resident population of 85,355 by 2023.

It is reasonable to assume NSD's growth rate in permanent residents will generally follow its principal service area – Napa – and increase over the next 10 years from 0.4% to 0.5%. This assumption would result in an agency-wide population of 85,355 by 2023.

Projected Population Growth within Existing Sphere
(Napa LAFCO)

Jurisdiction	2013	2018	2023	Difference	Annual Percentage
NSD	78,286	83,401	85,355	7,069	0.9

5.2 Population Density

NSD's permanent population density is estimated at 3,788 residents for every square mile. This amount is 13% less than Napa's overall population density and is primarily attributable to uninhabited industrial lands comprising NSD's southern jurisdictional area. The following table depicts densities estimates within NSD's four distinct service areas.

NSD's permanent population density is estimated at 3,788 residents for every square mile.

Population Densities within NSD's Service Areas
(Napa LAFCO)

Jurisdiction	Population	Land Area (Square Miles)	Permanent Residents Per Square Mile
Napa	77,881	18.2	4,279
Island Properties	2,181	0.29	7,520
Silverado	1,342	2.0	671
Penny Lane	44	.0625	704
Total			

6.0 Organizational Structure

6.1 Governance

NSD's governance authority is provided under the County Sanitation District Act of 1923 (Health & Safety Code 4700 et seq.) and empowers the District to provide the following four specific services:

- Collect, treat, and dispose of wastewater (active)
- Treat, store and distribute water supplies (active)
- Operate a refuse transfer or disposal system; collection is prohibited (latent)
- Provide street cleaning and street sweeping (latent)

NSD was originally established in 1945 with a three-member Board consistent with the standard provisions outlined in its principal act consisting of two appointed members from the Napa City Council and one appointed member form the County Board of Supervisors. NSD's Board composition was later expanded by special legislation to include two public members; one additional member appointed by the City of Napa and one by the County Board. NSD Board members serve staggered four year terms and hold regular meetings on the first and third Wednesdays of each month. The current average tenure on the Board is 8.6 years.

Current NSD Board Roster
(NSD)

Member	Position	Background	Years on Board
Jill Techel	City Member	Educator	9
Pete Mott	City Member	Business	1
Mark Luce	County Member	Chemical Engineer	14
Charles Gravett	Public – Napa	Attorney	13
Charles Shinnamon	Public – County	Engineer	6
		Average Years of Board Experience	8.6

As a "dependent" special district with appointed board members, NSD has no elections. Board members serve different terms of office, depending on the agencies they represent. One of the two City members is the Mayor of the City of Napa, the other City member serves at the pleasure of the Mayor. The County member is appointed or re-appointed annually by the County Board of Supervisors. The public member appointed by the City is appointed to a four-year term. The public member appointed by the County Board of Supervisors is appointed to a two-year term of office.

6.2 Administration

NSD appoints a District Manager to oversee all day-to-day operations and the District's current budgeted employee total of 50. The current District Manager – Tim Healy – was appointed in 2010 and has worked within the agency for a total of 23 years. Employees are divided between five divisions briefly described below:

- **Administration**: includes the Board of Directors, General Manager, Safety and Training, and Pollution Prevention functions along with finance and accounting services, human resources, risk management, safety and training, fleet management, pollution prevention and outreach, and general administrative functions.

- **Wastewater Treatment Plant**: includes operation and maintenance of the wastewater treatment plant and laboratory services.

- **Collection System Maintenance**: includes preventive and corrective maintenance and operation of the sewage collection system.

- **Water and Biosolids Reclamation**: includes recycled water system management and disposal of biosolids through land application.

- **Engineering**: includes development review, capital project management, project design/engineering and inspection.

6.3 Organizational Alternatives

As described above, there have been two studies of the possible reorganization of NSD in recent years. The first led to special legislation that created the present expanded NSD governing board. The second study gave a more complete review of the range of legal organizational alternatives to the present sanitation district

This report, *Napa Sanitation District: Options and Opportunities for Governance* (Napa LAFCO, 2004) examines the implications of reorganizing NSD as an independently governed special district (such as a ***sanitary*** district [under Health and Safety Code Section 6400 et seq.]) or as a county service area (CSA) governed by the County Board of Supervisors as its *ex officio* governing board or as a subsidiary district of the City of Napa with the Napa City Council serving as its *ex officio* governing board.

The study concluded that the present sanitation district governance structure appropriately balances the various advantages and disadvantages of the alternatives to the status quo, saying:

> …. it does not seem likely that either customers or local governments would be better served by the transformation of the Napa Sanitation District into another entity, specifically a City or County department. Further, because there are no overlapping special district boundaries or overlapping service deliveries or inefficiencies within the NSD's geographical areas, the NSD does not meet the State's criteria under the mandate to collapse and/or restructure special districts whenever it is efficient and reasonable to do so.

The characteristic of NSD that is most central to the discussion of organizational alternatives is that the District serves both incorporated and unincorporated areas with the preponderance of its service area within the City of Napa. The sanitation district structure, with its board members appointed from the boards of the affected and under-laying agencies, maintains connections between the governance of local government service functions through inter-locking board members.

While it can be said that the existing sanitation district structure of NSD may be less accountable than a directly elected special district board, this consideration may be less important (relative to other municipal services) to the provision of sewer service, which is subject to stringent regulatory authorities and where there is little variation in the desires or expectations of ratepayer consumers. As previously mentioned, over 70% of the territory and over 90% of the registered voters in the District are in the City of Napa. If reorganized as an independent sanitary district, it would not be surprising if all of the district's directly elected board members were residents of the City and none from the unincorporated area.[11] The balance of interests between incorporated and unincorporated residents could be lost.

Other than the debatable advantage of greater accountability from a directly elected independent governing board in this case, the report did not identify any gain in cost or efficiency to be derived from reorganization of NSD as a sanitary district. The 2004 report does not include alternatives that do not require LAFCO approval, such as a contract

[11] The enabling legislation for sanitary districts has no provision for establishing electoral districts for representation of different areas within the sanitary district.

between the existing Sanitation District and the City of Napa, representing a "functional consolidation" rather than a "political consolidation." Under this alternative, Board representation would not be affected. Present employees of the District would become employees of the City. The presumed advantages in cost and efficiency would relate to elimination of duplication in some administrative functions, such as legal counsel, coordination of capital projects and clerical support. The magnitude of the cost savings cannot be estimated without detailed study.

Both of the other types of organizational alternatives – subsidiary district of Napa and county service area – are simply other forms of dependent special districts, one governed exclusively by the County Board of Supervisors and the other governed exclusively by the City Council. Since neither of these alternatives is likely to generate significant cost savings, the governance of the existing sanitation district would remain as a clear advantage as more fairly representative of both city and unincorporated residents.

The purpose of the sanitation district enabling statute is to balance representation between otherwise awkward configurations of city and county jurisdiction. The existing organization of the District accomplishes this objective. In addition, the NSD governing board meets twice per month, a greater workload that could normally be expected of the County Board of Supervisors or the City Council meeting as an *ex officio* governing board for sewer service. Reorganizing NSD to become another form of dependent district would imply reduced board oversight of District operations.

As was the case with the previous study in 2004, staff has not identified significant advantages to reorganization of NSD in terms of cost efficiency, accountability or governance.

7.0 Municipal Services

NSD provides two municipal services at this time: wastewater and recycled water. The majority of the following analysis will focus on NSD's wastewater services given its explicit tie to supporting existing and planned urban uses within its sphere of influence. A more limited review of NSD's recycled water services is offered to document existing and planned activities. The decision to limit the focus of this review with regards to NSD's recycled water service reflects the current limitations on LAFCO authority under Government Code Section 56133; a statute that exempts agencies from needing LAFCO approval prior to extending recycled water service by contact beyond their boundaries.

The focus of the preceding analysis is provides a reasonable and independent "snapshot" of the current availability, demand, and performance of NSD's wastewater services. A cursory review of NSD's recycled water service program is offered for purposes of documenting current and planned activities.

The District provides sewage collection, treatment and disposal services to its service population through approximately 36,000 connections and 270 miles of collection system pipelines. Upgraded treatment facilities have a dry weather treatment design capacity of 15.4 million gallons per day. As described in the District's Annual Report:

> The wastewater is treated and discharged in various manners, depending on the source of the wastewater and the time of year. The District's regulating body, the Regional Water Quality Control Board, permits discharge to the Napa River from November 1 through April 30 (the wet season period). The average discharge of treated water to the Napa River is approximately 14.7 MGD. The District provides full secondary treatment at its wastewater facility whenever discharging to the Napa River.
>
> From May 1 through October 31 (the dry season period) discharge to the Napa River is prohibited and wastewater is either stored in stabilization ponds or treated to the tertiary level and beneficially reused for irrigation in industrial parks, golf courses, pasturelands and vineyards. High quality "Title 22 Unrestricted Use" recycled water is provided to all recycled water users.

The District seeks to ensure that the above services are and will remain adequate and safe for current and future customers through an adopted Master Plan and a State-mandated Sewer Service Management Plan. As described by the District's published information,

> In 2007, Napa Sanitation District completed a Collection System Master Plan. The plan evaluates the condition and performance of the sewer pipe collection system under both current and future (year 2030) buildout conditions. The Master Plan concluded that while the collection system has adequate dry weather capacity to handle anticipated growth, it has inadequate capacity for existing wet-weather peak flows due to excessive inflow and infiltration (I/I) entering the system. I/I occurs where there are cracks or breaks in the sewer main and lateral pipes that allow rainwater or groundwater to enter the sewer pipe system. Inflow can also come from other connections such as rain downspouts or sump pumps that are illegally connected to the sewer system.
>
> The Master Plan concludes that the most cost-effective solution is a combination of I/I reduction projects and capacity upgrades to handle peak flows, as opposed to wholesale capacity upgrades to the system. Based on this recommendation, the District has initiated pilot projects to determine the sources of and best approaches for reducing I/I to the collection system.

NSD also works with other organizations to enhance service or gain efficiencies. The District staff's recent activity reports include the following efforts involving shared services or outreach efforts:

- Coordinated with City of Napa Stormwater staff on the development of BMPs for mobile cleaners;
- Worked with members of the Environmental Education Coalition of Napa County (EECNC) to plan and present Earth Day activities in April;
- Outreach meetings with winery managers and representatives regarding proposed Board action to enforce Industrial User requirements on all winery operations;
- Attended the Bay Area Pollution Prevention Groups bimonthly meeting, with an effort toward getting more involved in shared efforts at pollution prevention;

- Monthly meetings with NSD and County senior staff to coordinate the Milliken-Sarco-Tulcay Pipeline design and construction projects, including providing staff support in outreach efforts and at public meetings;
- Coordinated with Clinic Ole and Napa Can Do volunteers on monthly collection and disposal of unused medications. Worked with other area pharmacy owners and managers to expand the program;
- Leadership role in North Bay Water Reuse Authority Technical Advisory Committee and Finance Committee;
- Discussions with Real Energy, to support the project of reducing solid waste going to landfill by incorporating this waste into new energy-capturing processes;
- Continuation of partnership with City of Napa's Recycle More program that includes curbside collection of cooking oil;
- Continued collaboration with the Los Carneros Water District and the developers of Stanly Ranch area to install a recycled water pipeline under the Napa River and distribution system in the Carneros area.

8.0 Finances

8.1 Assets, Liabilities, and Equity

NSD's financial statements are prepared by the District's Finance Department and included in its annual report at the conclusion of each fiscal year. The most recently issued annual report was prepared for the 2011-2012 fiscal year and includes audited financial statements identifying NSD's total assets, liabilities, and equity as of June 30, 2012. These audited financial statements provide quantitative measurements in assessing NSD's short and long-term fiscal health and are summarized below.

Assets

NSD's assets at the end of the fiscal year totaled $172.3 million. Assets classified as current with the expectation they could be liquidated into currency within a year represented one-eighth of the total amount with the majority tied to cash and investments.[12] Assets classified as non-current represented the remaining amount with the largest portion associated with depreciable structures.[13]

Category	2007-08	2008-09	2009-10	2010-11	2011-12
Current Assets	20.132	20.429	22.537	22.645	21.847
Non-Current Assets	149.455	150.494	148.456	148.786	150.483
Total Assets	$169.587	$170.923	$170.993	$171.431	$172.330

Amounts in millions

Liabilities

NSD's liabilities at the end of the fiscal year totaled $38.4 million. Current liabilities representing obligations owed within a year accounted for one-eighth of the total amount and primarily tied to accounts payable at $1.8 million. Non-current liabilities accounted for the remaining amount with the majority tied to long-term debt at $33.6 million.

[12] Current assets totaled $21.9 million and include cash investments ($17.4 million), accounts receivable ($1.3 million), assessments receivable ($0.3 million), and inventory ($0.1 million).

[13] Non-current assets totaled $150.5 million and include buildings and improvements ($102.8 million), donated sewer lines ($20.4 million), land ($7.4 million), and equipment ($5.9 million) minus accumulated depreciation ($0.6 million).

Category	2007-08	2008-09	2009-10	2010-11	2011-12
Current Liabilities	3.094	3.145	3.441	4.250	4.601
Non-Current Liabilities	37.099	37.097	37.744	35.831	33.751
Total Liabilities	$40.193	$40.242	$41.185	$40.081	$38.352

Amounts in millions

Equity/Net Assets

NSD's equity, or net assets, at the end of the fiscal year totaled $134.0 million and represents the difference between the District's total assets and liabilities. The end of year equity amount incorporates a $13.7 million balance in unrestricted funds. This unrestricted fund balance is attributed to a net operating surplus of $1.0 million.

Category	2007-08	2008-09	2009-10	2010-11	2011-12
Capital Asset Funds	114.093	115.483	112.467	114.273	117.505
Restricted Funds	9.957	4.114	3.014	3.388	2.758
Unrestricted Funds	5.344	11.084	14.326	13.689	13.716
Total Equity	$129.394	$130.681	$129.807	$131.350	$133.979

Amounts in millions

NSD's financial statements for 2011-2012 show that the District experienced a positive change in its fiscal standing as its overall equity, or fund balance, increased by two percent from $131.4 to $134.0 million. This increase in the overall fund balance is directly attributed to NSD's operating surplus in which operating revenues surpassed operating expenditures in recent years. No significant deficiencies or material weaknesses were identified with respect to NSD's financial statements.

Calculations performed assessing NSD's liquidity, capital, and profitability indicate the District finished 2011-2012 with sufficient resources to remain operational into the foreseeable future. Specifically, short-term liquidity remained high given NSD finished the fiscal year with sufficient current assets to cover its current liabilities nearly five-to-one.[14] NSD also finished with manageable long-term debt as its net assets exceeded its non-current liabilities by four-to-one, reflecting a strong capital structure.[15] NSD also finished the fiscal year with a positive operating margin as revenues exceeded expenses by five percent.[16]

8.2 Revenue and Expense Trends

A review of NSD's audited revenues and expenses identifies the District has finished four of the last five completed fiscal years with operating surpluses reflecting a balanced financial structure. The 2007-2008 fiscal year marked the largest end-of-year surplus at $0.9 million and is primarily tied to operating revenues exceeding expenses by nearly one-tenth. NSD's revenues and expenses are segregated into two broad fund categories: (a) operating and (b) non-operating. An expanded review of NSD's audited end-of-year revenues and expenses in the two fund categories follows.

[14] NSD also finished with cash reserves sufficient to cover 318 days of operating expenses.
[15] NSD's debt-to-equity ratio as of June 30, 2012 was 0.25.
[16] NSD's operating margin as of June 30, 2012 was 0.05.

Fund Category	2007-08	2008-09	2009-10	2010-11	2011-12
Operating					
Revenues	17.215	17.922	18.211	19.204	19.515
Expenses	15.935	17.153	17.894	17.621	18.486
Non-Operating					
Revenues	1.392	1.978	0.617	0.409	0.257
Expenses	1.794	1.923	1.906	1.151	1.105
Total					
Revenues	18.607	19.900	18.828	19.613	19.772
Expenses	17.729	19.076	19.800	18.772	19.591
	$0.878	$0.824	($0.972)	$0.841	$0.181

Amounts in millions

** All information reflects audited financial statements in CAFRs and based on GAAP accrual basis accounting.*

8.3 Current Budget

NSD's adopted budget for the 2013-2014 fiscal year totals $20.0 million. This amount represents NSD's total approved expenses or appropriations for the fiscal year. An expanded review of budgeted expenses and revenues follows.

Operating

NSD's operating budget unit supports basic District sewer service activities. Approved expenses total $13.6 million with three-fifths of the appropriation dedicated to salaries and benefits. Estimated revenues are projected at $19.2 million with proceeds expected to be nearly entirely generated from sewer service related fees and charges. NSD is projected to experience a $5.6 million operating surplus and would further increase its budgeted unreserved/unrestricted fund balance from $9.5 million to $15.1 million.

Capital Improvement

NSD's capital improvement budget unit supports the replacement and rehabilitation of existing capital assets as well as the acquisition or construction of new capital assets. Approved expenses are estimated at $29.8 million and allocated to projects including mainline sewer rehabilitation, a manhole raising program, and inflow/infiltration reduction programs. New revenues are budgeted at $24.8 million and will be drawn from development capacity charges, interest earnings, Federal grants, and intra-governmental transfers.

9.0 Agency Specific Determinations

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

9.1 Growth and Population Projections

a) NSD's permanent resident population over the next 10 years within the existing sphere will generally match its principal service area – the City of Napa – and supplemented by a minimal increase in new residential development in Silverado. The assumptions suggest NSD's permanent resident population within its existing sphere designation will modestly increase relative to the previous decade and rise on average from 0.4% to 0.5%. The substantive result of these assumptions would be an agency-wide permanent resident population of 85,355 by 2023.

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

a) A review of available economic data compiled as part of the most recent American Communities Survey does not identify any distinct areas within NSD's existing sphere of influence meeting the definition of a disadvantaged unincorporated community.

9.3 Present and Planned Capacity of Napa Sanitation District's Public Facilities, Adequacy of Public Services and Infrastructure Needs of Deficiencies

a) The capacities of the District's collection and treatment facilities are sufficient to service the existing service population. Planned facility upgrades, with ongoing District plans and monitoring programs, are expected to be sufficient to serve a slowly expanding service population.

9.4 Financial Ability to Provide Services

a) Sewer service rates charged by NSD are sufficient to support the District's capital and operating expenditures into the immediate future.

b) Approved capital expenditures are estimated at $29.8 million and allocated to projects including mainline sewer rehabilitation, a manhole raising program, and inflow/infiltration reduction programs. New revenues are budgeted at $24.8 million and will be drawn from development capacity charges, interest earnings, Federal grants, and intra-governmental transfers.

c) The District has finished four of the last five completed fiscal years with operating surpluses reflecting a balanced financial structure. NSD's overall equity has increased from $131.4 to $134.0 million. The increase in equity is attributable to NSD's operating surpluses in which operating revenues have surpassed operating expenditures in recent years.

9.5 Status and Opportunities for Shared Facilities

a) NSD engages with other agencies in frequent and diverse programs to share programs and facilities enhancing public services. These efforts include educational activities, public outreach, reuse of resources, pollution prevention, and coordination of capital projects and extension of the use of recycled wastewater.

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

a) NSD's governance as a sanitation district - by a board of directors appointed by the City and the County with additional appointed members according to special legislation – appropriately balances the interests of residents of incorporated and unincorporated areas.

b) Detailed study of NSD's organizational structure as a sanitation district and the alternatives to that structure has found that the present sanitation district governance structure functions as well or better than alternatives to the current form of the Districts organization as a sanitation district. Services provided by NSD are primarily to the City of Napa. 71.4% of the District's jurisdictional area and 91% of the District's registered voters lie within the City's boundary, thus meeting the minimum requirements for the District to become a subsidiary district of the City. However, no significant change in underlying conditions of jurisdiction or net advantage for the alternative structures has been identified since study was completed in 2006.

c) NSD's accountability to the public is enhanced by an informative website, educational programs, facility tours, pollution prevention and other programs that seek to actively report to and engage its customers.

9.7 Relationship with Regional Growth Goals and Policies (Local Policy)

a) Special districts have no authority over land use and hence no direct participation on the policy level that would connect the activities of the district with regional growth. NSD's policies specifically state that the District will neither act to encourage or discourage growth, but will facilitate growth as planned by agencies responsible for growth policy.

C. Congress Valley Water District

1.0 Overview

The Congress Valley Water District (CVWD) was formed in 1949 to provide water service to the unincorporated community of Congress Valley; a rural residential area located immediately west of Napa. CVWD's formation was engendered by area landowners in response to diminishing groundwater supplies principally attributed at the time to the development and irrigation of vineyards throughout the surrounding areas. The completion of formation proceedings – and as intended – immediately preceded CVWD entering into an agreement with the City of Napa for its water supply in conjunction with the District constructing a distribution system with an intertie to the City. The distribution system was rebuilt in 1987 and coincided with a new 30-year water supply agreement. The agreement stipulates that CVWD agrees to dissolve and turn over all assets to Napa in July 2017. LAFCO was not a party to the agreement even though the Commission's approval will be necessary to several aspects of its implementation and the continuation of service by the City thereafter.

Congress Valley Water District

Date Formed	1949
Enabling Legislation	California Water Code 3000 et. seq.
Active Services	Water
Estimated Residential Service Population	241

CVWD currently has an estimated resident service population of 241 spanning an approximate 2.2 square mile jurisdictional area. CVWD is organized as an independent special district with a directly elected five-member board of directors that serve staggered four-year terms. A part-time administrator oversees the District's activities, including providing accounting services and coordinating service requests with Napa's Water Division. The current operating budget is $71,100. CVWD's current unrestricted/unreserved fund balance is $63,283 which is sufficient to cover nearly 11 months of operating expenses.

2.0 Formation and Development

2.1 Community Need

Rural residences in Congress Valley began to develop in the late 1800s in step with agricultural development in the area with grapes as a prevailing crop. Accessing reliable groundwater, however, proved challenging due to the underlying soil composition as it was reportedly common for landowners to make several drill attempts at depths of hundreds of feet on their properties before finding a source. High mineral content in the groundwater also required that landowners replace plumbing and irrigation fixtures on a regular basis. These challenges intensified as Congress Valley and the surrounding areas developed with groundwater shortages becoming pervasive by the 1940s during summer months.

2.2 Formation and Initial Development

CVWD's formation was completed in 1949 and directly followed by Napa agreeing to provide annual water supplies so long as the District constructed its own distribution system with an intertie to the City. Towards this end, CVWD voters approved a special assessment in 1950 authorizing the District to sell $100,000 in bonds to construct an initial distribution system. Napa reciprocated and agreed to a contract with CVWD one year later providing the District with up to 368 acre-feet of potable water annually through 1975. Low assessed

values, however, limited CVWD to selling only $38,000 in bonds to fund the distribution system to serve the then-estimated population of 80. The substantive result was the construction of an initial distribution system limited to one pump station, two- to four-inch water lines, and two storage tanks with a combined capacity of 15,000 gallons.

2.3 Growth Challenges

Limited subdivision development beginning in the 1960s led to an influx of new service connections and by 1970 CVWD's service population had nearly doubled to an estimated 150. This growth proved taxing to the distribution system and it began experiencing consistent pressure losses during peak usage periods by the middle of the decade. CVWD responded by contracting with an engineering firm to assess the distribution system and identify possible improvements to improve pressure performance going forward. The engineering firm concluded the distribution system was unable to generate an adequate amount of pressure during peak demand periods due to friction caused by undersized water lines. The study recommended CVWD not allow new service connections until distribution capacity is improved by either replacing and enlarging water lines or requiring each customer to develop their own storage facility to provide adequate pressure. CVWD declared an emergency water shortage following the study's release and adopted an ordinance restricting additional water connections. CVWD also successfully requested the County Board of Supervisors rezone territory located within the District to limit further subdivision; the end result was increasing the minimum lot sizes in the area from 10 to 160 acres.

2.4 New Distribution System

CVWD's moratorium on new water service connections remained in effect between 1975 and 1989 and ended only when the District completed reconstruction of its distribution system. The new distribution system was financed entirely through a combination grant and low-interest loan from the State of California with existing property tax proceeds providing for repayment. The completion of the new distribution system coincided with implementation of a new water supply agreement with Napa, which had been finalized two years earlier in 1987. This agreement provides CVWD with an annual allocation of 100 acre-feet of potable water through 2017 while limiting service to no more than 140 service connections to parcels of legal record at the time of the agreement. Napa agrees to charge CVWD a water usage fee concurrent with its rate for inside-city customers while charging District customers at a rate specified by the District.[17] Napa is responsible for the complete operation and maintenance of the distribution system. The agreement specifies CVWD shall voluntarily dissolve and turn over all assets to Napa at the conclusion of the agreement. Napa LAFCO has never evaluated the implications of the dissolution of CVWD and is not in any way committed to approving the dissolution.

[17] CVWD applied a surcharge on water sales between 1987 and 1998. The District ended this practice following a recommendation by an outside consultant that it amend its rate schedule to be identical to the rate charged by Napa to its inside-city customers. (Consultant's recommendation was prompted by a Napa County Grand Jury report highlighting the discrepancy between the two agencies' water rates.)

2.5 Previous Municipal Service Review

The Commission's inaugural municipal service review on CVWD was completed in 2004 as part of a countywide study on water service provision. The municipal service review concluded CVWD was operating efficiently and in a fiscally sound manner with no significant infrastructure needs or deficiencies identified. The municipal service review also noted additional information was needed to substantiate the merit for CVWD to voluntarily seek its own dissolution in June 2017 as part of an earlier water supply agreement with Napa.

3.0 Adopted Jurisdictional Boundary

3.1 Current Composition

CVWD's existing jurisdictional boundary is approximately 2.2 square miles in size and covers 1,407 acres. There are currently 115 parcels within the jurisdictional boundary with a total assessed value of $88.2 million. All jurisdictional parcels have established water service. County Elections reports there are a total of 136 registered voters within CVWD.

CVWD's Jurisdictional Characteristics (Source: Napa LAFCO)	
Total Jurisdictional Acreage	1,407
Total Jurisdictional Parcels	115
Percent of Jurisdictional Parcels Connected	100%
Registered Voters	136
Assessed Value	$88,206,640

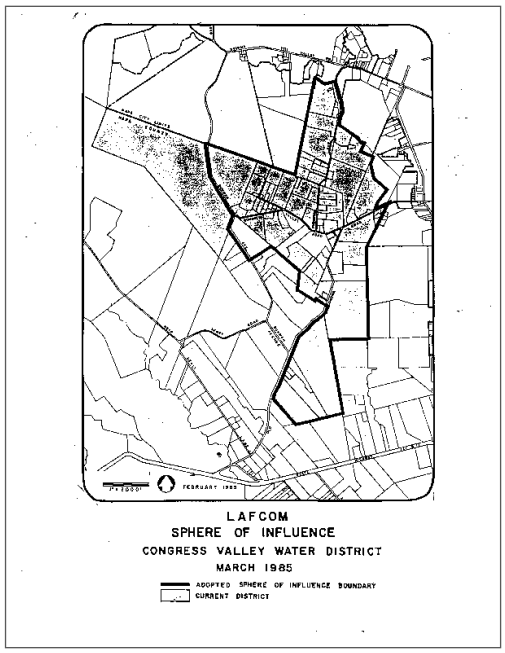
3.2 Jurisdictional Trends

CVWD jurisdictional boundary has remained almost unchanged over the last several decades. The Commission has approved only one boundary change to CVWD since 1963 involving the addition of 11.5 unincorporated acres; an amount representing less than one percent of the current jurisdictional boundary. This lone annexation occurred in 2010 and involved a developed lot located off of Old Sonoma Road.

The Commission has approved and recorded one annexation to CVWD since 1963 involving 11.5 acres; an amount equaling less than one percent of the current jurisdictional boundary.

4.0 Sphere of Influence

4.1 Establishment in 1985



CVWD's sphere was established by the Commission in 1985. The original sphere spanned 1,119 acres or 1.8 square miles and was the result of the Commission emphasizing three planning factors: existing service obligations, the projected distribution system capacity, and need for future service. The original sphere included all existing jurisdictional lands with the exception of two parcels located at the western and southern border of CVWD, which were determined to be outside the range and capacity of the distribution system as it then existed. Certain parcels outside CVWD were also included based on their close proximity to the distribution system.

4.2 Update in 2008

The Commission adopted its first comprehensive update to CVWD's sphere in 2008.[18] This update – which was necessitated by the enactment of CKH and its cornerstone requirement that LAFCOs review and update each agency's sphere by 2008 and every five years thereafter – resulted in a net increase to the CVWD's sphere of 491 acres or 44%. The additions to the sphere comprised two distinct areas. The first area – approximately 316 acres in size – consisted of lands already in CVWD that had been previously excluded from the sphere due to the capacity limitations associated with the District's old distribution system. The second area – approximately 175 acres in size – consisted of lands directly adjacent to the distribution system.[19]

4.3 Current Composition

CVWD's sphere remains entirely unchanged from the last update completed in 2008 and presently encompasses 2.5 square miles or 1,6102.5 acres. Of this amount, there are a total of four non-jurisdictional parcels covering 172 acres currently within the sphere eligible for annexation or outside service extensions; the latter amount meaning 11% of the sphere acreage remains outside CVWD. A map showing the non-jurisdictional lands already in the sphere and eligible for annexation or outside service extensions is provided as Appendix D.

There are four parcels covering approximately 172 non-jurisdictional acres in CVWD's existing sphere eligible for annexations or outside service extensions.

[18] The Commission approved one amendment prior to the 2008 update, but it was later terminated. The approval was made in 1995 and involved two parcels located on the northeast side of Buhman Avenue south of its intersection with Congress Valley Road. Approval was conditioned on the affected property owners entering into an outside service agreement with CVWD. The outside service agreement was not executed within the one year deadline established by the Commission and the amendment was therefore terminated.

[19] All but 37 acres included in the second area added to the sphere were also included in the "service area" established as part of CVWD's contract with Napa in 1987. Accordingly, the Commission also took action as part of the update to formally encourage CVWD and Napa to review their contract and consider amending the defined service area to include the addition of the affected 37 acres located on the hilltop of Old Sonoma Road.

5.0 Demographics

5.1 Population Growth

CVWD's current and permanent resident population is estimated at 241, representing a 5.2% increase over the last 10 years as summarized below.

Recent Population Growth within CVWD
(Napa LAFCO)

Jurisdiction	2003	2013	Difference	Annual Percentage
CVWD	229	241	12	0.52%

With respect to projections, and for purposes of this review, it is reasonable to assume CVWD's permanent resident population growth rate over the next 10 years within the existing sphere will generally remain extremely low with the addition of no more than five new residences. These assumptions suggest CVWD's permanent resident population growth rate will minimally increase relative to the previous decade, rising from 5.2% to 5.4%. The substantive result of these assumptions would be a permanent resident population of 254 by 2023.

It is reasonable to assume CVWD's growth rate in permanent residents will be minimal due to the lack of new development expected within its boundary. No more than five new residences are expected within the next 10 years, which if materialized, would increase CVWD's population to 254 by 2023.

Projected Population Growth within Existing CVWD Sphere
(Napa LAFCO)

Jurisdiction	2013	2018	2023	Difference	Annual Percentage
CVWD	241	247	254	13	0.54%

5.2 Population Density

CVWD's population density is estimated at 110 residents for every square mile. This amount is 211% greater than the average density rate for all unincorporated lands while falling 97% below the average density rate for the adjacent community of Napa.

CVWD's population density is estimated at 110 residents for every square mile.

5.3 Social and Economic Indicators

A review of recent demographic information compiled by the United States Census Bureau indicates CVWD serves a significantly older community given the median age within the District is 52 and is nearly one-third higher than the median rate for all of Napa County. CVWD residents also appear on average to be more likely to be retired and reliant on a fixed income given comparatively low unemployment – 2.4% – coupled with relatively high number of persons' – 10.4% – with incomes below the poverty rate. Other discernible distinctions include nearly one-half of all CVWD residents have a bachelor's degree or higher, an amount nearly double the average rate for all of Napa County.

Social and Economic Indicators Within CVWD
(American Community Surveys: Five Year Averages Between 2007-2011 / Napa LAFCO)

Category	Northern Area	Southern Area	Weighted Average	Napa County Average
Median Household Income	$46,917	$88,409	$63,514	$68,641
Owner-Occupied Residences	57.2%	71.2%	62.8%	63.3%
Renter-Occupied Residences	42.8%	28.8%	37.2%	36.7%
Median Housing Rent	$968	$861	$925	$1,279
Median Age	49.3	55.5	51.8	39.5
Prime Working Age (25-64)	54.8%	57.7%	56.0%	52.9%
Unemployment Rate (Labor)	2.1%	3.9%	2.8%	5.2%
Persons Below Poverty Rate	14.7%	3.9%	10.4%	9.8%
Adults with Bachelor Degrees	46.1%	36.7%	42.3%	28.0%

* *North Area is identified by the Census as Tract No. 200803 and covers approximate 60% of the estimated residents within CVWD. Non-exclusive and includes a small portion of Browns Valley.*

* *South Area is identified by the Census as Tract No. 201102 and covers approximately 40% of the estimated residents within CVWD. Non-exclusive and includes small portion of Westwood Hills.*

6.0 Organizational Structure

6.1 Governance

CVWD's governance authority is provided under California Water Code Section 30000 – the County Water District Act ("principal act") – and empowers the District to provide the following six specific services:

- Treat, store, and distribute water supplies (active)
- Collect, treat, and dispose of sewage, waste, and storm water (latent)
- Drain and reclaim lands (latent)
- Provide fire protection (latent)
- Acquire, construct, and operate facilities ancillary to recreational use of water (latent)
- Generate and sell electric power in connection with a waterworks project (latent)

CVWD has been governed since its formation in 1949 by a five-member Board whom are elected at large or appointed in lieu of candidate filings by the County Board of Supervisors. All Board members serve staggered four year terms with a President and Vice President annually selected among peers. Regular meetings are held on the second Monday of each month at 5:30 P.M. at the Napa County Land Trust's Administrative Office.

Current CVWD Board Roster
(Provided by CVWD)

Member	Position
Tim Josten	President
Jeanine Layland	Vice President
Cindy Colo	Member
Ginger Lee	Member
Mary Lou Rushing	Member

CVWD elections are based on a registered resident-voter system. The principal act specifies operations can be financed through user charges, general taxes, and voter-approved assessments.

6.2 Administration

CVWD appoints an at-will and part-time District Secretary to oversee all agency activities, including providing accounting services and coordinating service requests with Napa's Water Division. The current District Secretary – Kiersten Bjorkman – operates out of a home office. The Water Division serves as General Manager for CVWD with designated staff continuously on-call to respond to reported emergencies. Legal services are provided by Malcolm A. Mackenzie with Coombs and Dunlap.

6.3 Organizational Alternatives

As noted above, a service agreement between CVWD and the City of Napa specifies that CVWD will voluntarily dissolve and turn over all assets to Napa at the conclusion of the agreement in 2017. The terms of the agreement cannot accomplish the dissolution; instead the Board of CSWD would have to apply to LAFCO which would approve or deny dissolution under GSC 56375 and 56021. The potential problem with the agreement and its provision for dissolution of CVWD is that the City may lack a legal basis for continuing provision of water service if CVWD is dissolved and if so, LAFCO might not be able to approve the proposed dissolution. The purpose of this discussion is to identify a potential legal issue in the implementation of an important service agreement three years in advance of its implementation date.

The CVWD service area is outside of the City's sphere of influence. Without the existence of CVWD or another public agency to contract with, the area is not eligible to receive water service from the City under an outside service agreement (there is no counter-party for an outside service agreement unless it is each individual landowner receiving water service on the basis of the protection of public health and safety). The Commission could amend the City's sphere of influence to enable extension of outside service. However, the CVWD service area is a low-density rural residential area and therefore might not appropriately be included in the "… ***probable boundary*** and service area …" of the City of Napa.

There is some possibility of new legislation that would alter the limitations placed on outside service agreements under GSC 56133, but its effect on the circumstances of CVWD is completely uncertain. Additionally, another government entity (such as a county service area) could be established to replace CVWD and act as the counter-party for a contract for water service with the City, but no advantage can be identified in doing so. Under current law, LAFCO may not be able to approve the dissolution of CVWD as called for in the agreement without being able to designate an appropriate public agency to assume the service responsibilities of CVWD or without another basis for the City's extension of service outside its boundaries.

7.0 Municipal Services

CVWD provides one active service at this time: domestic water service. The following analysis focuses on evaluating the availability, demand, and performance of CVWD's water services relative to the Commission's assessment of current and anticipated community needs within the existing sphere of influence. This analysis is also oriented to cover a 10-year period; five years back and five years ahead.

The focus of the preceding analysis is to provide a reasonable and independent "snapshot" of the current availability, demand, and performance of CVWD's water services.

Water Services

CVWD provides water services by way of a contract arrangement for water supplies and delivery with Napa's Water Division. It is estimated CVWD currently serves an overall permanent resident population of 241.

Budget

CVWD operates as an enterprise fund with user charges and other related customer fees explicitly intended to cover 100% of all operating costs. Budgeted operating costs have increased by one-fourth over the last five years – an increase attributable to a one-fourth increase in annual loan payments amounts.

Trends in Budgeted CVWD Operating Expenses
(Napa / Napa LAFCO)

Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trend
Adopted Budget	$56,578	$67,500	$67,000	$71,000	$71,100	**25.7%**

Water Supplies

CVWD's water supply is provided through a contract with the City of Napa. As previously stated, Napa's water supplies are derived from three surface sources: Lake Hennessey, Milliken Reservoir, and the State Water Project. The water supply contract with Napa specifies CVWD is annually allocated a maximum of 100 acre-feet of potable water through July 1, 2017.

CVWD's Available Water Supplies
Amounts Shown in Acre-Feet or AF
(Source: Napa Water Division)

Water Source	Maximum (Assumes 100%)	Normal (Assumes 59%)	Multiple Dry Year (Assumes 38%)	Single Dry Year (Assumes 26%)
Napa	100	59	38	26

Treatment Facilities

CVWD does not own, lease, or operate treatment facilities. Water delivered to CVWD is treated by the City of Napa. As previously referenced, Napa provides treatment of raw water drawn from its three surface sources at separate facilities; all of which are entirely owned and operated by the City and connected through a common distribution system. Although rarely operated all at once due to costs, if necessary the three water treatment plants (WTPs) combined maximum daily output would total 44 million gallons or 135 acre-feet.

Distribution System and Storage Facilities

CVWD's distribution system receives and delivers potable water generated from Napa's distribution system. CVWD's system consists of 8- to 12-inch water lines that are served by two connection points to Napa's water distribution system at Thompson Road and Stonebridge Drive/Sunset Road. CVWD is located within Napa's "Browns Valley – Zone Four" in which water supply and pressure is served by the City's 1.0 million gallon storage capacity B-Tank.

Service Connections

CVWD currently reports there are 95 active connections to the water system. Total connections have remained constant over the last five years despite an overall 2.6% increase in CVWD's permanent resident population. The following table summarizes recent and current service connections.

Trends in Napa's Water Connections
(Source: Napa Water Division)

2008	2009	2010	2011	2012	Trends
95	95	95	95	95	**0.0%**

Current Usage

CVWD reports its current total water demand for the last completed calendar year was 52.5 acre-feet. This amount marks an 8.1 acre-foot decrease in annual demand over the last five years and represents an overall 13% water savings. This decrease is further highlighted in the corresponding decline in annual agency-wide per capita water use, which has gone from an estimated 0.26 acre-feet in 2008 to 0.22 acre-feet in 2012. The reduction in water demands appears to be attributable to two factors; (1) the City's water conservation and rebate programs that are also directly applicable to CVWD customers and (2) the expansion of NSD's recycled water service program into lands formerly served only by Napa water.[20] Similar to trends in annual water demand, peak day usage has also decreased over the last five years from 0.33 to 0.29 acre-feet; a difference of 13.4% with the ratio between peak day and average day demand remaining constant at two-to-one. The following table summarizes recent trends in water demands over the last five years.

Recent Trends in CVWD Water Demands
Amounts Shown in Acre-Feet
(Source: Napa Water Division)

Category	2008	2009	2010	2011	2012	Trends
Annual	60.6	60.7	49.8	45.3	52.5	**(13.4%)**
Average Day	0.17	0.17	0.14	0.12	0.14	**(13.4%)**
Average Capita	0.26	0.26	0.21	0.19	0.22	**(15.4%)**
Peak Day	0.33	0.33	0.27	0.25	0.29	**(13.4%)**

[20] Pursuant to the water supply contract, CVWD agrees to enact and enforce water conservation programs substantially equivalent in effect to such water conservation programs adopted by Napa.

Projected Usage

With respect to projecting future demands, and based on the preceding analysis, a reasonable and conservative assumption is to project CVWD's annual water demand increasing by 0.54% over the next five years within the existing sphere of influence. This projection directly corresponds with the amount of new permanent resident population growth anticipated within CVWD's water service area and assumes the current per capita usage – 0.218 acre-feet – remains constant. It is also assumed the current ratio between peak day and average day demands – two-to-one – will remain constant. The corresponding results of these assumptions proving accurate would be a total annual water demand of 54.2 acre-feet with a peak day demand of 0.3 acre-feet in 2018. The following table summarizes projected water demands in CVWD's service area over the next five years. Clearly, drought conditions that may be emerging as this report is being written would be likely to alter water demand temporarily through mandatory restrictions on use. No such restrictions have been directed as of the date of this report.

Projected Trends in CVWD Water Demands
Amounts Shown in Acre-Feet
(Source: Napa LAFCO)

Category	2013	2014	2015	2016	2017	2018	Trends
Annual	52.8	53.1	53.4	53.6	53.9	54.2	**2.7%**
Average Day	0.14	0.15	0.15	0.15	0.15	0.15	**2.7%**
Average Capita	0.22	0.22	0.22	0.22	0.22	0.22	**0.0%**
Peak Day	0.29	0.29	0.29	0.29	0.30	0.30	**2.7%**

8.0 Finances

8.1 Assets, Liabilities, and Equity

CVWD's financial statements are prepared by Certified Public Accountant Charles W. Pillon. The most recent issued report was prepared for the 2011-2012 fiscal year and includes audited financial statements identifying CVWD's total assets, liabilities, and equity as of June 30, 2012. These audited financial statements provide quantitative measurements in assessing CVWD's short and long-term fiscal health and are summarized below.

Assets

CVWD's assets at the end of the fiscal year totaled $1.3 million. Assets classified as current with the expectation they could be liquidated into currency within a year represented three-fourths of the total amount with the majority tied to cash and investments.[21] Assets classified as non-current represented the remaining amount with the largest portion associated with depreciable capital assets.[22]

Category	2007-08	2008-09	2009-10	2010-11	2011-12
Current Assets	721,942	756,152	802,297	855,244	907,337
Non-Current Assets	461,411	437,657	413,903	390,148	366,393
Total Assets	$1,183,353	$1,193,809	$1,216,200	$1,245,392	$1,274,730

[21] Current assets totaled $907,337 and include cash in treasury ($868,274), taxes receivable ($19,255), prepaid insurance ($1,803), and restricted asset – cash – debt service ($18,005).

[22] Non-current assets totaled $366,393 and include depreciable assets ($363,190), and loan administration costs ($3,203).

Liabilities

CVWD's liabilities at the end of the fiscal year totaled $0.1 million. Current liabilities representing obligations owed within a year accounted for nearly one-fifth of the total amount and primarily tied to debt payments due within the fiscal year at $19,088. Non-current liabilities accounted for the remaining amount with the majority tied to long-term debt at $110,489.

Category	2007-08	2008-09	2009-10	2010-11	2011-12
Current Liabilities	24,732	18,834	19,294	19,916	19,088
Non-Current Liabilities	179,001	162,722	145,889	128,495	110,489
Total Liabilities	$203,733	$181,556	$165,183	$148,411	$129,577

Equity/Net Assets

CVWD's equity, or net assets, at the end of the fiscal year totaled $1.1 million and represents the difference between the District's total assets and liabilities. The end of year equity amount incorporates a $688,066 balance in unrestricted funds. This unrestricted fund balance is attributed to a seven percent increase in CVWD's cash in treasury over the last fiscal year.

Category	2007-08	2008-09	2009-10	2010-11	2011-12
Capital Asset Funds	261,317	253,852	246,910	240,521	234,695
Restricted Funds	271,384	258,751	246,298	233,845	221,392
Unrestricted Funds	446,919	499,650	557,809	622,615	688,066
Total Equity	$979,620	$1,012,253	$1,051,017	$1,096,981	$1,144,153

CVWD's financial statements for 2011-2012 reflect a positive change in its fiscal standing as its overall equity, or fund balance, increased by four percent. This increase in the overall fund balance is directly attributed to consistent increases in current assets paired with reductions in long-term liabilities over each of the last five years. No significant deficiencies or material weaknesses were identified with respect to CVWD's financial statements.

Calculations performed assessing CVWD's liquidity, capital, and profitability indicate the District finished 2011-2012 with sufficient resources to remain operational into the foreseeable future. Specifically, short-term liquidity remained high given CVWD finished the fiscal year with sufficient current assets to cover its current liabilities nearly 47-to-one.[23] CVWD also finished with manageable long-term debt as its net assets exceeded its non-current liabilities by a ratio of nine-to-one, reflecting a strong capital structure.[24] CVWD also finished the fiscal year with a positive operating margin as revenues exceeded expenses by over one-half.[25] An expanded discussion on revenues-to-expenses is provided in the following section.

[23] CVWD also finished with cash reserves sufficient to cover 21.7 years of operating expenses.
[24] CVWD's debt-to-equity ratio as of June 30, 2012 was 0.11.
[25] CVWD's operating margin as of June 30, 2012 was 0.54.

8.2 Revenue and Expense Trends

A review of CVWD's available audited revenues and expenses shows the District has finished each of the last five fiscal years with operating surpluses reflecting a strong and balanced financial structure. The 2011-2012 fiscal year marked the largest end-of-year surplus at $47,172 and is primarily tied to higher than expected increases in property tax revenues.

Category	2007-08	2008-09	2009-10	2010-11	2011-12
Revenues	95,511	83,039	86,331	94,999	87,964
Expenses	63,861	50,404	47,567	49,034	40,792
	$31,650	$32,635	$38,764	$45,965	$47,172

** All information reflects audited financial statements in CAFRs*

8.3 Current Budget

CVWD's adopted budget for the 2013-2014 fiscal year totals $71,100. This amount represents CVWD's total approved expenses or appropriations for the fiscal year. Revenues are budgeted at $78,815 and primarily expected to be drawn from property tax proceeds. Interest earned on investments represents the second largest revenue source for CVWD accounting for $6,000 or nearly eight percent of the total budgeted amount. As reflected in the following table, CVWD had sustained an operating surplus in each of the last several years.

CVWD's Budgeted Revenues and Expenses
(CVWD)

2011-2012		2012-2013		2013-2014	
Actual Revenues	Actual Expenses	Actual Revenues	Actual Expenses	Budgeted Revenues	Budgeted Expenses
$71,745	$47,000	$63,283	$37,540	$78,815	$71,100

9.0 Agency Specific Determinations

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

9.1 Growth and Population Projections

a) CVWD's permanent resident population growth rate over the next 10 years within the existing sphere will generally remain extremely low with the addition of no more than five new residences. These assumptions suggest CVWD's permanent resident population growth rate will minimally increase relative to the previous decade, rising from 5.2% to 5.4%. The substantive result will be an estimated permanent resident population of 254 by 2023.

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

a) A review of available economic data compiled as part of the most recent American Communities Survey does not identify any distinct areas within CVWD's existing sphere of influence meeting the definition of a disadvantaged unincorporated community.

9.3 Present and Planned Capacity of Congress Valley Water District Public Facilities, Adequacy of Public Services and Infrastructure Needs of Deficiencies.

a) The City of Napa provides water service on a contractual basis within the CVWD service area. The City and the District have agreed that the City's role in providing service will extend beyond the District's planned dissolution in 2017. The District's water distribution system has been improved to the City's standards in recent years. The City's sources of supply are sufficient to continue to provide service to the District's service area and other areas served by the City.

9.4 Financial Ability to Provide Services

a) Water rates charged by the City of Napa within the CVWD service area are equal to the City's rates for customers in the City's jurisdiction and are sufficient to support the District's operating expenditures into the immediate future.

b) The District has finished each of the last five fiscal years with operating surpluses reflecting a strong and balanced financial structure. The 2011-2012 fiscal year marked the largest end-of-year surplus at $47,172 and is primarily tied to higher than expected increases in property tax revenues.

9.5 Status and Opportunities for Shared Facilities

a) CVWD shares facilities and services with the City of Napa, which operates all CVWD facilities under contract with CVWD.

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

a) The City of Napa provides water service within the CVWD service area. There are no alternative sources of water service available to CVWD. The CVWD Board of Directors does not control provision of water service within its boundaries beyond the terms of their agreement with the City of Napa. Like all other water customers in unincorporated areas served by the City of Napa, CVWD residents are not eligible to run for office or vote in elections in the City of Napa. The CVWD governing board can work with the City of Napa as a locally elected organization on behalf of its residents on an advocacy basis.

9.7 Relationship with Regional Growth Goals and Policies (Local Policy)

a) Special districts have no authority over land use and hence no direct participation on the policy level that would connect the activities of the district with regional growth.

D. Silverado Community Services District

1.0 Overview

The Silverado Community Services District (SCSD) was formed in 1967 and originally authorized to provide a full range of municipal services to the Silverado area, consisting largely of a planned resort community located northeast of the City of Napa. Services actually activated following formation, however, were limited to water, street lighting, street sweeping, and landscape maintenance services. SCSD ceased providing water in 1977 when Napa purchased and assumed full control of the District's water distribution system. SCSD expanded its services in 2010 with the approval of the Commission to include sidewalk improvements and maintenance; activities previously the responsibility of property owners.

SCSD currently has an estimated permanent resident service population of 1,321 within an approximate 1.8 square mile jurisdictional area. Given the majority of the community is used as vacation/second homes, it is estimated the resident service population more than doubles to 2,829 when fully occupied. An additional 870 guests add to the overnight population when the Silverado Resort is fully occupied.[26]

Silverado Community Services District

Date Formed	1967
Enabling Legislation	Government Code 6100 et. seq.
Active Services	Street Lighting Street Sweeping Street Landscaping Sidewalk Improvements
Estimated Residential Service Population	1,321 (year-round) 2,829 (with second homes)

SCSD is presently organized as a dependent special district with the County Board of Supervisors serving as the official governing authority. However, and as provided under the principal act, the Board of Supervisors has established a municipal advisory committee (MAC) consisting of appointed registered voters to provide input and – in some areas – assume decision-making authority. County Public Works provides administrative services on behalf of SCSD and oversees all contracts with outside vendors for authorized services. The current operating budget is $186,192. SCSD's current unrestricted/unreserved fund balance is $60,159 and is sufficient to cover nearly four months of general operating expenses.

2.0 Formation and Development

2.1 Community Need

Silverado was relatively undeveloped with the exception of a small number of adobe residential structures dating back to the early 1800s. A large residential estate was later built and served exclusively as a residence for various owners until it was purchased in the early 1950s by the Markovich Family for purposes of developing an 18-hole golf course on the surrounding grounds. The golf course was completed by the end of the decade and the residence converted to a clubhouse. The Markovich Family later sold the property – which at this date included the clubhouse and golf course – to Westgate Factors in early 1966 in anticipation of submitting a development plan with the County for subdivision of the remaining grounds into single-family residences. The subsequent development plan was approved by the County later the same year and provided for the construction of 1,393 private residential units. At the time of development, residential units were expected to be evenly divided between fulltime and seasonal occupancy along with the addition of extensive

[26] The Silverado Resort currently includes 435 overnight guestrooms.

commercial uses anchored by a year-round guest resort. The existing golf course was also reconfigured as part of the development plan to include two separate 18-hole sites: "North Course" and "South Course."

2.2 Formation Proceedings

SCSD's formation was approved by the Commission in January 1967 to facilitate the planned development of the Silverado area. The District was initially authorized to provide a wide range of municipal services including by water, sewer, and fire protection. Actual services activated following formation, however, were limited to water, street lighting, street sweeping, and landscape maintenance services. Sewer service was extended to the community through subsequent annexations to NSD as phases of the development were completed. As part of the formation proceedings, the County Board of Supervisors agreed to serve as the initial governing body of the District and assign Department Public Works staff to oversee service delivery within SCSD by entering into contracts with outside providers.[27] This included entering into an agreement with the City of Napa to furnish potable water supplies by means of an intertie between the two agencies' distribution systems. This contract was later amended in 1970 to allow the City to assume full control of the water distribution system within SCSD.

2.3 Development Activities

Silverado's planned development commenced in phases beginning in the late 1960s. Ten years after SCSD's formation, there were an estimated 700 private residential units divided between single-family residences and condominiums with a projected fulltime resident population of 910. The Silverado Resort and its 435 guestrooms had also been constructed and officially opened in 1967. Subsequent revisions to the original development plan – which has changed twice over the last two decades – were approved at the request of the landowners and have reduced the total number of private residential units permitted for development from 1,393 to 1,095.

2.4 Previous Municipal Service Review

The Commission's inaugural municipal service review on SCSD was completed in 2005 as part of a countywide lighting and landscaping services study. The municipal service review concluded SCSD appeared to be operating efficiently and in a fiscally sound manner with no significant infrastructure needs or deficiencies identified. The municipal service review also noted the unique governance structure of SCSD with the Board of Supervisors serving as the District Board while ultimately concluding the arrangement – while not traditional for these types of special districts – appears satisfactory given the active involvement of the MAC.

[27] Records also indicate the Napa County Flood Control and Water Conservation District provided staffing services on behalf of SCSD.

3.0 Adopted Jurisdictional Boundary

3.1 Current Composition

SCSD's existing jurisdictional area is approximately 1.8 square miles in size or about 1,159 acres. Average parcel size within the District is approximately 1.0 acre. The jurisdictional boundary is nearly at build-out based on local records showing only five privately owned parcels spanning 46 acres that remain undeveloped.[28] Since the District's governing board (the County Board of Supervisors) is not directly elected by voters in SCSD, registered voter statistics for the District are unavailable. The District's revenues are derived from special assessments and are not based on the assessed value of property. SCSD does not participate in the 1% general property tax.

SCSD's Jurisdictional Boundary Characteristics (Source: Napa LAFCO)	
Total Jurisdictional Acreage	1,159
Total Jurisdictional Parcels	1,158
Percent of Jurisdictional Boundary Developed	96%
Registered Voters	(not applicable)
Assessed Value	(not applicable)

3.2 Jurisdictional Trends

SCSD's jurisdictional boundary has remained relatively constant over the last several decades. The Commission has approved only one boundary change since formation involving the addition of 28 acres, an amount representing less than three percent of the current jurisdictional boundary. This lone annexation occurred in 1990 and involved 35 residential parcels located off of Silver Trail.

The Commission has approved and recorded one annexation to SCSD since its formation involving 28 acres; an amount equaling less than three percent of the current jurisdictional boundary.

4.0 Sphere of Influence

4.1 Establishment

SCSD's sphere of influence was established by the Commission in 1976. The original sphere spanned 1,131 acres or 1.8 square miles and included SCSD's entire jurisdictional area.

4.2 Update in 2006

The Commission adopted its first comprehensive update to SCSD's sphere in 2006.[29] This update – necessitated by the earlier enactment of CKH and its requirement that LAFCOs review and update each agency's sphere by 2008 and every five years thereafter – resulted in the Commission affirming SCSD's sphere designation with no changes.

[28] There are also 57 undeveloped lots within SCSD that are corporate or non-profit owned.

[29] The Commission approved one amendment prior to the 2006 update involving the current annexation of approximately 28 acres located off of Silver Trail in 1990.

4.3 Current Composition

SCSD's sphere remains entirely intact from the last update completed in 2006 and is coterminous with the District's jurisdictional boundary. Accordingly, there are no parcels outside the District's boundary that are currently eligible for annexation or outside service extensions absent a public health or safety threat. A map of the District's current boundary is included as Appendix E.

SCSD's sphere is coterminous with its jurisdictional boundary.

5.0 Demographics

5.1 Population Growth

SCSD's current permanent resident population is estimated at 1,321.[30] (It is estimated there are a total of 2,829 residents in SCSD when accounting for both primary and second-home residences.) This estimate of permanent residents represents an overall projected growth rate of 1.2% over the last 10 year period or 0.1% annually. All of the new population growth within SCSD is directly attributed to the conversion of six residential units from secondary to primary use based on a comparison of earlier landowner records compiled by Commission staff. The overall estimate of permanent residents in SCSD currently represents 5.0% of the total County unincorporated population.[31]

Recent Permanent Population Growth within SCSD
(Napa LAFCO)

Jurisdiction	2003	2013	Difference	Annual Percentage
SCSD	1,305	1,321	16	0.1

With respect to projections, and for purposes of this review, it is reasonable to assume SCSD's permanent resident population over the next 10 years within the existing sphere will incrementally increase consistent with the last decade. This presumption – if accurate – would draw on a matching number of conversions of existing residential units from secondary to primary used and result in a permanent resident population within SCSD of approximately 1,336 by 2023.

It is reasonable to assume SCSD's growth rate in permanent residents will be minimal and follow recent patterns over the last 10 years. This assumption would result in a total permanent resident population within SCSD of 1,337 by 2023.

Projected Permanent Population Growth within SCSD
(Napa LAFCO)

Jurisdiction	2013	2018	2023	Difference	Annual Percentage
SCSD	1,321	1,329	1,337	16	0.1

[30] This estimate is based on the total number of developed residential parcels (508) within SCSD that have matching situs and mailing addresses according to current Assessor Office records.
[31] The estimated resident population within the entire unincorporated area is 26,609 as of January 1, 2013.

5.2 Population Density

SCSD's population density is estimated at 739 permanent residents per square mile. (Density increases to 1,572 when accounting for both primary and secondary residences.) This amount exceeds the average density rate for the entire unincorporated area of Napa County by twenty-fold while falling 83% below the average density rate for the City of Napa.

SCSD's population density is estimated at 739 residents for every square mile.

5.3 Social and Economic Indicators

A review of recent demographic information compiled by the United States Census Bureau indicates SCSD serves a significantly wealthier community given the median household income is $151,000 and is more than double the median household income for all of Napa County. SCSD residents are also predominately homeowners with less than one-fifth currently renting. Further, residents are older with greater educational attainment than the population of the County as a whole based on a median age rate of 63 and a bachelor's degree completion rate of 70%.

Social and Economic Indicators within SCSD
(American Community Surveys: Five Year Averages Between 2007-2011 / Napa LAFCO)

Category	SCSD	County Average
Median Household Income	$151,000	$68,641
Owner-Occupied Residences	82.8%	63.3%
Renter-Occupied Residences	17.2%	36.7%
Median Housing Rent	n/a	$1,279
Median Age	63.1	39.5
Prime Working Age (25-64)	43.6	52.9%
Unemployment Rate (Labor)	6.4%	5.2%
Persons Below Poverty Rate	0.0%	9.8%
Adults with Bachelor Degrees	70.0%	28.0%

* *SCSD's jurisdictional boundary lies entirely within a stand-alone census designated place, Silverado CDP*

6.0 Organizational Structure

6.1 Governance

SCSD's governance authority is provided under the Community Services District Act of 2006 ("principal act") and empowers the District to provide a full range of municipal services with the notable exception of exercising land use control.[32] The following list identifies the most common services community service districts are authorized to provide under the principal act with accompanying notations – active or latent – with regards to SCSD.

- Acquire, construct, improve, maintain and operate street lighting (active)
- Acquire, construct, improve, maintain, and operate street landscaping (active)
- Provide street cleaning (active)
- Acquire, construct, improve, and maintain streets, roads, bridges, curbs, drains, and sidewalks (active specific to sidewalks only)

[32] The principal act was originally enacted in 1951.

- Treat, store, and distribute water supplies (latent)
- Collect, treat, and dispose of sewage and storm water (latent)
- Drain and reclaim lands (latent)
- Provide police protection (latent)
- Provide fire protection (latent)
- Acquire, construct, improve, and operate recreation facilities and related services (latent)
- Collect, transfer, and dispose of solid waste (latent)
- Provide for the prevention, abate, and control of vectors and vector diseases (latent)
- Provide animal control services (latent)

SCSD has been governed since its formation in 1967 as a dependent special district with the County Board of Supervisors serving as its governing body. This arrangement – which is relatively unusual among community services districts – results in SCSD residents only electing one of the five District Board members given County Supervisors are elected by district. Regular meetings of the District Board are held quarterly on the first Tuesday of each applicable month and during scheduled adjournments of the Board of Supervisors at the County Administration Building. A current listing of Board members along with respective years experience follows.

Current SCSD Board Roster
(Provided by SCSD)

Member	Position	Background	Years on Board
Brad Wagenknecht	President	Educator	14
Mark Luce	Vice President	Chemical Engineer	7
Keith Caldwell	Member	Public Safety	5
Diane Dillon	Member	Attorney	10
Bill Dodd	Member	Business	12
		Average Years of Board Experience	*10*

SCSD elections are based on a registered resident-voter system. The principal act specifies operations can be financed through user charges, general taxes, and voter-approved assessments.

As referenced in the preceding sections, SCSD has established a municipal advisory committee (MAC) to assist and the inform the Board's decisions with respect to District finances, policies, programs, and operations. The SCSD MAC includes 33 members, each of whom are appointed by a corresponding homeowner association within Silverado. SCSD MAC holds regular quarterly meetings open to the public on the third Friday at the Silverado Clubhouse. While not exercising any independent authority, in practice the SCSD MAC has significant influence with their recommendations generally followed by the Board of Supervisors acting as the SCSD Board. A current listing of SCSD MAC members follows.

Current SCSD MAC Roster (Provided by SCSD)		
Category	**Member**	**Member**
A Cottages	Joe Russoniello	John Davis
B/C Cottages	Veronica Faussner	Marlene Kniveton
D Cottages	Thomas Fine	Paula Schultz
OCE	Robert Andresen	Tony Marko
Fairways	A. Robert Fisher	Mary Sandbulte
Creekside	Ella Gates	Eleanor Kimbrough
Silverado Oaks	Vanessa Braun	Don Russell
Unit 1	Linda Hewitt	Leandra Stewart
Units 2 A/B/C	Andy Kirmse	Christine Marek
Unit 4	Bill Trautman	John Hagerty
Units 5 A/B	Bill Jovick	Cathy Enfield
Silver Trail	Deenie Woodward	Dr. Glen Duncan
Springs	Bob Butler	Don Peterson
The Grove	Harry Matthews	Wayne Mohn
Silverado Crest	Howard Wahl	Paul Roberts
Silverado Highlands	Jim Wilson	Peter Young
SCC Resort	John Evans	

* *Information regarding members' years experience serving on SCSD MAC not available*

6.2 Administration

SCSD contracts with the County for administrative services with the Department of Public Works providing the majority of management duties and supplemented as needed by the Auditor and County Counsel's Offices. Accordingly, the County Public Works Director formally serves as SCSD General Manager and is responsible for overseeing all day-to-day activities ranging from coordinating service provision with contracted vendors to addressing constituent inquiries. Other administrative duties performed by Public Works include budgeting and purchasing. It is estimated Public Works staff collectively dedicates the equivalent of 0.25 fulltime employees to SCSD administrative activities.

6.3 Organizational Alternatives

The services provided to the Silverado community by SCSD will continue to require the continuation of a special tax and the programming of maintenance and improvement activities in the specific area defined by the District's boundary. The current reliance on the County Board of Supervisors and the County Department of Public Works for governance and operations functions is aimed at minimizing overhead costs of District activities, including the cost of elections. The relationship between the County Board and the District's Municipal Advisory Council appears to function smoothly. If there lacked a high level of agreement on the allocation of district resources and/or dissatisfaction with the implementation of the community's service priorities expressed by the MAC, the obvious organizational alternative would be to revert to the standard operation of the district as an independently governed district with a locally elected and independent governing board as is the case with most community services districts in California.

7.0 Municipal Services

SCSD currently provides four active services: street lighting; street sweeping; landscape maintenance; and sidewalk improvements and maintenance. The following analysis focuses on evaluating the availability, demand, and performance these active services relative to the Commission's assessment of current and anticipated community needs within the existing sphere of influence and potential for expansion. This analysis is also oriented to cover a 10-year period; five years back and five years ahead.

The focus of the preceding analysis is to provide a reasonable and independent "snapshot" of the current availability, demand, and performance of SCSD services.

Description of Services

SCSD's provision of improvement and maintenance services typically involves the, general maintenance of streets and sidewalks, landscaping and appurtenant facilities. This includes the repair, removal, or replacement of damaged landscaping and appurtenant facilities that are vital to the life, health, and beauty of the Silverado community.[33] SCSD also furnishes water for landscaping irrigation purposes. Maintenance of SCSD's public lighting facilities, however, is provided by Pacific Gas and Electric ("PG&E").[34]

SCSD reports its annual activities relating to improvements and repairs are generally provided as needed and thus regular periodic measurements of service trends are not included in this report given they may prove inaccurate or misleading. Project or service requests are proposed by the SCSD MAC and administratively processed by the Public Works. This includes selecting a contract vendor to implement the phases of the project.

Recent Expansion of Services

In 2009, LAFCO approved a proposal from SCSD for the activation of latent powers allowing the District to provide services relating to the improvement and maintenance of sidewalks, walking paths, and incidental works. This action was requested by SCSD MAC for purposes of improving the safety of sidewalk and walking path users within District boundaries.[35]

Special Tax

SCSD levies an annual special tax on each parcel within the District in a manner paralleling ad valorem property taxes for purposes of funding the costs associated with the District's operations. For each fiscal year, SCSD determines the total tax requirement for the District based on the required level of services to be provided. The total tax requirement cannot exceed the established maximum tax for a given fiscal

[33] SCSD most commonly provides landscaping services in the form of cultivation, irrigation, trimming, spraying, fertilizing, and treating for disease or injury. SCSD also provides the removal of trimmings, rubbish, debris, and other solid waste.

[34] A monthly fee is paid to PG&E for the maintenance of street lights and the electric energy used in their operation.

[35] Due to budgetary constraints, sidewalks and walking paths within Napa County are not maintained by the County unless they are located on, or adjacent to, property owned or leased by the County. The sidewalks and walking paths within SCSD are utilized by District residents, guests of the Silverado Country Club and Resort, and the Napa County community at large.

year.[36] Once the total tax requirement has been determined, SCSD sets the special tax rate for each category of parcel. The following table shows trends in SCSD's maximum tax amounts along with corresponding changes in the CPI for the San Francisco Bay Area for each of the last 10 fiscal years.

SCSD Maximum Tax
(Provided by SCSD)

Fiscal Year	CPI	% Change	Maximum Tax
2012-2013	236.9	3.0	$150,019.00
2011-2012	230.0	1.7	$145,649.78
2010-2011	226.1	1.8	$143,220.39
2009-2010	222.2	1.2	$140,700.44
2008-2009	219.6	2.8	$139,082.96
2007-2008	213.7	3.2	$135,331.22
2006-2007	207.1	2.9	$131,158.96
2005-2006	201.2	1.6	$127,422.41
2004-2005	198.1	0.2	$125,459.15
2003-2004	197.7	3.3	$125,205.82

Each parcel in SCSD is assigned to one of six special tax categories based upon the property's development intensity: vacant residential lots are assigned one tax unit; condominiums and single family residences with limited services are assigned two units; properties on Silver Trail are assigned two and one-half units; and single family residences with full service are assigned four units. The remaining amount is apportioned among the seven large, vacant land parcels, including the Silverado Resort, based on their acreage. The following table shows the special tax rate per parcel for each category.

SCSD Maximum Tax
(Provided by SCSD)

Parcel Category	Special Tax Rate
A	15.64% of Total Tax Requirement*
B	$39.08
C	$78.16
D	$78.16
E	$97.70
F	$156.32

* *Ordinance No. T-1, page 3, section (d) indicates the Category A tax will be decreased in the same proportion that the Divisor for the year has decreased from the Divisor for the previous fiscal year until the percentage is decreased to 15% and will remain*

8.0 Finances

8.1 Assets, Liabilities, and Equity

SCSD's financial statements are prepared by Gallina LLP. The most recent issued report was prepared for the 2011-2012 fiscal year and includes audited financial statements identifying SCSD's total assets, liabilities, and equity as of June 30, 2012. These audited financial statements provide quantitative measurements in assessing SCSD's short and long-term fiscal health and are summarized as follows.

[36] The maximum tax was set at $100,000 for the 1997-1998 fiscal year. The maximum tax increases annually by the percentage increase in the Consumer Price Index (CPI) for the San Francisco Bay Area (all urban consumers). No adjustments are made to the maximum tax for decreases in the Consumer Price Index.

Assets

SCSD's assets at the end of the fiscal year totaled $88,959. Assets classified as current with the expectation they could be liquidated into currency within a year represented nearly the entire total amount and are tied to cash and investments.[37] Assets classified as non-current represented the remaining amount and are associated with special assessments.[38]

Category	2007-08	2008-09	2009-10	2010-11	2011-12
Current Assets	53,732	69,630	76,934	99,905	86,888
Non-Current Assets	65	2,255	2,816	2,201	2,071
Total Assets	$53,797	$71,885	$79,750	$102,106	$88,959

Liabilities

SCSD's liabilities are all considered current and totaled $16,920 at the end of the fiscal year. Current liabilities consist solely of accounts payable.

Category	2007-08	2008-09	2009-10	2010-11	2011-12
Current Liabilities	2,308	3,671	6,591	30,049	16,290
Non-Current Liabilities	---	---	---	---	---
Total Liabilities	$	$3,671	$6,591	$30,049	$16,290

Equity/Net Assets

SCSD's equity, or net assets, at the end of the fiscal year totaled $72,039 and represents the difference between the District's total assets and liabilities. The end of year equity amount comprises only non-spendable or restricted funds.[39]

Category	2007-08	2008-09	2009-10	2010-11	2011-12
Capital Asset Funds	4,418	9,512	15,303	---	---
Restricted Funds	870	870	870	72,057	72,039
Unrestricted Funds	46,201	57,832	56,986	---	---
Total Equity	$51,489	$68,214	$73,159	$72,057	$72,039

SCSD's financial statements for 2011-2012 reflect the District experienced a positive change in its fiscal standing as its overall equity, or fund balance, increased by three-fourths. This increase in the overall fund balance is directly attributed to a one-fifth reduction in capital expenditures over the prior fiscal year. No significant deficiencies or material weaknesses were identified with respect to SCSD's financial statements.

Calculations performed assessing SCSD's liquidity, capital, and profitability indicate the District finished 2011-2012 with sufficient resources to remain operational into the foreseeable future. Specifically, short-term liquidity remained high given SCSD finished the fiscal year with sufficient current assets to cover its current liabilities over five-to-one. SCSD finished the fiscal year with no long-term debt and a neutral operating margin as revenues and expenses were nearly identical.[40]

[37] Current assets consist solely of cash investments and totaled $86,888.
[38] Non-current assets consist solely of special assessments and totaled $2,071.
[39] SCSD no longer maintains an unrestricted fund balance.
[40] SCSD's operating margin as of June 30, 2012 was (0.0001).

8.2 Revenue and Expense Trends

A review of SCSD's audited revenues and expenses shows that the District has finished three of the last five completed fiscal years with operating shortfalls with the largest deficit occurring in the 2007-2008 fiscal year at ($13,764). The 2008-2009 fiscal year marked the largest end-of-year surplus at $16,725 and is primarily tied to an increase in charges for services from the prior year. An expanded review of SCSD's audited end-of-year revenues and expenses in the two fund categories follows.

Category	2007-08	2008-09	2009-10	2010-11	2011-12
Revenues	105,611	128,495	126,085	126,197	126,745
Expenses	119,375	111,770	121,140	127,299	126,763
	(13,764)	16,725	4,945	(1,102)	(18)

* *All information reflects audited financial statements in CAFRs*

8.3 Current Budget

SCSD's adopted budget for the 2013-2014 fiscal year totals $186,192. This amount represents SCSD's total approved expenses or appropriations for the fiscal year. Revenues are budgeted to match expenses at $186,192 and are to be drawn from charges for services. Interest earned on investments represents the second largest revenue source for SCSD accounting for less than one percent of the total budgeted amount. As reflected in the following table, SCSD has maintained a balanced budget in each of the last several years.

SCSD's Budgeted Revenues and Expenses
(SCSD)

2011-2012		2012-2013		2013-2014	
Actual Revenues	Actual Expenses	Budgeted Revenues	Budgeted Expenses	Budgeted Revenues	Budgeted Expenses
$126,745	$126,763	$194,301	$194,301	$186,192	$186,192

9.0 Agency Specific Determinations

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

9.1 Growth and Population Projections

a) SCSD's permanent resident population over the next 10 years within the District's existing sphere of influence will increase primarily due to conversions of existing residential units from secondary to primary used and result in an increase in permanent resident population of approximately 1,336 by 2023.

9.2 Location and Characteristics of Any Disadvantaged Unincorporated Communities within or Contiguous to the Existing Spheres of Influence.

a) A review of available economic data compiled as part of the most recent American Communities Survey does not identify any distinct areas within Napa's existing sphere of influence meeting the definition of a disadvantaged unincorporated community.

9.3 Present and Planned Capacity of Silverado Community Services District's Public Facilities, Adequacy of Public Services and Infrastructure Needs of Deficiencies.

a) Sidewalk facilities within the District are undergoing repair and improvement. Other maintenance activities are conducted on an as-needed basis at the direction of the District's Municipal Advisory Committee. Charges for street lighting and lighting maintenance are paid to Pacific Gas and Electric Company. The District has not identified specific deficiencies in infrastructure requiring action beyond periodic maintenance.

9.4 Financial Ability to Provide Services

a) The District has finished three of the last five completed fiscal years with operating shortfalls with the largest deficit occurring in the 2007-2008 fiscal year at ($13,764).

b) Calculations performed assessing SCSD's liquidity, capital, and profitability indicate the District finished 2011-2012 with sufficient resources to remain operational into the foreseeable future. Short-term liquidity remained high given SCSD finished the fiscal year with sufficient current assets to cover its current liabilities over five-to-one. SCSD finished the fiscal year with no long-term debt and a neutral operating margin as revenues and expenses were nearly identical.

9.5 Status and Opportunities for Shared Facilities

a) SCSD shares facilities and services with the County of Napa, which both governs SCSD as a dependent special district and operates SCSD facilities under various contracts with private vendors. The purpose of these arrangements for governance and provision of service is cost efficiency gained from elimination of election costs and the ability to provide service on an as-needed, contractual basis rather than through permanent staff.

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

a) The Napa County Board of Supervisors and County Department of Public Works provides all District services within the SCSD service area at the direction of the SCSD Municipal Advisory Committee (MAC), which is composed of seventeen members representing small sub-areas within SCSD. Although the District is formally governed by the County Board of Supervisors, governance authority could

alternatively revert to an independent board similar to nearly all other community services districts in California by election.

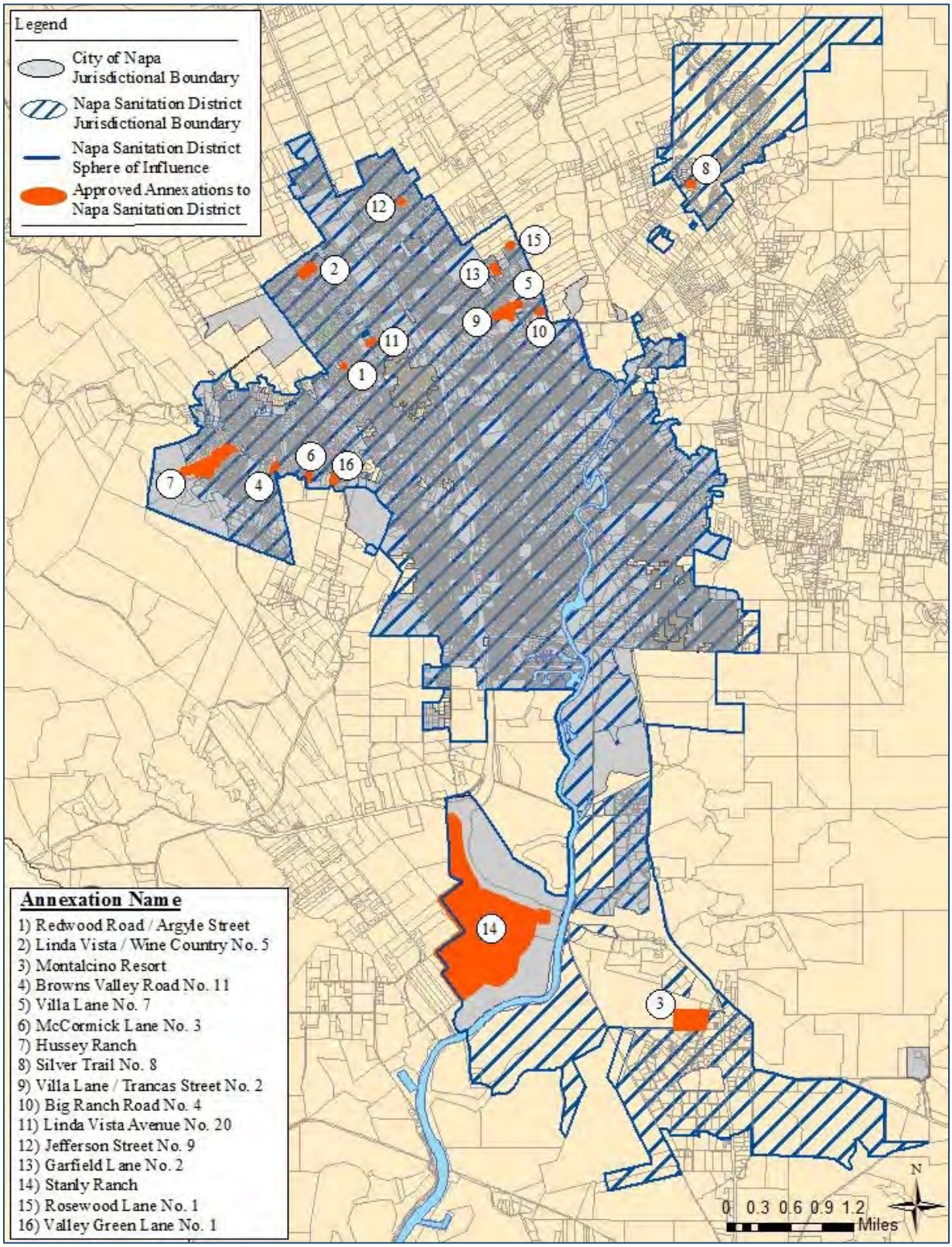
b) The District's existing form as a dependent special district is aimed at maximizing efficiency through the use of County DPW staff and avoidance of election costs. The efficacy of the existing governance arrangement depends on low cost and the County's responsiveness to the direction the SCSD MAC. There are alternative sources of both governance and service available to the Silverado community if the County's performance with respect to the maintenance of streets, sidewalks, paths and landscaping were to fall short of community expectations.

9.7 Relationship with Regional Growth Goals and Policies (Local Policy)

a) Special districts have no authority over land use and hence no direct participation on the policy level that would connect the activities of the district with regional growth

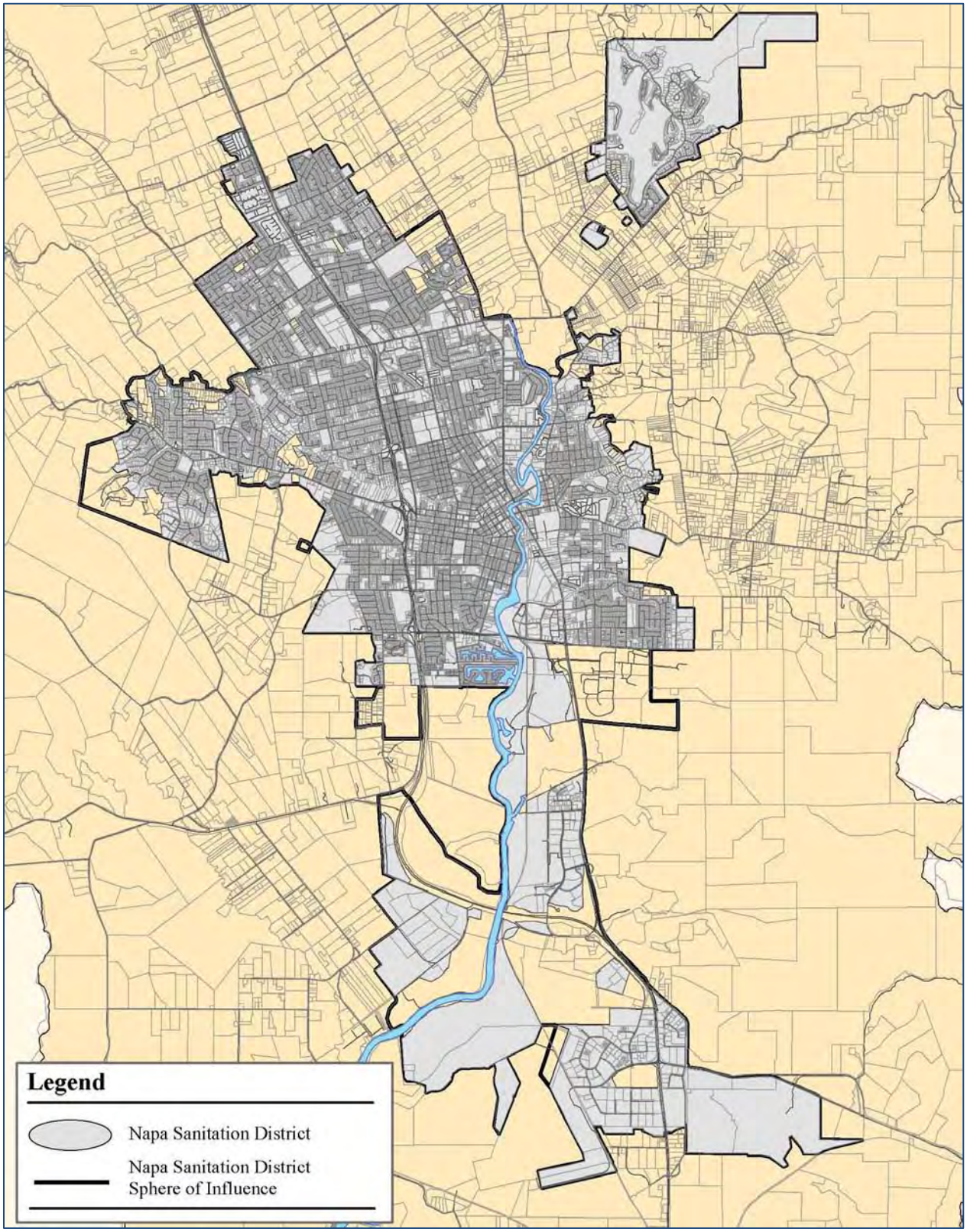
APPENDIX B

RECENT ANNEXATION APPROVALS TO NSD



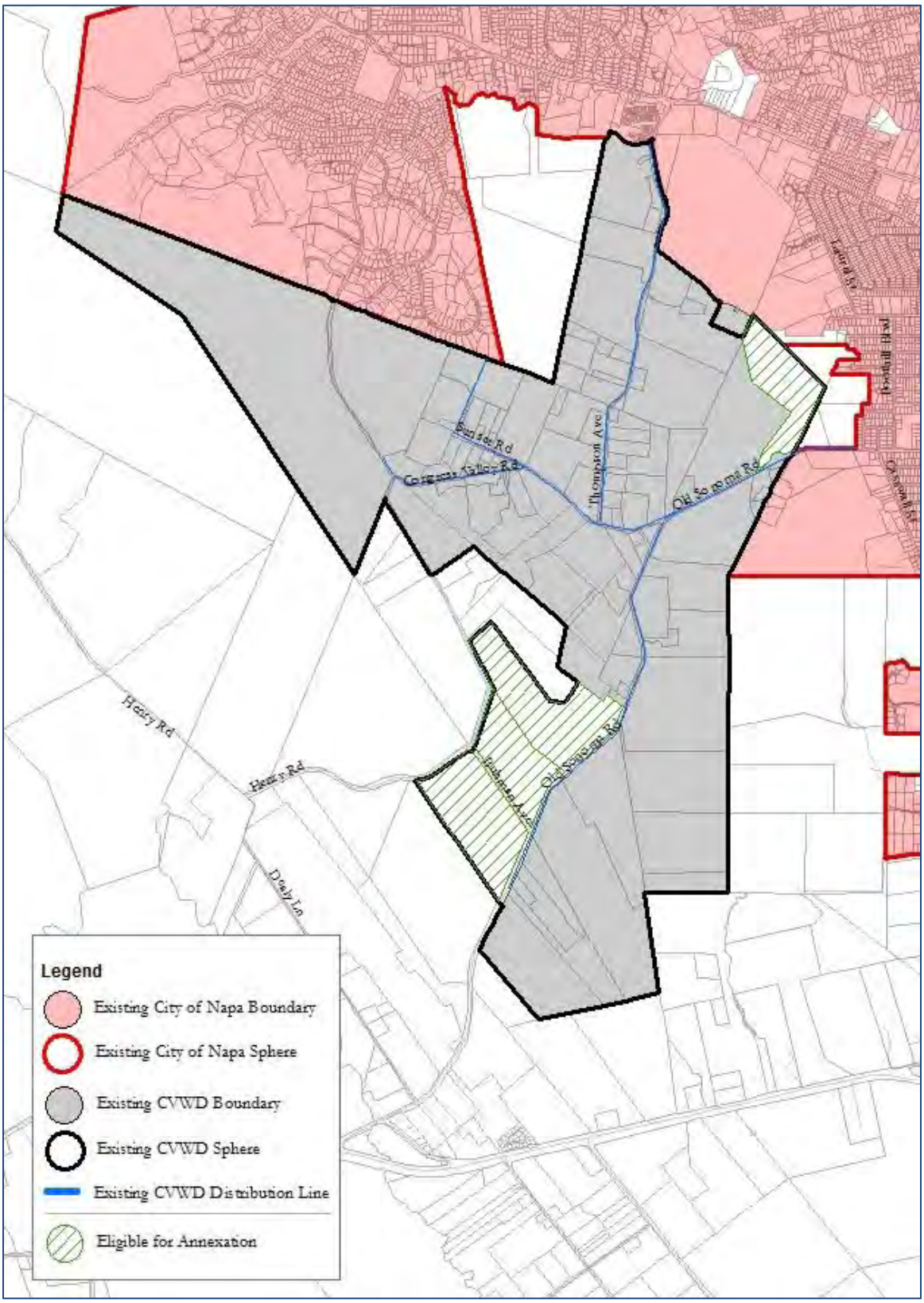
APPENDIX C

NSD CURRENT BOUNDARY AND SOI



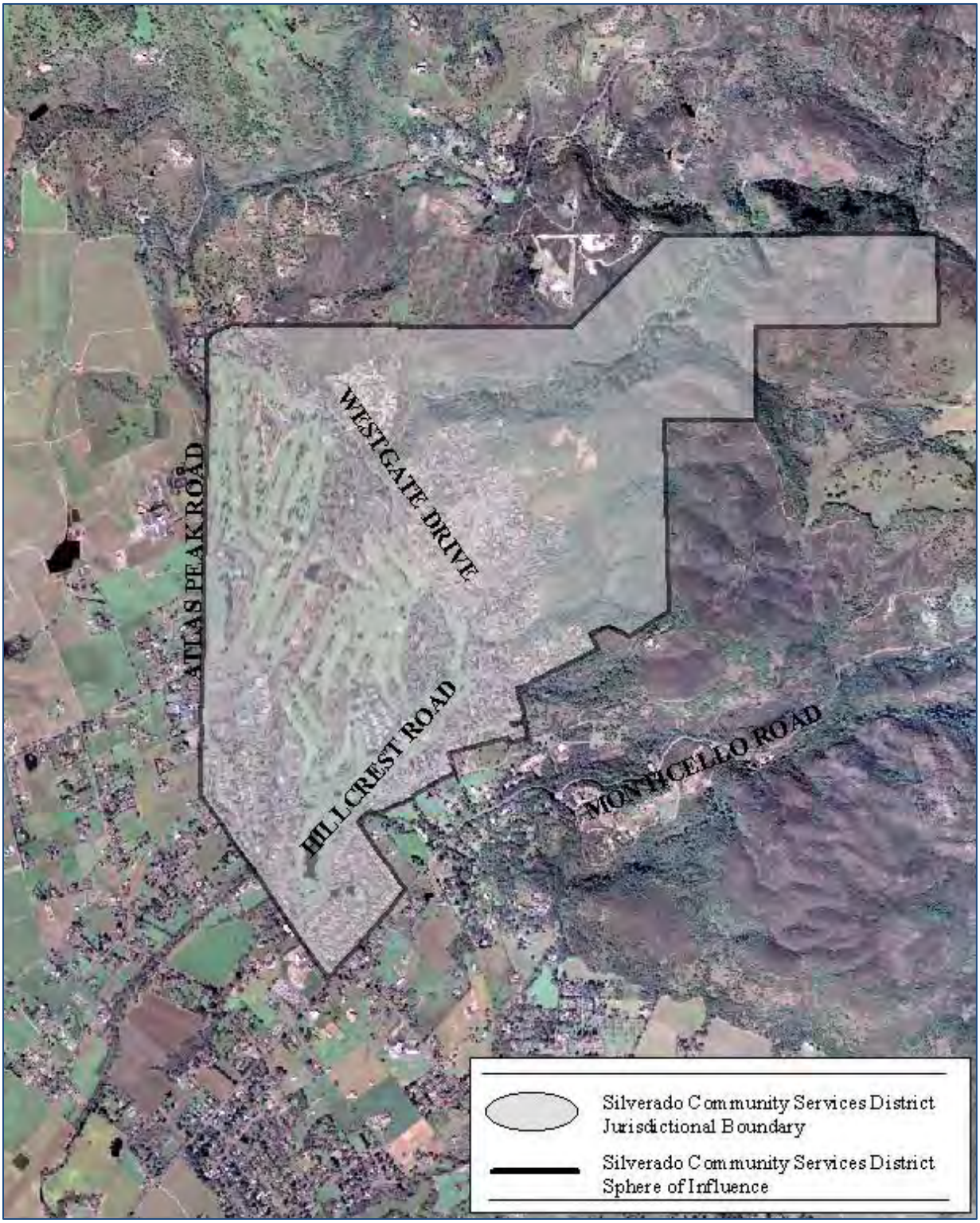
APPENDIX D

CVWD CURRENT BOUNDARY AND SOI



APPENDIX E

SCSD CURRENT BOUNDARY AND SOI



ATTACHMENT TWO

RESOLUTION NO. _____

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

MUNICIPAL SERVICE REVIEW ON THE CENTRAL COUNTY REGION:
SECTION ON NAPA SANITATION DISTRICT, CONGRESS VALLEY WATER DISTRICT, AND SILVERADO COMMUNITY SERVICES DISTRICT

WHEREAS, the Local Agency Formation Commission of Napa County, hereinafter referred to as the "Commission", adopted a schedule to conduct studies of the provision of municipal services within Napa County and studies of spheres of influence of the local governmental agencies whose jurisdictions are within Napa County; and

WHEREAS, the Executive Officer of the Commission, hereinafter referred to as the "Executive Officer", prepared a municipal service review on Napa Sanitation District (NSD), Congress Valley Water District (CVWD), and Silverado Community Services District (SCSD) pursuant to said schedule and the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the California Government Code; and

WHEREAS, the Executive Officer designated the geographic area of the municipal service review to generally include all lands located in the City of Napa as well as most surrounding unincorporated development; and

WHEREAS, the Executive Officer prepared a written report on the municipal service review that includes considering the adequacy of governmental services provided by NSD, CVWD, and SCSD; 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 meetings concerning the municipal service review on NSD, CVWD, and SCSD on February 3, 2014 and April 7, 2014; and

WHEREAS, as part of the municipal service review, the Commission is required pursuant to California Government Code Section 56430(a) to make a statement of written determinations with regards to certain factors.

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

1. The Commission determines this municipal service review is exempt from further environmental review under the California Environmental Quality Act pursuant to 14 California Code of Regulations Section 15306.

2. The Commission adopts the statement of written determinations prepared as part of the municipal service review on NSD, CVWD, and SCSD set forth in "Exhibit A," which is attached and hereby incorporated by reference.

The foregoing resolution was duly and regularly adopted by the Commission at a regular meeting held on April 7, 2014 by the following vote:

AYES: Commissioners _____

NOES: Commissioners _____

ABSTAIN: Commissioners _____

ABSENT: Commissioners _____

ATTEST: Laura Snideman
Executive Officer

Recorded by: _____
Kathy Mabry
Commission Secretary

EXHIBIT A

MUNICIPAL SERVICE REVIEW ON THE CENTRAL COUNTY REGION: SECTION ON NAPA SANITATION DISTRICT, CONGRESS VALLEY WATER DISTRICT, AND SILVERADO COMMUNITY SERVICES DISTRICT

WRITTEN STATEMENT OF DETERMINATIONS

1. Growth and population projections for the affected area (Government Code 56430(a)(1)):

   a) NSD's permanent resident population over the next 10 years within the existing sphere will generally match its principal service area – the City of Napa – and supplemented by a minimal increase in new residential development in Silverado. The assumptions suggest NSD's permanent resident population within its existing sphere designation will modestly increase relative to the previous decade and rise on average from 0.4% to 0.5%. The substantive result of these assumptions would be an agency-wide permanent resident population of 85,355 by 2023.

   b) CVWD's permanent resident population growth rate over the next 10 years within the existing sphere will generally remain extremely low with the addition of no more than five new residences. These assumptions suggest CVWD's permanent resident population growth rate will minimally increase relative to the previous decade, rising from 5.2% to 5.4%. The substantive result will be an estimated permanent resident population of 254 by 2023.

   c) SCSD's permanent resident population over the next 10 years within the District's existing sphere of influence will increase primarily due to conversions of existing residential units from secondary to primary used and result in an increase in permanent resident population of approximately 1,336 by 2023.

2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to spheres of influence (Government Code 56430(a)(2)):

   a) A review of available economic data compiled as part of the most recent American Communities Survey does not identify any distinct areas within NSD's existing sphere of influence meeting the definition of a disadvantaged unincorporated community.

   b) A review of available economic data compiled as part of the most recent American Communities Survey does not identify any distinct areas within CVWD's existing sphere of influence meeting the definition of a disadvantaged unincorporated community.

   c) A review of available economic data compiled as part of the most recent American Communities Survey does not identify any distinct areas within SCSD's existing sphere of influence meeting the definition of a disadvantaged unincorporated community.

3. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies (Government Code 56430(a)(3)):

   a) The capacities of NSD's collection and treatment facilities are sufficient to service the existing service population. Planned facility upgrades, with ongoing District plans and monitoring programs, are expected to be sufficient to serve a slowly expanding service population.

   b) The City of Napa provides water service on a contractual basis within the CVWD service area. The City and the District have agreed that the City's role in providing service will extend beyond the District's planned dissolution in 2017. The District's water distribution system has been improved to the City's standards in recent years. The City's sources of supply are sufficient to continue to provide service to the District's service area and other areas served by the City.

   c) Sidewalk facilities within SCSD are undergoing repair and improvement. Other maintenance activities are conducted on an as-needed basis at the direction of the District's Municipal Advisory Committee. Charges for street lighting and lighting maintenance are paid to Pacific Gas and Electric Company. SCSD has not identified specific deficiencies in infrastructure requiring action beyond periodic maintenance.

4. Financial ability of agencies to provide services (Government Code 56430(a)(4)):

   a) Sewer service rates charged by NSD are sufficient to support the District's capital and operating expenditures into the immediate future.

   b) NSD's approved capital expenditures are estimated at $29.8 million and allocated to projects including mainline sewer rehabilitation, a manhole raising program, and inflow/infiltration reduction programs. New revenues are budgeted at $24.8 million and will be drawn from development capacity charges, interest earnings, Federal grants, and intra-governmental transfers.

   c) NSD has finished four of the last five completed fiscal years with operating surpluses reflecting a balanced financial structure. NSD's overall equity has increased from $131.4 to $134.0 million. The increase in equity is attributable to NSD's operating surpluses in which operating revenues have surpassed operating expenditures in recent years.

   d) Water rates charged by the City of Napa within the CVWD service area are equal to the City's rates for customers in the City's jurisdiction and are sufficient to support the District's operating expenditures into the immediate future.

   e) CVWD has finished each of the last five fiscal years with operating surpluses reflecting a strong and balanced financial structure. The 2011-2012 fiscal year marked the largest end-of-year surplus at $47,172 and is primarily tied to higher than expected increases in property tax revenues.

f) SCSD has finished three of the last five completed fiscal years with operating shortfalls with the largest deficit occurring in the 2007-2008 fiscal year at ($13,764).

g) Calculations performed assessing SCSD's liquidity, capital, and profitability indicate the District finished 2011-2012 with sufficient resources to remain operational into the foreseeable future. Short-term liquidity remained high given SCSD finished the fiscal year with sufficient current assets to cover its current liabilities over five-to-one. SCSD finished the fiscal year with no long-term debt and a neutral operating margin as revenues and expenses were nearly identical.

5. Status of, and opportunities for, shared facilities (Government Code 56430(a)(5)):

a) NSD engages with other agencies in frequent and diverse programs to share programs and facilities enhancing public services. These efforts include educational activities, public outreach, reuse of resources, pollution prevention, and coordination of capital projects and extension of the use of recycled wastewater.

b) CVWD shares facilities and services with the City of Napa, which operates all CVWD facilities under contract with CVWD.

c) SCSD shares facilities and services with the County of Napa, which both governs SCSD as a dependent special district and operates SCSD facilities under various contracts with private vendors. The purpose of these arrangements for governance and provision of service is cost efficiency gained from elimination of election costs and the ability to provide service on an as-needed, contractual basis rather than through permanent staff.

6. Accountability for community service needs, including governmental structure and operational efficiencies (Government Code 56430(a)(6)):

a) NSD's governance as a sanitation district - by a board of directors appointed by the City and the County with additional appointed members according to special legislation – appropriately balances the interests of residents of incorporated and unincorporated areas.

b) Detailed study of NSD's organizational structure as a sanitation district and the alternatives to that structure has found that the present sanitation district governance structure functions as well or better than alternatives to the current form of the Districts organization as a sanitation district. Services provided by NSD are primarily to the City of Napa. 71.4% of the District's jurisdictional area and 91% of the District's registered voters lie within the City's boundary, thus meeting the minimum requirements for the District to become a subsidiary district of the City. However, no significant change in underlying conditions of jurisdiction or net advantage for the alternative structures has been identified since study was completed in 2006.

c) NSD's accountability to the public is enhanced by an informative website, educational programs, facility tours, pollution prevention and other programs that seek to actively report to and engage its customers.

d) The City of Napa provides water service within the CVWD service area. There are no alternative sources of water service available to CVWD. The CVWD Board of Directors does not control provision of water service within its boundaries beyond the terms of their agreement with the City of Napa. Like all other water customers in unincorporated areas served by the City of Napa, CVWD residents are not eligible to run for office or vote in elections in the City of Napa. The CVWD governing board can work with the City of Napa as a locally elected organization on behalf of its residents on an advocacy basis.

e) The Napa County Board of Supervisors and County Department of Public Works provides all District services within the SCSD service area at the direction of the SCSD Municipal Advisory Committee (MAC), which is composed of seventeen members representing small sub-areas within SCSD. Although the District is formally governed by the County Board of Supervisors, governance authority could alternatively revert to an independent board similar to nearly all other community services districts in California by election.

f) SCSD's existing form as a dependent special district is aimed at maximizing efficiency through the use of County DPW staff and avoidance of election costs. The efficacy of the existing governance arrangement depends on low cost and the County's responsiveness to the direction the SCSD MAC. There are alternative sources of both governance and service available to the Silverado community if the County's performance with respect to the maintenance of streets, sidewalks, paths and landscaping were to fall short of community expectations.

7. Relationship with regional growth goals and policies (Government Code 56430(a)(7)):

a) Special districts have no authority over land use and hence no direct participation on the policy level that would connect the activities of the district with regional growth. NSD's policies specifically state that the District will neither act to encourage or discourage growth, but will facilitate growth as planned by agencies responsible for growth policy.

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

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Napa, California 94559
Phone: (707) 259-8645
Fax: (707) 251-1053
www.napa.lafco.ca.gov

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

April 7, 2014
Agenda Item No. 6c (Public Hearing)

March 31, 2014

TO: Local Agency Formation Commission

FROM: Laura Snideman, Executive Officer

SUBJECT: **Appointment of Regular Public Member**
The city and county members will consider making an appointment for the regular public member position. One candidate has applied and the appointment term is four years beginning May 2014 and ending May 2018.

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 or in conflict with any other locally adopted policies. Additionally, to be appointed, the regular and alternate public members must receive at least one vote each 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 prescribes additional eligibility requirements that appointees not serve on local public entities that have 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 to 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.

Expiring Term of the Regular Public Member

Commissioner Brian J. Kelly's term as regular public member expires on Monday, May 5, 2014. The Commission originally appointed Commissioner Kelly as regular public member beginning May 2006. The Commission reappointed Commissioner Kelly to a new four-year term as regular public member beginning May 2010.

Joan Bennett, Vice Chair
Councilmember, City of American Canyon

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

Brian J. Kelly, Chair
Representative of the General Public

Greg Pitts, Commissioner
Councilmember, City of St. Helena

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

Laura Snideman
Executive Officer

B. Discussion/Analysis

At its February 3, 2014 meeting, the Commission provided formal direction to staff to initiate an open recruitment for the regular public member position. Towards this end, staff prepared an announcement inviting applications for the regular public member position through March 14, 2014. The announcement was posted on the Commission's website and published in the Napa Valley Register. The Commission received one application from Brian J. Kelly (incumbent) for the regular public member position.

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 the lone candidate to the position of regular public member to a four-year term commencing on May 5, 2014.

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 a regular public member as identified in the preceding section as "Alternative One."

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 candidate to address the Commission (policy); and

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

Respectfully submitted,

_____

Laura Snideman
Executive Officer

Attachments:

1) Policy on the Appointment of the Public Member and Alternate Public Member
2) Candidate Application: Brian J. Kelly (incumbent)

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

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APPLICATION FOR REGULAR PUBLIC MEMBER

The Local Agency Formation Commission (LAFCO) of Napa County is accepting applications for its regular public member position. The position involves a four year appointment made by city and county members already serving on LAFCO. The regular public member is expected to actively participate in LAFCO meetings with respect to providing input and voting on all regulatory and planning matters before the agency.

Eligibility

Applicants must be a resident of Napa County. Applicants also must not be currently employed by a local public agency or serving as a member on a local public body with the authority to make final or advisory decisions relative to land use or municipal service.

Time Commitments

LAFCO of Napa County currently meets on the first Monday of every month unless otherwise scheduled. Regular meetings are calendared to begin at 4:00 P.M. in the County of Napa Administration Building located at 1195 Third Street in Napa. Special meetings are calendared as needed. All members are expected to attend unless excused and currently receive a $125.00 per diem for each regular or special meeting attended.

Deadline for Applications

Completed applications must be received by LAFCO by Monday, March 14, 2014. The city and county members are expected to consider making an appointment for the regular public member position at its April 7, 2014 regular meeting. Questions should be directed to LAFCO Analyst Brendon Freeman at (707) 259-8645 or bfreeman@napa.lafco.ca.gov.

General Information

a) Name: BRIAN KELLY

First **Last**

b) Address:

Street Address **City** **Zip Code**

c) Contact Information:

Phone Number **E-Mail**

d) Present Employer: SELF BUSINESS COACH

Employer Name **Employer Field**

a) Summarize your interest in serving on the Commission.

CO-ISSUE & SERVE COMMUNITY AS I HAVE ON LAFCO FOR 10+ YRS.

b) Summarize your qualification to serve on the Commission.

RESUME ATTACHED
+ 10 YRS OF LAFCO BOARD
+ ALTERNATE

c) List any formal education received beyond high school. RESUME

d) List community activities and interests.

Resume

Letters of recommendation/reference are not required, but will be accepted and should be attached to the completed application at the time of submission.

5/18/14

BRIAN J. KELLY

ROLE

Part-time Chief Financial Officer and Management Coach:
- Supporting company ownership in achieving revenue generation and equity growth, i.e. long-term value;
- Working in concert with the CEO developing strategy, analyzing assets & financial investments, managing projections; as well as enhancing & supporting controller functions.
- Participate in leadership through developing and enhancing a vision, and creating a strategy to implement. Have grown revenue and profitability while managing risk throughout organizations. Work to motivate teams to deliver results through my leadership and organizational skills in strategy, finance, and marketing.

LEADERSHIP SKILLS

Over 30 years of senior management positions involving:

- Strategic Planning - Developed visions and implemented plans that emphasized revenue growth
- Strategic Marketing - Leveraged brands for success including corporate-wide sales and service programs
- Financial Management - Utilized financial analytics and budgeting to drive bottom line profit
- Risk Management - Analyzed and managed risks across disciplines
- Human Resources - Led teams of up to 100 employees emphasizing training and development

EMPLOYMENT

Brian Kelly & Associates – Small Business Consulting, Napa, CA – 2/11 to present, and 11/00 to 2/04

- Advise companies on strategic planning; vision implementation; finance, marketing and human resource opportunities.
- Helping businesses and their leadership in strategic thinking and the creation of organizational value through revenue generation.
- Supporting financial management, including functioning in the role of a part-time Chief Financial Officer. Referrals and references available.
- Bring over 20 years of experience helping businesses and their leadership in strategic thinking and the creation of organizational value.
- Major current client – Napa Chamber of Commerce – as Consulting CEO - 11/13 to 6/14

Charter Oak Bank, President, CEO & Director - Napa, CA - 02/04 to 02/11

- Organized, capitalized and led a community bank headquartered in the Napa Valley
- Grew client base to 5% market share (of Napa County) with $150 million in assets
- Implemented a sales and marketing program transforming entire staff into a sales focused organization

Wells Fargo Bank, Senior Vice President, Vineyards Market Business Banking - Napa, CA - 03/00 to 11/00
Napa National Bank, President, CEO & Director - Napa, CA - 06/88 to 03/00 (acquired by Wells Fargo in 2000)

- Re-capitalized and revived a community bank headquartered in the Napa Valley
- Achieved over 5% market share (of Napa County) with $175 million in assets
- Developed creative loan programs for wine industry facing the phylloxera blight
- Sold bank to Wells Fargo in 3/00 at a premium price of 3.3 times book value, 50% above industry norm

Bank of America, Vice President & Commercial Banking Manager - San Francisco Bay Area - 01/70 to 05/87

- Executed various administrative and commercial lending functions in the Bay Area
- Achieved "Statewide Corporate Banking Manager of the Year" out of 40 competing units. Led in growth and loan quality and posted results among the top profitable units.
- Acted as Member and Chair of bank's Junior Advisory Council (0.5% high potential employees)
- Successfully turned around problem units in the operational, investment and credit arenas

ADDITIONAL EXPERIENCE

Insurance Brokerage - Developed sales and service experience, generating over $1 million in premiums in first year.

Academic – Volunteer services in various teaching arenas including our community college, teaching finance and general business courses.

Community Support - Over the past twenty years, volunteered on numerous community nonprofit boards of trustees. Chaired and led over 15 of these organizations, including our local hospital, Business-Education Partnership, Chamber of Commerce, Local Area Formation Commission and Rotary Club.

EDUCATION

University of California, Berkeley, Haas School of Business, Advanced Management Program (2001)
Completed a six-month program at graduate school of business updating 20-year-old MBA; regular coursework since

University of California, Berkeley, MBA (1978) - majored in Finance, minored in Management

California State University, Hayward, B.S. (1974) - majored in Management

PAST COMMUNITY LEADERSHIP

2009, 2014	**Local Agency Formation Commission (Napa County LAFCO) - Chair**
2007-08	**Aldea Children and Family Services – Chair of the Board, and Capital Campaign Co-chair**
2006-08	**Napa Valley Conference & Visitors Bureau - Chair**
2000-02	**City of Napa, General Plan – Housing Element Steering Committee** - Co-Chair
1998-00	**Boys & Girls Club of the Napa Valley** - Capital Campaign Co-Chair
1998-99	**Business-Education Partnership** - Co-Chair
1996-97	**Queen of the Valley Hospital** - Chair
1994-95	**Napa Sunrise Rotary** - President
1992	**Napa Chamber of Commerce** - President

COMMUNITY INVOLVEMENT

Current: **Local Agency Formation Commission (Napa County LAFCO),** Public Member since 2005; Chair 2009 & 2014 (Political boundary changes, spheres of influence, discouraging urban sprawl, orderly local formation)

Napa Chamber of Commerce, Member since 1989 (President 1992, Board Member 1990-95)
Consulting CEO 11-13 thru 06-14
Napa Sunrise Rotary, Member since 1989 (President 1994-95) (fraternal organization)
Napa Valley Leadership Council, Member since 1996

Prior:

Aldea, Capital Campaign Co-chair 2008, Chair of the Board 2007-08, Board Member 2005-08
American Center for Wine, Food & the Arts, Community Advisory Committee, Chair 1998-2001 (museum)
Boys & Girls Club of the Napa Valley, Capital Campaign Co-Chair 1998-2000
Business-Education Partnership, Co-Chair 1998-99, Board Member 1993-99 (county-wide partnership)
California Bankers Association, Member since 1989; St Government Relations Cmt 2005-08 & Chair 2007-09;
City of Napa, General Plan - Economic Strategic Plan Steering Committee, Member 1998-99
City of Napa, General Plan – Housing Element Steering Committee, Co-Chair 2000-02
Community Foundation of the Napa Valley, Board Member 1994-2000, Chair of Cmt on Board 1999-00
Great Napa Valley Duck Race, Executive Steering Committee 1993-95
Jarvis Conservatory, Board Member 1998-2005 (fine arts education and performance facility)
Honorary Commander – Travis Air Force Base since 2012
Hospice of Napa Valley, Board Member 1997-2002; Capital Campaign Chair 2001-02
Leadership Napa Valley, Business Day Program Coordinator 1993-2002
Napa City-County Library, Strategic Planning Committee 1999
Napa Valley Conference & Visitors Bureau, Board Member 2005-08 (tourism management), Chair 2006-08
Napa Valley Corporate Champions for Childcare, Board Member 1992-94
Napa Valley Economic Development Council, Board Member 2001-02
Napa Valley Unified Education Foundation, Treasurer 1992-94, Board Member 1990-96
Napa Valley Opera House, Board Member 1989-95 (fundraise to build performing arts facility)
Napa Valley Vintners Community Health Center, Board Member 2001-2011 (collaborative health care)
Napa Valley Wine Auction, Community Relations Chair 1994-1997
Pear Tree Lane Homeowners Association, Board Member and Treasurer 2005-07; Chair 2008
Queen of the Valley Hospital, Chair Board of Trustees 1996 – 1997; Board member 1991-1997; Strategic Planning Committee 2001-2004;
St. John the Baptist Catholic Church, Capital Campaign – Major Gifts Chair 2002-2004 Strategic Planning Committee 2002-03
Vintage High School Athletic Boosters Club, President 1998-99

AWARDS

Healthy Moms & Babies – 2009 Making A Difference Award - 2009
Napa Valley Education Foundation – Business Advocate For The NVUEF - 2008
American Association of Planners – National Award of Merit for City of Napa Housing Element as Committee Co-Chair - 2002
University of California, Berkeley – Order of the Golden Bear - 2002
Napa Sentinel - Citizen of the Year – Dec. 2001
Napa Valley Chamber of Commerce / KVON – Citizen of the Year – Jan. 2001
Boys & Girls Club of the Napa Valley – Man of the Year – 2000
Napa County Hispanic Network Lifetime Achievement Community Award, 1996
Volunteer Center of Napa County - Corporate Outstanding Community Service Award, 1996
Rotary International – No. California District Club of the Year, rec'd. Presidential year – 1994-95
Rotary International - Napa Sunrise Rotarian of the Year – 1993-94

PUBLICATIONS

Napa Valley, Edited by Patton Howell, 2000
Chapter - "Making Community Your Business"

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

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

April 7, 2014
Agenda Item No. 6d (Public Hearing)

March 31, 2014

TO: Local Agency Formation Commission

FROM: Budget Committee

SUBJECT: **Approval of Proposed Budget for Fiscal Year 2014-2015**
The Commission will consider adopting a proposed budget for 2014-2015 similar to the draft approved in February and subsequently circulated for review among local funding agencies. Proposed operating expenses total $456,560 and represent a 3.4% decrease over the adjusted budget amount for the current fiscal year. Proposed operating revenues total $444,205 with the majority coming from local funding agencies; the latter of which would increase by 2.9% over the adjusted budget amount for the current fiscal year. The anticipated shortfall – ($12,355) – would 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 regulatory and planning duties.

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 earnings.

Joan Bennett, Vice Chair
Councilmember, City of American Canyon

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

Brian J. Kelly, Chair
Representative of the General Public

Greg Pitts, Commissioner
Councilmember, City of St. Helena

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

Laura Snideman
Executive Officer

Budgeting Policies

It is the policy of the Commission to utilize a Budget Committee ("Committee") to inform the agency's decision-making process in adopting an annual operating budget. The Commission establishes a Committee for each fiscal year to include two appointed Commissioners and the Executive Officer. The Committee's core responsibilities are divided between three distinct and sequential phases as summarized below.

- The Committee's initial responsibility is to present a draft proposed budget for Commission approval in February before it is circulated for comment to each funding agency for no less than 21 days. The draft proposed budget, notably, is the opportunity for the Committee to identify and propose recommendations on changes in baseline expenditures for Commission feedback. It also provides the funding agencies an early opportunity to review and comment on the Commission's anticipated budget needs relative to their own budgeting processes.

- The Committee's second formal action is to incorporate the comments received from the funding agencies during the initial review along with any updated cost/revenue projections into a proposed budget for Commission adoption in April. The adopted proposed budget is subsequently circulated to the funding agencies for review and comment for another 21 day period. The adopted proposed budget is also posted for public review and comment on the Commission's website.

- The Committee's third and final formal action is to incorporate the comments received from the funding agencies and general public on the proposed budget into a final budget for Commission adoption in June. Significantly, and in terms of intent, any changes incorporated into the final budget in June are generally limited to relatively minor updates or to address new information on budgetary needs that was not previously known or addressed by the Committee.

Two specific policy determinations underlie the Committee's work and related recommendations to the Commission. First, it is the policy of the Commission to ensure the agency is appropriately funded to effectively and proactively meet its prescribed duties while controlling operating expenses whenever possible to limit the financial impact on the funding agencies. Markedly, and by practice, this means utilizing reserves when appropriate to offset increases in agency contributions. Second, it is the policy of the Commission to retain sufficient reserves to equal no less than three months of budgeted operating expenses in the affected fiscal year less any capital depreciation.

Draft Proposed Budget for 2014-2015

The 2014-2015 Committee conducted a public meeting on January 23, 2014 to review and develop draft recommendations on the Commission's operating expenses and revenues for the upcoming fiscal year.[1] Four specific budget factors permeated the Committee's review. 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 adjustments – increases or decreases – in baseline agency costs are appropriate to accommodate changes in need or demand. Third, upon a preliminary setting of operating expenses, the Committee considered the need for any changes in agency contributions and whether agency reserves should be utilized to lower contribution requirements. Fourth, the Committee compared the preliminary setting of operating expenses and revenues to previous fiscal years and the current consumer price index for the region.

The Committee incorporated the four described budget factors – existing baseline costs, warranted changes in baseline costs, revenue needs, and relationship to the price index – in presenting a draft proposed budget at the Commission's February 3, 2014 meeting. The draft represented a "status-quo" in terms of generally maintaining existing service levels and highlighted by preserving current staff at 2.5 fulltime equivalent employees. The draft contemplated a decrease in operating expenses to $456,560. The draft also contemplated an increase in operating revenues to $442,720 with the remaining shortfall – ($13,840) – to be covered by drawing down on agency reserves.

The Commission approved the draft proposed budget as submitted at the February 3rd meeting and directed the Committee to seek comments from the funding agencies in anticipation of considering formal adoption – with or without changes – in April. Notice of the draft approval was electronically circulated to all six funding agencies the following week inviting comments through March 7th. No comments were received.

B. Discussion

The Committee returns with a proposed budget in line-item form for consideration by the Commission as part of a noticed public hearing. The proposed budget worksheet reflects a budget amendment for the current fiscal year that was approved at the Commission's February 3rd meeting to increase current fiscal year operating expenses by $13,500 for purposes of extending the interim Executive Officer's consulting services contract to allow the Commission additional time to recruit and appoint its new Executive Officer. The proposed budget worksheet also updates operating revenues to correct a previous error in calculating agency contributions. A detailed summary of proposed operating expenses and revenues follows with the corresponding general ledger showing all affected accounts provided as an exhibit to the attached draft resolution of approval.

[1] The Commission appointed Commissioners Pitts and Bennett to the 2014-2015 Budget Committee at its December 2, 2013 meeting.

Operating Expenses

The Committee proposes a decrease in operating expenses from $472,799 to $456,560; a difference of $16,239 or (3.4%) over the adjusted budget amount for the current fiscal year. **The proposed amount includes an additional $35 in operating expenses post the February draft to account for an adjusted increase in the Commission's membership cost for the California Association of LAFCOs ("CALAFCO").** No other changes from the February draft have been made.

Nearly all of the decrease lies within the services/supplies unit with the majority associated with the Commission transitioning from a consulting services agreement for interim Executive Officer services to a full-time Executive Officer with standard salary and benefits. The proposed budget incorporates a limited number of changes to reflect current fiscal year expense trends with the changes summarized below.

- The Committee proposes increasing the salaries and wages account from $155,519 to $212,625. The proposed change represents a $57,106 or 36.7% increase and accounts for hiring a full-time Executive Officer. The Committee proposes a corresponding decrease of $61,500 in the consulting services account that is budgeted for the interim Executive Officer during the current fiscal year.

- The Committee proposes decreasing the employee insurance premiums account from $51,203 to $44,796. The proposed change represents a $6,407 or 12.5% decrease and reconciles the previous practice of counting the part-time Commission Secretary as a full-time employee for purposes of budgeting benefits.

- The Committee proposes increasing the legal service account from $22,540 to $32,000. The proposed change represents a $9,460 or 42% increase and reflects a current trend in which Commission Counsel is utilized on an expanded basis to aid in the establishment of and transition to the new Executive Officer.

- The Committee proposes decreasing the special departmental expense account from $21,500 to $4,000. The proposed change represents a $17,500 or 81.4% decrease and eliminates a budgeted expense associated with the County Human Resource Department's efforts to recruit the new Executive Officer.

The following table summarizes operating expenses in the proposed budget.

Expense Unit	Adjusted FY13-14	Proposed FY14-15	Change %
1) Salaries/Benefits	272,735	323,875	18.8
2) Services/Supplies	200,064	132,685	(33.7)
3) Contingencies	0	0	0.0
	$472,799	$456,560	(3.4)

Operating Revenues

The Committee proposes operating revenues increase from $432,850 to $444,205; a difference of $11,355 or 2.6% over the current fiscal year. **The proposed amount includes $1,520 in operating revenues post the February draft to account for the correction in calculating agency contributions as well as the $35 increase in CALAFCO membership expenses as described in the preceding section.** No other changes from the February draft have been made.

The Committee proposes nearly the entire amount of new operating revenues to be collected – $431,705 – would be drawn from agency contributions and would exceed the current fiscal year total by $12,355 or 2.9%. Service charges and interest earnings on the fund balance invested by the County Treasurer represent the remaining portion of operating revenues in the proposed budget. No changes in service charges are proposed. A $1,000 decrease in interest earnings is budgeted based on current fiscal year collections.

The following table summarizes operating revenues in the proposed budget.

Revenue Unit	Adjusted FY13-14	Proposed FY14-15*	Change $	Change %
1) Agency Contributions	419,350	431,705	12,355	2.9
(a) County of Napa	*209,675*	*215,853*	*6,177*	*2.9*
(b) City of Napa	*140,020*	*144,164*	*4,144*	*3.0*
(c) City of American Canyon	*33,757*	*34,795*	*1,038*	*3.1*
(d) City of St. Helena	*13,957*	*14,338*	*382*	*2.7*
(e) City of Calistoga	*12,389*	*12,742*	*353*	*2.9*
(f) Town of Yountville	*9,552*	*9,812*	*260*	*2.7*
2) Service Charges	10,500	10,500	0	0.0
3) Interest Earnings	3,000	2,000	1,000	(33.3)
Total	$432,850	$444,205	$11,355	2.6

* *Proposed agency contributions for 2014-15 reflect general tax revenues for 2010-11 as provided by the State Controller's Office's (SCO) Cities Annual Report as well as population estimates for January 1, 2013 as provided by the State Department of Finance's (DOF) Population Estimates. Agency contributions will be updated in the final budget to reflect general tax revenues from SCO's 2011-2012 Cities Annual Report and new population estimates as of January 1, 2014 from DOF's 2014 Population Estimates once these reports have been published.*

C. Analysis

The proposed budget for 2014-2015 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 contribution increases. In particular, the proposed budget preserves present staff and service levels the Committee believes are merited given the agency's prescribed and expanding duties. The proposed budget also provides additional monies to retain an outside consultant to facilitate the next biannual workshop as well as provide per diems for members to represent the Commission at outside events and meetings, such as the CALAFCO annual conferences. Finally, despite allocating $12,355 as offsetting revenues, the proposed budget positions the Commission to finish the fiscal year with an available fund balance of $152,362; an amount more than sufficient to meet the Commission's policy to retain reserves equal to no less than three months of operating expenses.

D. Alternatives for Action

The following alternative actions are available to the Commission.

Alternative Action One (Recommended):
(a) Adopt the proposed budget for 2014-2015 as provided in Attachment One with any desired changes. (b) Direct the Committee to circulate the adopted proposed budget to funding agencies as well as make available to the general public for review and comment. (c) Direct the Committee to return with recommendations for a final budget for adoption at a noticed public hearing on June 2, 2014.

Alternative Action Two:
Continue the item to a special meeting scheduled no later than May 1, 2014 and provide direction to staff with respect to providing additional information as needed.

E. Recommendation

It is recommended the Commission take all three of the actions provided in Alternative One as outlined in the preceding section.

F. Procedures for Consideration

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

1) Receive verbal report from the Committee;

2) Invite public testimony (mandatory) and

3) Discuss item and consider action on recommendation.

Respectfully submitted on behalf of the Committee,

_____
Brendon Freeman
Analyst

Attachments:

1) Draft Resolution of Approval (Proposed Budget Provided as Exhibit "A")
2) Local Agency Contributions Worksheet

ATTACHMENT ONE

RESOLUTION NO. ____

RESOLUTION OF
THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
ADOPTING A PROPOSED BUDGET FOR THE 2014-2015 FISCAL YEAR

WHEREAS, the Local Agency Formation Commission of Napa County (hereinafter referred to as "Commission") is required by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.) 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, the Commission appoints and utilizes a Budget Committee to help inform and make decisions regarding the agency's funding requirements; and

WHEREAS, at the direction of the Commission, the Budget Committee 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 Budget Committee prepared a report concerning the proposed budget, including recommendations thereon; and

WHEREAS, the Budget Committee'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 7, 2014; 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 7, 2014 by the following vote:

AYES: Commissioners _____

NOES: Commissioners _____

ABSTAIN: Commissioners _____

ABSENT: Commissioners _____

ATTEST: Laura Snideman
Executive Officer

RECORDED: Kathy Mabry
Commission Secretary

EXHIBIT A

Local Agency Formation Commission of Napa County

Subdivision of the State of California

FY2014-2015 OPERATING BUDGET / PROPOSED

Prepared on March 25, 2014

Expenses

		FY2011-12		FY2012-13		FY2013-14		FY2014-15		
		Adopted FY11-12	Actual FY11-12	Adopted FY12-13	Actual FY12-13	Adjusted* FY13-14	Estimate FY13-14	**Proposed FY14-15**		
Salaries and Benefits										
Account	**Description**									*Difference*
51100	Salaries and Wages	202,387.60	203,108.73	203,183.19	212,429.87	155,519.15	150,400.00	**212,624.80**	*57,105.65*	*36.7%*
51105	Extended Hours	-	-	-	-	-	95.00	**-**	-	
51400	Employee Insurance: Premiums	45,648.12	37,643.35	47,646.00	39,635.35	51,202.80	35,600.00	**44,796.00**	*(6,406.80)*	*-12.5%*
51600	Retirement	36,701.99	36,871.55	37,736.30	37,730.04	39,595.42	24,850.00	**39,853.01**	*257.59*	*0.7%*
51605	Other Post Employment Benefits	9,341.00	9,341.00	12,139.00	12,139.00	12,166.00	12,166.00	**12,321.00**	*155.00*	*1.3%*
51210	Commissioner/Director Pay	9,600.00	5,700.00	6,400.00	6,000.00	10,000.00	12,000.00	**10,000.00**	-	*0.0%*
51300	Medicare	2,934.62	2,790.20	2,946.16	2,896.38	3,012.22	2,500.00	**3,012.22**	*(0.00)*	*0.0%*
51305	FICA	-	-	-	-	-	93.00	**-**	-	
51205	Cell Phone Allowance	840.00	843.50	840.00	840.00	840.00	140.00	**840.00**	-	*0.0%*
51405	Workers Compensation	327.00	327.00	396.00	396.00	400.00	427.00	**428.00**	*28.00*	*7.0%*
51110	Extra Help	-	-	-	-	-	-	**-**	-	
51115	Overtime	-	-	-	-	-	-	**-**	-	
		307,780.33	296,625.33	311,286.65	312,066.64	272,735.59	238,271.00	**323,875.02**	*51,139.43*	*18.8%*
Services and Supplies										
Account	**Description**									
52605	Rents and Leases: Building/Land	29,280.00	29,280.00	25,560.00	25,560.00	25,560.00	25,560.00	**25,560.00**	-	*0.0%*
52140	Legal Services	22,540.00	17,593.30	22,540.00	10,673.44	22,540.00	26,000.00	**32,000.00**	*9,460.00*	*42.0%*
52310	Consulting Services	-	-	-	-	61,500.00	61,500.00	**-**	*(61,500.00)*	*-100.0%*
52130	Information Technology Services	24,630.83	23,385.87	22,009.00	22,149.36	22,374.00	22,374.00	**24,000.00**	*1,626.00*	*7.3%*
52125	Accounting/Auditing Services	8,691.01	7,340.78	9,125.56	8,051.60	9,125.56	8,200.00	**10,000.00**	*874.44*	*9.6%*
52600	Rents and Leases: Equipment	-	-	6,500.00	5,739.88	6,000.00	6,200.00	**6,000.00**	-	*0.0%*
53100	Office Supplies	12,000.00	14,508.46	5,500.00	2,375.00	5,000.00	2,700.00	**4,000.00**	*(1,000.00)*	*-20.0%*
52905	Business Travel/Mileage	5,000.00	2,253.35	5,000.00	6,528.78	5,000.00	4,000.00	**2,000.00**	*(3,000.00)*	*-60.0%*
52900	Training/Conference	4,000.00	5,141.00	4,000.00	6,925.77	4,000.00	7,000.00	**8,000.00**	*4,000.00*	*100.0%*
53600	Special Departmental Expense	1,000.00	426.64	3,500.00	3,415.29	21,500.00	17,500.00	**4,000.00**	*(17,500.00)*	*-81.4%*
53415	Computer Software/License	-	-	3,487.13	-	3,487.73	3,487.00	**3,500.00**	*12.27*	*0.4%*
52800	Communications/Telephone	4,470.00	2,329.81	2,970.00	2,486.89	2,950.00	2,500.00	**2,950.00**	-	*0.0%*
53120	Memberships/Certifications	2,275.00	2,200.00	2,248.00	2,248.00	2,292.96	2,300.00	**2,335.00**	*42.04*	*1.8%*
53205	Utilities: Electric	-	-	1,500.00	1,029.77	1,500.00	1,100.00	**1,500.00**	-	*0.0%*
52830	Publications and Notices	1,500.00	2,255.64	1,500.00	1,169.59	1,500.00	1,750.00	**1,500.00**	-	*0.0%*
52830	Filing Fees	850.00	237.50	850.00	350.00	850.00	-	**500.00**	*(350.00)*	*-41.2%*
53110	Postage/Freight	-	-	800.00	277.42	800.00	300.00	**800.00**	-	*0.0%*
52700	Insurance: Liability	321.00	321.00	153.00	148.00	34.63	35.00	**100.00**	*65.37*	*188.8%*
52705	Insurance: Premiums	-	-	-	-	118.00	-	**-**	*(118.00)*	*-100.0%*
52105	Election Services	-	-	-	150.00	-	150.00	**-**	-	
53105	Office Supplies: Furniture/Fixtures	-	-	-	322.38	-	-	**-**	-	
54600	Capital Replacement/Depreciation	3,931.40	3,931.40	3,931.40	3,931.40	3,931.00	3,931.00	**3,940.00**	*9.00*	*0.2%*
		120,489.24	111,204.75	121,174.09	103,532.57	200,063.88	196,587.00	**132,685.00**	*(67,378.88)*	*-33.7%*
Contingencies and Reserves										
Account	**Description**									
58100	Appropriation for Contingencies	-	**-**	-	-	-	-	-	-	
		-	**-**	-	-	-	-	-	-	
	EXPENSE TOTALS	428,269.57	407,830.08	432,460.74	415,599.21	472,799.47	434,858.00	**456,560.02**	*(16,239.45)*	*-3.4%*

** Adjusted Budget for 2013-14 reflects (1) decrease in salary and benefits tied to departure of prior Executive Officer, (2) consulting services for interim Executive Officer, and (3) County Human Resources' recruitment to hire a permanent Executive Officer.*

Revenues

		FY2011-12		FY2012-13		FY2013-14		FY2014-15		
		Adopted FY11-12	Actual FY11-12	Adopted FY12-13	Actual FY12-13	Adjusted FY13-14	Estimate FY13-14	**Proposed FY14-15**		
Intergovernmental										
Account	**Description**									*Difference*
43910	County of Napa	191,550.50	191,550.50	204,787.17	204,787.17	209,675.02	209,675.02	**215,852.51**	*6,177.49*	*2.9%*
43950	Other Governmental Agencies	191,550.50	191,550.50	204,787.17	204,787.17	209,675.01	209,675.01	**215,852.51**	*6,177.50*	*2.9%*
- - - -	*City of Napa*	*126,330.38*	*126,330.38*	*136,583.40*	*136,583.40*	*140,020.50*	*140,020.50*	***144,164.46***	*4,143.96*	*3.0%*
- - - -	*City of American Canyon*	*32,912.04*	*32,912.04*	*33,320.64*	*33,320.64*	*33,757.20*	*33,757.20*	***34,795.50***	*1,038.30*	*3.1%*
- - - -	*City of St. Helena*	*12,997.37*	*12,997.37*	*14,152.67*	*14,152.67*	*13,956.84*	*13,956.84*	***14,338.47***	*381.63*	*2.7%*
- - - -	*City of Calistoga*	*11,393.34*	*11,393.34*	*12,095.39*	*12,095.39*	*12,388.75*	*12,388.75*	***12,742.16***	*353.41*	*2.9%*
- - - -	*Town of Yountville*	*7,917.37*	*7,917.37*	*8,635.00*	*8,635.00*	*9,551.72*	*9,551.72*	***9,811.92***	*260.20*	*2.7%*
		383,101.00	383,101.00	409,574.34	409,574.34	419,350.03	419,350.03	**431,705.02**	*12,354.99*	*2.9%*
Service Charges										
42690	Application/Permit Fees	10,000.00	8,562.00	10,000.00	23,078.00	10,000.00	13,750.00	**10,000.00**	-	
46800	Charges for Services	-	475.00	-	500.00	500.00	250.00	**500.00**	-	
47900	Miscellaneous	-	50.00	-	180.70	-	-	**-**	-	
		10,000.00	9,087.00	10,000.00	23,758.70	10,500.00	14,000.00	**10,500.00**	-	*0.0%*
Investments										
45100	Interest	2,340.00	2,472.66	4,076.00	1,985.03	3,000.00	1,800.00	**2,000.00**	*(1,000.00)*	*-33.3%*
		2,340.00	2,472.66	4,076.00	1,985.03	3,000.00	1,800.00	**2,000.00**	*(1,000.00)*	*-33.3%*
	REVENUE TOTALS	395,441.00	394,660.66	423,650.34	435,318.07	432,850.03	435,150.03	**444,205.02**	*11,354.99*	*2.6%*
OPERATING DIFFERENCE		(32,828.57)	(13,169)	(8,810.40)	19,718.86	(39,949.44)	292.03	(12,355.00)		
Negative Balance Indicates Use of Reserves										

	2011-2012 Actual	2012-2013 Actual	2013-2014 Estimate	2014-2015 Proposed Budget
PERCENTAGE OF OPERATING EXPENSES				
Salaries/Benefits	72.7%	75.1%	54.8%	70.9%
Services/Supplies	27.3%	24.9%	45.2%	29.1%
UNRESERVED/UNRESTRICTED FUND BALANCE				
Beginning:	157,875.26	144,706.26	164,425.12	164,717.15
Ending:	144,706.26	164,425.12	164,717.15	152,362.15
MINIMUM THREE MONTH RESERVE GOAL	106,084.54	107,132.34	117,217.12	113,155.01

ATTACHMENT TWO

Local Agency Formation Commission of Napa County

Subdivision of the State of California

2014-2015 Agency Contributions Calculation

Step 1 Total Agency Contributions

	FY13-14	FY14-15	FY14-15 Adjusted	Difference Dollar	Difference Percentage
Total	419,350.03	456,560.02	431,705.02	$ 12,354.99	2.9%

Step 2 Allocation Between County and Cities

	FY13-14	FY14-15	Difference Dollar	Difference Percentage
50% to the County of Napa	$ 209,675.02	$ 215,852.51	$ 6,177.50	2.9%
50% to the 5 Cities	$ 209,675.02	$ 215,852.51	$ 6,177.50	2.9%

Step 3a Cities' Share Based on Total General Tax Revenues (FY2010-2011*)

General Tax Revenues	American Canyon	Calistoga	Napa	St. Helena	Yountville	All Cities
Secured & Unsecured Property Tax	6,049,610.00	1,282,769.00	14,327,620.00	2,648,790.00	557,680.00	24,866,469.00
Voter Approved Indebtedness Property Tax	-	-	-	-	-	-
Other Property Tax	1,284,257.00	402,800.00	9,327,213.00	483,887.00	359,888.00	11,858,045.00
Sales and Use Taxes	1,492,056.00	583,927.00	8,596,583.00	1,500,441.00	556,754.00	12,729,761.00
Transportation Tax	-	-	-	-	-	-
Transient Lodging Tax	784,127.00	3,431,407.00	9,871,985.00	1,465,172.00	4,035,425.00	19,588,116.00
Franchises	546,528.00	157,604.00	1,684,730.00	161,652.00	104,339.00	2,654,853.00
Business License Taxes	140,049.00	139,896.00	2,572,293.00	150,397.00	7,060.00	3,009,695.00
Real Property Transfer Taxes	57,286.00	18,013.00	314,459.00	29,372.00	10,444.00	429,574.00
Utility Users Tax	-	-	-	-	-	-
Other Non-Property Taxes	473,554.00	162,980.00	2,862,595.00	503,912.00	209,263.00	4,212,304.00
Total	$ 10,827,467	$ 6,179,396	$ 49,557,478	$ 6,943,623	$ 5,840,853	$ 79,348,817
Percentage of Total Taxes to all Cities	13.6%	7.8%	62.5%	8.8%	7.4%	100%

Step 3b Cities' Share Based on Total Population (1/1/13*)

	American Canyon	Calistoga	Napa	St. Helena	Yountville	All Cities
Population	19,862	5,194	77,881	5,854	2,983	111,774
Population Percentage	17.77%	4.65%	69.68%	5.24%	2.67%	100%

Step 4 Cities Allocation Formula

	American Canyon	Calistoga	Napa	St. Helena	Yountville	All Cities
Cities' Share Based on Total General Taxes	13.6%	7.8%	62.5%	8.8%	7.4%	100%
Portion of LAFCO Budget	11,781.58	6,723.92	53,924.46	7,555.49	6,355.55	**40%**
Cities' Share Based on Total Population	17.77%	4.65%	69.68%	5.24%	2.67%	100%
Portion of LAFCO Budget	23,013.92	6,018.24	90,240.00	6,782.98	3,456.37	**60%**
Total Agency Allocation	$ 34,795.50	$ 12,742.16	$ 144,164.46	$ 14,338.47	$ 9,811.92	$ 215,852.51
Allocation Share	16.1200%	5.9032%	66.7884%	6.6427%	4.5457%	100%

Step 5 FY14-15 Invoices

	County of Napa	American Canyon	Calistoga	Napa	St. Helena	Yountville	All Agencies
	$ 215,852.51	$ 34,795.50	$ 12,742.16	$ 144,164.46	$ 14,338.47	$ 9,811.92	$ 431,705.02
Difference From FY13-14:	*$ 6,177.49*	*$ 1,038.30*	*$ 353.41*	*$ 4,143.96*	*$ 381.63*	*$ 260.20*	*$ 12,354.99*
	2.95%	*3.08%*	*2.85%*	*2.96%*	*2.73%*	*2.72%*	*2.95%*

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

1030 Seminary Street, Suite B
Napa, California 94559
Phone: (707) 259-8645
Fax: (707) 251-1053
www.napa.lafco.ca.gov

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

April 7, 2014
Agenda Item No. 7a (Action)

April 1, 2014

TO: Local Agency Formation Commission

FROM: Jacqueline M. Gong, Commission Counsel

SUBJECT: Approval of Amendment No. 2 to Agreement for Interim Executive Officer Services

The Commission appointed Ms. Laura Snideman as its new Executive Officer, commencing March 25, 2014. Pending the recruitment, the Commission retained Peter Banning to perform interim executive officer duties. Under Amendment No. 1 of his Agreement, the term for his services was extended to March 31, 2014 and he was further retained for consultation as needed for a maximum of 30 hours. To ensure a smooth, effective transition of executive duties, staff recommends extending the term of Mr. Banning's agreement to December 31, 2014 and for up to 10 additional hours at a maximum additional cost of $1,000, so he may be available for further consultation as needed. This brings the total maximum additional hours for consultation and total contract compensation under the agreement respectively capped to 40 hours and $58,600. Other than these amendments, all other terms and conditions of the Agreement are unchanged.

A. Alternatives for Action

The following alternative actions are available to the Commission.

Alternative Action One:
Approve Amendment No. 2 to the Agreement between the Commission and Peter Banning to extend the term of his services to December 31, 2014 and available consultation hours to 40.

Alternative Action Two:
Continue the item to the next regular meeting and give direction to staff with respect to providing additional information or alternatives to providing consultative services.

Respectfully submitted,

_____
Jacqueline M. Gong, Commission Counsel

Attachment: Amendment No. 2 to Management Services Agreement

Joan Bennett, Vice Chair
Councilmember, City of American Canyon

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

Brian J. Kelly, Chair
Representative of the General Public

Greg Pitts, Commissioner
Councilmember, City of St. Helena

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

Peter Banning
Acting Executive Officer

AMENDMENT NO. 2
To
Local Agency Formation Commission of Napa County
AGREEMENT NO. 2013-01

MANAGEMENT SERVICES AGREEMENT
(Acting LAFCO Executive Officer)

This Amendment No. 2 to AGREEMENT NO. 2013-01 ("Agreement") is made and entered into as of April 1, 2014, by and between the Local Agency Formation Commission of Napa County, a public agency that operates pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code section 56000 et seq.), hereinafter referred to as "LAFCO" or "Commission", and Peter Banning whose mailing address is 219 Rhonda Way, Mill Valley, California, 94941, hereinafter referred to as "Contractor."

RECITALS

WHEREAS, Government Code Sections 56375 and 56384 provide the Commission shall appoint an Executive Officer and may contract for professional and consulting services to carry out and affect the functions of the Commission; and

WHEREAS, Amendment No. 1 of the Agreement extended the term of the agreement to March 31, 2014 pending the hire of a new Executive Officer and to have Contractor available for consultation as needed to assist with the transition of executive officer duties and work; and

WHEREAS, the Commission wishes to modify the term of the Agreement to extend the number of available hours for consultation to a total of 40; and

WHEREAS, the Commission wishes to extend the term of the Agreement to December 31, 2014 to assist in the transition of the new Executive Officer.

TERMS

NOW THEREFORE, the parties agree to amend the Agreement as follows:

1. Paragraph 1.3 of the Agreement, "Consultation Services", is amended to read in full as follows:

   "1.3 Consultation Services. Upon the new Executive Officer's commencement of services, Contractor's appointment as the Executive Officer shall terminate. For the remainder of the term of the Agreement, Contractor agrees to be available for consultation with the new Executive Officer to assist with the transition of duties and work. The total number of hours of consultation shall not exceed forty hours."

2. Paragraph 2.1 of the Agreement, "Term", is amended to read in full as follows:

"2.1 Term. Contractor's term of engagement shall be for the period of September 24, 2013 through December 31, 2014, unless terminated earlier in accordance with Paragraphs 6 (Termination) or 9 (Covenant of No Undisclosed Conflict); except that the obligations of the parties under Paragraphs 5 (Insurance), 7 (Indemnification) and 3.6 (Taxes) shall continue in full force and effect after said expiration date or early termination in relation to acts or omissions occurring during the term of the Agreement."

3. Except as provided under this Amendment No. 2 to the Agreement, all other terms and conditions of the Agreement and Amendment No. 1 of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Chair, as duly authorized by the Commission and on behalf of the Commission, and Contractor have executed and entered into this Amendment No. 2 of LAFCO Agreement No. 2013-01 as of the date first written above.

By_____

"CONTRACTOR"

Local Agency Formation Commission of Napa County

By_____
Brian Kelly, Commission Chair

"LAFCO"

Attest: LAFCO Secretary

_____

Approved as to Form: LAFCO Counsel

By: Jackie Gong (E-Signature)
Date: 4/1/14

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

April 7, 2014
Agenda Item No. 7b (Action)

March 27, 2014

TO: Local Agency Formation Commission

FROM: Laura Snideman, Executive Officer

SUBJECT: **Request for Legislative Support**
The Commission will consider authorizing the Executive Officer to sign letters in support of Assembly Bill 2156 and Assembly Bill 2762, both of which are authored by Assembly Member Katcho Achadjian.

The Local Agency Formation Commissions' (CALAFCO) Legislative Committee meets on a regular basis to review, discuss, and offer recommendations to the CALAFCO Board of Directors as it relates to new legislation that have either a direct impact on LAFCO law or the laws LAFCO helps to administer under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH").

A. Discussion

The CALAFCO Legislative Committee is currently tracking 20 bills with direct or indirect impacts on LAFCOs as part of the 2013-2014 session. A complete list of the bills under review by CALAFCO is attached. Two bills of specific interest are discussed below.

Assembly Bill 2156 (Katcho Achadjian)
This legislation would add joint powers agencies and joint powers authorities to the entities that LAFCOs are authorized to request land use information, studies, and plans for purposes of conducting special studies given that these agencies and authorities are increasingly assuming a larger role in providing urban growth supporting services. The bill would also include joint powers agreements in the list of items a LAFCO may request in conducting special studies. Finally, the bill would specifically define "joint powers agency" and "joint powers authority" for purposes of administering CKH law. CALAFCO has adopted a support position on the bill.

Assembly Bill 2762 (Katcho Achadjian)
This legislation includes technical changes to CKH which govern the work of LAFCOs. These changes are necessary as LAFCOs implement CKH, which contains several inconsistencies and clarifications are needed to make the law as unambiguous as possible. Assembly Bill 2762 clarifies several sections, makes changes to obsolete and incorrect code references, and makes minor updates to outdated sections. CALAFCO has adopted a sponsor position on the bill.

Joan Bennett, Vice Chair
Councilmember, City of American Canyon

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

Brian J. Kelly, Chair
Representative of the General Public

Greg Pitts, Commissioner
Councilmember, City of St. Helena

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

Laura Snideman
Executive Officer

Staff believes it would be appropriate for the Commission to authorize the Executive Officer to sign new letters of support for both bills proposed by Assembly Member Achadjian. Draft letters of support for each bill are attached.

B. Recommendation

It is recommended the Commission take the following actions:

1) Authorize the Executive Officer to sign the attached draft letters to Assembly Member Achadjian supporting Assembly Bill 2156 and Assembly Bill 2762.

Respectfully submitted,

_____
Laura Snideman
Executive Officer

Attachments:

1) AB 2156 Text
2) AB 2762 Text
3) Draft Letter to Assembly Member Katcho Achadjian in Support of AB 2156
4) Draft Letter to Assembly Member Katcho Achadjian in Support of AB 2762
5) CALAFCO Status Report on Current Legislation

ATTACHMENT ONE

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL No. 2156

Introduced by Assembly Member Achadjian

February 20, 2014

An act to amend Section 56378 of, and to add Section 56047.7 to, the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 2156, as introduced, Achadjian. Local agency formation commissions: studies.

Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, sets forth the powers and duties of a local agency formation commission, including, among others, the requirement to conduct studies of existing governmental agencies that include, but are not limited to, inventorying those agencies and determining their maximum service area and service capacities. The commission is authorized to request land use information, studies, and plans of cities, counties, districts, including school districts, community college districts, and regional agencies and state agencies and departments, in connection with conducting the required studies, and the governmental agencies are required to comply with the commission's request.

This bill would include joint powers agencies and joint powers authorities among the entities from which the commission is authorized to request land use information, studies, and plans, for purposes of conducting the studies described above. The bill would specifically define "joint powers agency" and "joint powers authority" for purposes of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 56047.7 is added to the Government Code, to read:

56047.7. "Joint powers agency" or "joint powers authority" means an agency or entity formed pursuant to the Joint Exercise of Powers Act (Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1) that is formed for the local performance of governmental functions that includes the provision of municipal services.

SEC. 2. Section 56378 of the Government Code is amended to read:

56378. *(a)* In addition to its other powers, the commission shall initiate and make studies of existing governmental agencies. Those studies shall include, but shall not be limited to, inventorying those agencies and determining their maximum service area and service capacities. In conducting those studies, the commission may ~~ask for~~ *request* land use information, studies, and plans of cities, counties, districts, including school districts, community college districts, ~~and~~ *joint powers agencies and joint powers authorities,* regional agencies and state agencies and departments. Cities, counties, districts, including school districts, community college districts, *joint powers agencies and joint powers authorities,* regional agencies, and state agencies and departments, shall comply with the request of the commission for that information and the commission shall make its studies available to public agencies and any interested person. In making these studies, the commission may cooperate with the county planning commissions.

~~The~~

(b) The commission, or the board of supervisors on behalf of the commission, may apply for or accept, or both, any financial assistance and grants-in-aid from public or private agencies or from the state or federal government or from a local government.

O

ATTACHMENT TWO

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL No. 2762

Introduced by Committee on Local Government (Achadjian (Chair), Levine (Vice Chair), Alejo, Gordon, Melendez, Mullin, Rendon, and Waldron)

March 24, 2014

An act to amend Sections 56100, 56653, 56668, 56886, and 57113 of, and to repeal Section 56101 of, the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 2762, as introduced, Committee on Local Government. Local government.

Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, provides the authority and procedures for the initiation, conduct, and completion of changes of organization and reorganization of cities and districts. The act does not apply to pending proceedings for a change or organization or reorganization for which the application was accepted for filing prior to January 1, 2001, as specified. The act authorizes these pending proceedings to be continued and completed under, and in accordance with, the law under which the proceedings were commenced.

This bill would repeal those provisions relating to pending proceedings for a change or organization or reorganization for which an application was accepted for filing prior to January 1, 2001, and make other conforming changes.

The act specifies that provisions governing the time within which an official or the commission is to act are, with specific exceptions, directory rather than mandatory.

This bill would make a technical amendment to that provision.

The act requires a local agency or school district that initiates proceedings for a change of local government organization or reorganization by submitting a resolution of application for a change of organization or reorganization to also submit a plan for providing services within the effected territory, as specified.

This bill would instead require, if a proposal for a change of organization or reorganization is submitted, that the applicant submit a plan for providing services within the effected territory.

The act specifies the factors that a local agency formation commission is required to consider in the review of a proposal for a change of organization or reorganization, including, among other things, a regional transportation plan, as specified, and its consistency with city or county general and specific plans.

This bill instead would require the local agency formation commission to consider, in the review of a proposal for a change of organization or reorganization, among other things, a regional transportation plan, and the consistency of the proposal for a change of organization or reorganization with city or county general and specific plans. By increasing the duties of a local agency formation commission, this bill would impose a state-mandated local program.

The act authorizes a change of organization or reorganization to provide for, or to be made subject to, one or more terms and conditions specified in the commission's resolution making determinations, in which case, the terms and conditions imposed constitute the exclusive terms and conditions for the change of organization or reorganization, notwithstanding other specified general provisions of law.

This bill instead would provide, that if a change or reorganization is made subject to terms and conditions, those terms and conditions shall prevail in the event of a conflict with other specified general provisions of law.

The act defines a landowner-voter district and prescribes certain voting thresholds for landowner-voter districts for elections associated with proposals initiated by a local agency formation commission.

This bill would make nonsubstantive, technical changes to these provisions.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 56100 of the Government Code is amended to read:

56100. (a) Except as otherwise provided in Section ~~56036.5,~~ *56036.5 and* subdivision (b) of Section 56036.6, ~~and Section 56101,~~ this division provides the sole and exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts. All changes of organization and reorganizations shall be initiated, conducted, and completed in accordance with, and as provided in, this division.

(b) Notwithstanding any other ~~provision of~~ law, proceedings for the formation of a district shall be conducted as authorized by the principal act of the district proposed to be formed, except that the commission shall serve as the conducting authority and the procedural requirements of this division shall apply and shall prevail in the event of conflict with the procedural requirements of the principal act of the district. In the event of such a conflict, the commission shall specify the procedural requirements that apply, consistent with the requirements of this section.

SEC. 2. Section 56101 of the Government Code is repealed.

~~56101. This division does not apply to any proceeding for a change of organization or reorganization for which the application shall have been accepted for filing by the executive officer pursuant to Section 56658 prior to January 1, 2001. These pending proceedings may be continued and completed under, and in accordance with, the provisions of law under which the proceedings were commenced. The repeals, amendments, and additions made by the act enacting this division shall not apply to any of those pending proceedings, and, the laws existing prior to January 1, 2001, shall continue in full force and effect, as applied to those pending proceedings.~~

SEC. 3. Section 56106 of the Government Code is amended to read:

56106. Any provisions in this division governing the time within which an official or the commission is to act shall in all instances, except for notice requirements and the requirements of subdivision ~~(i)~~ *(h)* of Section 56658 and subdivision (b) of Section 56895, be deemed directory, rather than mandatory.

SEC. 4. Section 56653 of the Government Code is amended to read:

56653. (a) ~~Whenever~~ *If* a ~~local agency or school district submits a resolution of application~~ *proposal* for a change of organization or reorganization *is submitted* pursuant to this part, the ~~local agency~~ *applicant* shall submit ~~with the resolution of application~~ a plan for providing services within the affected territory.

(b) The plan for providing services shall include all of the following information and any additional information required by the commission or the executive officer:

(1) An enumeration and description of the services to be extended to the affected territory.

(2) The level and range of those services.

(3) An indication of when those services can feasibly be extended to the affected territory.

(4) An indication of any improvement or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed.

(5) Information with respect to how those services will be financed.

SEC. 5. Section 56668 of the Government Code is amended to read:

56668. Factors to be considered in the review of a proposal shall include, but not be limited to, all of the following:

(a) 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 incorporated and unincorporated areas, during the next 10 years.

(b) 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.

"Services," as used in this subdivision, refers to governmental services whether or not the services are services which would be provided by local agencies subject to this division, and includes the public facilities necessary to provide those services.

(c) 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.

(d) The conformity of both 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 in Section 56377.

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

(f) 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.

(g) A regional transportation plan adopted pursuant to Section ~~65080, and its consistency with city or county general and specific plans~~ *65080*.

(h) Consistency with city or county general and specific plans.

~~(h)~~

(i) The sphere of influence of any local agency which may be applicable to the proposal being reviewed.

~~(i)~~

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

~~(j)~~

(k) 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.

~~(k)~~

(l) Timely availability of water supplies adequate for projected needs as specified in Section 65352.5.

~~(*l*)~~

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

~~(m)~~

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

~~(n)~~

(o) Any information relating to existing land use designations.

~~(o)~~

(p) 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 location of public facilities and the provision of public services.

SEC. 6. Section 56886 of the Government Code is amended to read:

56886. Any change of organization or reorganization may provide for, or be made subject to one or more of, the following terms and conditions. If a change of organization or reorganization is made subject to one or more of the following terms and conditions in the commission's resolution making determinations, the terms and conditions imposed shall ~~constitute the exclusive terms and conditions for the change of organization or reorganization, notwithstanding~~ *prevail in the event of a conflict between a specific term and condition authorized pursuant to this section and any of* the general provisions of Part 5 (commencing with Section 57300). However, none of the following terms and conditions shall directly regulate land use, property development, or subdivision requirements:

(a) The 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 any city, county, or district.

(b) The levying or fixing and the collection of any of the following, for the purpose of providing for any payment required pursuant to subdivision (a):

(1) Special, extraordinary, or additional taxes or assessments.

(2) Special, extraordinary, or additional service charges, rentals, or rates.

(3) Both taxes or assessments and service charges, rentals, or rates.

(c) The imposition, exemption, transfer, division, or apportionment, as among any affected cities, affected counties, affected districts, and affected territory of liability for payment of all or any part of principal, interest, and any other amounts which shall become due on account of all or any part of any outstanding or then authorized but thereafter issued bonds, including revenue bonds, or other contracts or obligations of any city, county, district, or any improvement district within a local agency, and the levying or fixing and the collection of any (1) taxes or assessments, or (2) service charges, rentals, or rates, or (3) both taxes or assessments and service charges, rentals, or rates, in the same manner as provided in the original authorization of the bonds and in the amount necessary to provide for that payment.

(d) If, as a result of any term or condition made pursuant to subdivision (c), the liability of any affected city, affected county, or affected district for payment of the principal of any bonded indebtedness is increased or decreased, the term and condition may specify the amount, if any, of that increase or decrease which shall be included in, or excluded from, the outstanding bonded indebtedness of that entity for the purpose of the application of any statute or charter provision imposing a limitation upon the principal amount of outstanding bonded indebtedness of the entity.

(e) The formation of a new improvement district or districts or the annexation or detachment of territory to, or from, any existing improvement district or districts.

(f) The incurring of new indebtedness or liability by, or on behalf of, all or any part of any local agency, including territory being annexed to any local agency, or of any existing or proposed new improvement district within that local agency. The new indebtedness may be the obligation solely of territory to be annexed if the local agency has the authority to establish zones for incurring indebtedness. The indebtedness or liability shall be incurred substantially in accordance with the laws otherwise applicable to the local agency.

(g) The issuance and sale of any bonds, including authorized but unissued bonds of a local agency, either by that local agency

or by a local agency designated as the successor to any local agency which is extinguished as a result of any change of organization or reorganization.

(h) The acquisition, improvement, disposition, sale, transfer, or division of any property, real or personal.

(i) The disposition, transfer, or division of any moneys or funds, including cash on hand and moneys due but uncollected, and any other obligations.

(j) The fixing and establishment of priorities of use, or right of use, of water, or capacity rights in any public improvements or facilities or any other property, real or personal. However, none of the terms and conditions ordered pursuant to this subdivision shall modify priorities of use, or right of use, to water, or capacity rights in any public improvements or facilities that have been fixed and established by a court or an order of the State Water Resources Control Board.

(k) The establishment, continuation, or termination of any office, department, or board, or the transfer, combining, consolidation, or separation of any offices, departments, or boards, or any of the functions of those offices, departments, or boards, if, and to the extent that, any of those matters is authorized by the principal act.

(*l*) The employment, transfer, or discharge of employees, the continuation, modification, or termination of existing employment contracts, civil service rights, seniority rights, retirement rights, and other employee benefits and rights.

(m) The designation of a city, county, or district, as the successor to any local agency that is extinguished as a result of any change of organization or reorganization, for the purpose of succeeding to all of the rights, duties, and obligations of the extinguished local agency with respect to enforcement, performance, or payment of any outstanding bonds, including revenue bonds, or other contracts and obligations of the extinguished local agency.

(n) The designation of (1) the method for the selection of members of the legislative body of a district or (2) the number of those members, or (3) both, where the proceedings are for a consolidation, or a reorganization providing for a consolidation or formation of a new district and the principal act provides for alternative methods of that selection or for varying numbers of those members, or both.

(o) The initiation, conduct, or completion of proceedings on a proposal made under, and pursuant to, this division.

(p) The fixing of the effective date or dates of any change of organization, subject to the limitations of Section 57202.

(q) Any terms and conditions authorized or required by the principal act with respect to any change of organization.

(r) The continuation or provision of any service provided at that time, or previously authorized to be provided by an official act of the local agency.

(s) The levying of assessments, including the imposition of a fee pursuant to Section 50029 or 66484.3 or the approval by the voters of general or special taxes. For the purposes of this section, imposition of a fee as a condition of the issuance of a building permit does not constitute direct regulation of land use, property development, or subdivision requirements.

(t) The extension or continuation of any previously authorized charge, fee, assessment, or tax by the local agency or a successor local agency in the affected territory.

(u) The transfer of authority and responsibility among any affected cities, affected counties, and affected districts for the administration of special tax and special assessment districts, including, but not limited to, the levying and collecting of special taxes and special assessments, including the determination of the annual special tax rate within authorized limits; the management of redemption, reserve, special reserve, and construction funds; the issuance of bonds which are authorized but not yet issued at the time of the transfer, including not yet issued portions or phases of bonds which are authorized; supervision of construction paid for with bond or special tax or assessment proceeds; administration of agreements to acquire public facilities and reimburse advances made to the district; and all other rights and responsibilities with respect to the levies, bonds, funds, and use of proceeds that would have applied to the local agency that created the special tax or special assessment district.

(v) Any other matters necessary or incidental to any of the terms and conditions specified in this section. If a change of organization, reorganization, or special reorganization provides for, or is made subject to one or more of, the terms and conditions specified in this section, those terms and conditions shall be deemed to be the exclusive terms and conditions for the change of organization,

reorganization, or special reorganization, and shall control over any general provisions of Part 5 (commencing with Section 57300).

SEC. 7. Section 57113 of the Government Code is amended to read:

57113. Notwithstanding Section 57102, 57108, or 57111, for any proposal that was initiated by the commission pursuant to subdivision (a) of Section 56375, the commission shall forward the change of organization or reorganization for confirmation by the voters if the commission finds either of the following:

(a) In the case of inhabited territory, protests have been signed by either of the following:

(1) At least 10 percent of the number of landowners within any subject agency within the affected territory who own at least 10 percent of the assessed value of land within the territory. However, if the number of landowners within a subject agency is less than 300, the protests shall be signed by at least 25 percent of the landowners who own at least 25 percent of the assessed value of land within the territory of the subject agency.

(2) At least 10 percent of the voters entitled to vote as a result of residing within, or owning land within, any subject agency within the affected territory. However, if the number of voters entitled to vote within a subject agency is less than 300, the protests shall be signed by at least 25 percent of the voters entitled to vote.

(b) In the case of a landowner-voter district, ~~that~~ the territory is uninhabited and protests have been signed by at least 10 percent of the number of landowners within any subject agency within the affected territory, ~~owning~~ *who own* at least 10 percent of the assessed value of land within the territory. However, if the number of ~~voters~~ *landowners* entitled to vote within a subject agency is less than 300, protests shall be signed by at least 25 percent of the ~~voters~~ *landowners* entitled to vote.

SEC. 8. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

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ATTACHMENT THREE

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

1030 Seminary Street, Suite B
Napa, California 94559
Phone: (707) 259-8645
Fax: (707) 251-1053
www.napa.lafco.ca.gov

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

April 8, 2014

Honorable Katcho Achadjian, Chair
Assembly Local Government Committee
California State Assembly
State Capitol, Room 4098
Sacramento, California 95814

SUBJECT: Support for Assembly Bill 2156

Honorable Assembly Chairman Achadjian:

The Local Agency Formation Commission (LAFCO) of Napa County is pleased to support Assembly Bill (AB) 2156, the Assembly Local Government Committee bill which makes changes to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH") as described below.

This bill would specifically define "joint powers agency" and "joint powers authority" for purposes of CKH, and would also include joint powers agencies and joint powers authorities (JPAs) among the entities from which a LAFCO is authorized to request information in order to conduct studies considered relevant by each commission. As many local agencies throughout California are providing municipal services through JPAs, having access to the information that outlines service areas and specific services being delivered by these entities is critical in the process of conducting the comprehensive studies that support LAFCOs' core missions of encouraging the efficient delivery of local services and evaluating local agency boundaries.

This legislation helps ensure that CKH recognizes the association between JPAs and LAFCOs. Many LAFCOs are witnessing JPAs being formed as a way to extend services without oversight, thus circumventing the LAFCO review and approval process. Such actions inhibit the ability of LAFCOs to fulfill their mission in ensuring governmental services are provided in an efficient and accountable manner. We appreciate your Committee's authorship and support of this bill, as well as your support of the mission of LAFCOs. Should you or your staff have any questions, please contact me by telephone at 707-259-8645 or by e-mail at LSnideman@napa.lafco.ca.gov.

Respectfully,

Laura Snideman
Executive Officer

cc: Brian J. Kelly, Chair
Pamela Miller, Director, CALAFCO

Joan Bennett, Vice Chair
Councilmember, City of American Canyon

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

Brian J. Kelly, Chair
Representative of the General Public

Greg Pitts, Commissioner
Councilmember, City of St. Helena

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

Laura Snideman
Executive Officer

ATTACHMENT FOUR

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

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

April 8, 2014

Honorable Katcho Achadjian, Chair
Assembly Local Government Committee
California State Assembly
State Capitol, Room 4098
Sacramento, California 95814

SUBJECT: Support for Assembly Bill 2762

Honorable Assembly Member Achadjian:

The Local Agency Formation Commission (LAFCO) of Napa County is pleased to support Assembly Bill (AB) 2762, the Assembly Local Government Committee bill which makes non-substantive changes to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH").

This annual bill includes technical changes to CKH which govern the work of local agency formation commissions, or LAFCOs. These changes are necessary as LAFCOs implement CKH, which contains several inconsistencies and clarifications are needed to make the law as unambiguous as possible. AB 2762 clarifies several sections, makes changes to obsolete and incorrect code references, and makes minor updates to outdated sections. We are very grateful to your Committee staff and counsel, all of whom worked diligently on this language to ensure there is no substantive change, yet significantly enhances the clarity of CKH for all stakeholders.

This legislation helps ensure that CKH remains a vital and practical law that is consistently applied throughout California. We appreciate your Committee's authorship and support of this bill, as well as your support of the mission of LAFCOs. Should you or your staff have any questions, please contact me by telephone at 707-259-8645 or by e-mail at LSnideman@napa.lafco.ca.gov.

Respectfully,

Laura Snideman
Executive Officer

cc: Brian J. Kelly, Chair
Pamela Miller, Director, CALAFCO

Joan Bennett, Vice Chair
Councilmember, City of American Canyon

Brad Wagenknecht, Commissioner
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Councilmember, City of St. Helena

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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

Laura Snideman
Executive Officer

CALAFCO Daily Legislative Report as of Wednesday, March 26, 2014

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AB 453 **(Mullin D) Sustainable communities.**
Current Text: Amended: 7/3/2013 pdf html
Introduced: 2/19/2013
Last Amended: 7/3/2013
Status: 8/30/2013-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/12/2013)

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

Summary:
The Strategic Growth Councill 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.
Attachments:
CALAFCO Support Letter_03_12_13

Position: Watch
Subject: Sustainable Community Plans
CALAFCO Comments: This would allow LAFCos to apply directly for grants that support the preparation of sustainable community strategies and other planning efforts. CALAFCO has removed its support of the bill given the nature of the amendment and the potential impact to LAFCos.

AB 678 **(Gordon D) Health care districts: community health needs assessment.**
Current Text: Amended: 4/15/2013 pdf html
Introduced: 2/21/2013
Last Amended: 4/15/2013
Status: 8/30/2013-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/13/2013)

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

Summary:
Would require that the health care district conduct an assessment, every 5 years, of the community's health needs and provide opportunities for public input. Commencing January 1, 2019, the bill would require the annual reports to address the progress made in meeting the community's health needs in the context of the assessment. This bill contains other related provisions and other existing laws.
Attachments:
CALAFCO Letter of support April 17, 2014

Position: Support
Subject: LAFCo Administration, Service Reviews/Spheres
CALAFCO Comments: This bill requires Health Care Districts that do not operate their own hospital facilties to create every 5 years, an assessment of the community health

needs with public input. The bill requires LAFCos to include in a Municipal Service Review (MSR) the Health Care District's 5-year assessment.

AB 1521 (Fox D) Local government finance: property tax revenue allocations: vehicle license fee adjustments.

Current Text: Introduced: 1/16/2014 pdf html

Introduced: 1/16/2014

Status: 2/6/2014-Referred to Com. on L. GOV.

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

Summary:

Beginning with the 2004-05 fiscal year, current law requires that each city, county, and city and county receive additional property tax revenues in the form of a vehicle license fee adjustment amount, as defined, from a vehicle license fee property tax compensation fund that exists in each county treasury. Current law requires that these additional allocations be funded from ad valorem property tax revenues otherwise required to be allocated to educational entities. This bill would modify these reduction and transfer provisions, for the 2014-15 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation.

Attachments:

CALAFCO Support AB 1521 February 2014

Position: Support

Subject: Financial Viability of Agencies, Tax Allocation

AB 1527 (Perea D) Public water systems: drinking water.

Current Text: Amended: 3/17/2014 pdf html

Introduced: 1/17/2014

Last Amended: 3/17/2014

Status: 3/20/2014-Re-referred to Com. on RLS. pursuant to Assembly Rule 96.

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

Summary:

Would authorize an assuming water system, as defined, to voluntarily consolidate with another water system. This bill would define "assuming water system" as a water system that will obtain legal ownership of another water system or systems, and that has a permit to operate from the State Department of Public Health, and would define "subsumed water system" as the water system that will transfer legal ownership to the assuming water system.

Position: Oppose unless amended

Subject: Disadvantaged Communities, Municipal Services, Service Reviews/Spheres, Sustainable Community Plans

CALAFCO Comments: As amended, this bill attempts to relieve the liability assumed by certain water agencies when consolidating with another water agency. In its current format, the consolidation process is noted as being done by the DPH and no mention of the LAFCo process and appears to be inclusive of all water systems, public, mutual and private. Furthermore the bill seems to give permission to only the "assuming" system/agency to be agreeable to the consolidation.

AB 1729 (Logue R) Local government: agricultural land: subvention payments.

Current Text: Amended: 3/20/2014 pdf html

Introduced: 2/14/2014

Last Amended: 3/20/2014

Status: 3/24/2014-Re-referred to Com. on APPR.

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

Summary:
Would appropriate $40,000,000 to the Controller from the General Fund for the 2014-15 fiscal year to make subvention payments to counties to reimburse counties for property tax revenues not received as a result of these contracts. The bill would make legislative findings and declarations related to the preservation of agricultural land.
Attachments:
CALAFCO Letter of Support_March 2014

Position: Support
Subject: Ag Preservation - Williamson
CALAFCO Comments: As amended, the bill will appropriate $40 million from the General Fund in fiscal year 2014/2015 for subvention payments to counties for Williamson Act contracts.

AB 1961 **(Eggman D) Land use: planning: sustainable farmland strategy.**
Current Text: Amended: 3/25/2014 pdf html
Introduced: 2/19/2014
Last Amended: 3/25/2014
Status: 3/25/2014-From committee chair, with author's amendments: Amend, and re-refer to Com. on L. GOV. Read second time and amended.

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

Calendar:
4/2/2014 1:30 p.m. - State Capitol, Room 127 ASSEMBLY LOCAL GOVERNMENT, ACHADJIAN, Chair
Summary:
Would require each county with significant agricultural land resources, as defined, to develop, on or before January 2, 2018, a sustainable farmland strategy. The bill would require the Sustainable Farmland Strategy to include, among other things, a map and inventory of all agriculturally zoned land within the county, a description of the goals, strategies, and related policies and ordinances, to retain agriculturally zoned land where practical and mitigate the loss of agriculturally zoned land to nonagricultural uses or zones, and a page on the county's Internet Web site with the relevant documentation for the goals, strategies, and related policies and ordinances, as specified.

Position: Watch
Subject: Ag/Open Space Protection, CKH General Procedures, LAFCo Administration
CALAFCO Comments: As amended, the bill requires counties with 4% or more of its land zoned as agricultural to create a sustainable farmland strategy (sfs) effective January 1, 2018, in consultation with cities and LAFCo, and to update the sfs as necessary. The bill also requires OPR to create best practices that support ag land retention and mitigation and recommendations on the role of LAFCo in the preservation of ag zoned lands (when considering annexations and service extensions) in the next update of the General Plan.

In addition, the bill adds the sfs as a factor for LAFCo to consider (Sec. 56668) in the review of a proposal.

AB 2156 **(Achadjian R) Local agency formation commissions: studies.**
Current Text: Amended: 3/24/2014 pdf html
Introduced: 2/20/2014
Last Amended: 3/24/2014
Status: 3/25/2014-Re-referred to Com. on L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor		Enrolled	Vetoed	Chaptered

1st House	2nd House	Conf. Conc.			

Calendar:
4/2/2014 1:30 p.m. - State Capitol, Room 127 ASSEMBLY LOCAL GOVERNMENT, ACHADJIAN, Chair

Summary:
Would include joint powers agencies and joint powers authorities among the entities from which a local agency formation commission is authorized to request land use information, studies, and plans, for purposes of conducting the studies described above, and also would include joint powers agreements in the list of items the commission may request in conducting those studies . The bill would specifically define "joint powers agency" and "joint powers authority" for purposes of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

Attachments:
CALAFCO Letter of Support March 2014

Position: Support
Subject: CKH General Procedures, LAFCo Administration, Municipal Services, Service Reviews/Spheres
CALAFCO Comments: As amended, the bill will specifically define "joint powers agency" and "joint powers authority" for purposes of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (C-K-H), and include joint powers agencies and joint powers authorities (JPAs) among the entities from which a local agency formation commission (LAFCo) is authorized to request information in order to conduct required studies.

AB 2762 (Committee on Local Government) Local government.
Current Text: Introduced: 3/24/2014 pdf html
Introduced: 3/24/2014
Status: 3/25/2014-From printer. May be heard in committee April 24.

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

Summary:
The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 does not apply to pending proceedings for a change or organization or reorganization for which the application was accepted for filing prior to January 1, 2001, as specified. The act authorizes these pending proceedings to be continued and completed under, and in accordance with, the law under which the proceedings were commenced. This bill would repeal those provisions relating to pending proceedings for a change or organization or reorganization for which an application was accepted for filing prior to January 1, 2001, and make other conforming changes.

Attachments:
CALAFCO Letter of Support March 2014

Position: Sponsor
Subject: CKH General Procedures

SB 56 (Roth D) Local government finance: property tax revenue allocation: vehicle license fee adjustments.
Current Text: Amended: 6/11/2013 pdf html
Introduced: 1/7/2013
Last Amended: 6/11/2013
Status: 2/3/2014-Returned to Secretary of Senate pursuant to Joint Rule 56.

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

Summary:
Beginning with the 2004-05 fiscal year and for each fiscal year thereafter, existing law requires that each city, county, and city and county receive additional property tax revenues in the form of a vehicle license fee adjustment amount, as defined, from a Vehicle License Fee Property Tax Compensation Fund that exists in each county treasury. Current law requires that these additional allocations be funded from ad valorem property tax revenues otherwise required to be allocated to educational entities. This bill would modify these reduction and transfer provisions, for the 2013-14 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation. This bill contains other related provisions and other existing laws.
Attachments:
CALAFCO Letter of support April 10, 2013

Position: Support
Subject: Financial Viability of Agencies, Tax Allocation
CALAFCO Comments: This bill reinstates revenues through ERAF (backfilled by the state general Fund) for cities incoporating after 2005 and annexations of inhabited territories.

SB 69 (Roth D) Local government finance: property tax revenue allocation: vehicle license fee adjustments.
Current Text: Amended: 9/12/2013 pdf html
Introduced: 1/10/2013
Last Amended: 9/12/2013
Status: 9/13/2013-Failed Deadline pursuant to Rule 61(a)(14). (Last location was RLS. on 9/12/2013)

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

Summary:
Would modify specified reduction and transfer provisions, for the 2013-14 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation. This bill would also modify these reduction and transfer provisions, for the 2013-14 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount for certain cities incorporating after a specified date, as provided. This bill contains other related provisions and other existing laws.
Attachments:
CALAFCO Support SB 69 Feb 2014

Position: Support
Subject: Tax Allocation

SB 1001 (Knight R) Local government.
Current Text: Introduced: 2/13/2014 pdf html
Introduced: 2/13/2014
Status: 2/27/2014-Referred to Com. on RLS.

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, makes certain findings and declarations relating to local government organizations, including, among other things, the encouragement of orderly growth and development, and logical formation and modification of the boundaries of local agencies, as specified. This bill would make nonsubstantive changes to these findings and declarations.

Position: Watch
Subject: CKH General Procedures

3

AB 543 **(Campos D) California Environmental Quality Act: translation.**
Current Text: Amended: 5/24/2013 pdf html
Introduced: 2/20/2013
Last Amended: 5/24/2013
Status: 7/12/2013-Failed Deadline pursuant to Rule 61(a)(10)(SEN). (Last location was E.Q. on 6/13/2013)

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

Summary:
Would require a lead agency to translate, as specified, certain notices required by the California Environmental Quality Act and a summary of any negative declaration, mitigated negative declaration, or environmental impact report when a group of non-English-speaking people, as defined, comprises at least 25% of the population within the lead agency's jurisdiction and the project is proposed to be located at or near an area where the group of non-English-speaking people comprises at least 25% of the residents of that area. By requiring a lead agency to translate these notices and documents, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Position: Watch
Subject: CEQA
CALAFCO Comments: As amended, requires a lead agency to translate certain notices, summary of a negative declaration, mitigated negative declaration, or environmental impact report when the impcated community has 25% or more non-English speaking people affected by the project. The requirement is to translate these notices and summaries in the native language of those impacted. This is an unfunded mandate. While LAFCo is not typically the lead agency, there may be an occasion when they are, and this could have significant resource implications.

AB 642 **(Rendon D) Publication: newspaper of general circulation: Internet Web site.**
Current Text: Introduced: 2/20/2013 pdf html
Introduced: 2/20/2013
Status: 1/24/2014-Failed Deadline pursuant to Rule 61(b)(2). (Last location was JUD. on 3/11/2013)

Desk	Dead	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: Watch
Subject: LAFCo Administration
CALAFCO Comments: Allows for posting of agendas and meeting material on newspaper websites.

AB 677 **(Fox D) Local government finance: property tax revenue allocation: vehicle license fee adjustments.**

Current Text: Amended: 1/6/2014 pdf html

Introduced: 2/21/2013

Last Amended: 1/6/2014

Status: 1/17/2014-Failed Deadline pursuant to Rule 61(b)(1). (Last location was L. GOV. on 1/7/2014)

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

Summary:

Would modify specified reduction and transfer provisions, for the 2013-14 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation. This bill would also modify these reduction and transfer provisions, for the 2013-14 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount for certain cities incorporating after a specified date, as provided. This bill contains other related provisions and other existing laws.

Position: Watch

Subject: Financial Viability of Agencies, Tax Allocation

AB 1593 **(Dahle R) Public cemetery districts: Auburn Public Cemetery District.**

Current Text: Introduced: 2/3/2014 pdf html

Introduced: 2/3/2014

Status: 3/17/2014-In committee: Set, first hearing. Hearing canceled at the request of author.

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

Summary:

Would authorize the Auburn Public Cemetery District in Placer County to use their cemeteries for up to a total of 400 interments each, not to exceed 40 interments each per calendar year, to inter nonresidents and nonproperty taxpayers, if specified conditions are met. This bill contains other related provisions.

Position: Watch

Subject: Other

AB 2455 **(Williams D) The Santa Rita Hills Community Services District.**

Current Text: Amended: 3/10/2014 pdf html

Introduced: 2/21/2014

Last Amended: 3/10/2014

Status: 3/11/2014-Re-referred to Com. on L. GOV.

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

Calendar:

4/9/2014 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL GOVERNMENT, ACHADJIAN, Chair

Summary:

The Community Services District Law specifies the procedures for district formation, procedures for the selection of district governing board members, the powers and duties of the board, and the procedures for changing those powers and duties. Current law requires the board of directors of each district to consist of 5 members . This bill would authorize, until January 1, 2035, the board of directors of the Santa Rita Hills Community Services District to consist of 3 members . This bill contains other related provisions.

Position: Watch
Subject: Special District Principle Acts
CALAFCO Comments: This bill as amended reduces the size of the governing Board of this district from five to three members.

SB 633 **(Pavley D) CEQA.**
Current Text: Amended: 8/6/2013 pdf html
Introduced: 2/22/2013
Last Amended: 8/6/2013
Status: 8/30/2013-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. on 8/6/2013)

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

Summary:
Would, for purposes of the new information exception to the prohibition on requiring a subsequent or supplemental EIR, specify that the exception applies if new information that becomes available was not known and could not have been known by the lead agency or any responsible agency at the time the EIR was certified as complete. The bill would authorize the office, by July 1, 2015, to draft and transmit to the secretary revisions to the guidelines to include as a categorical exemption projects involving minor temporary uses of land and public gatherings that have been determined not to have a significant effect on the environment. This bill contains other related provisions and other existing laws.

Position: Watch
Subject: CEQA

SB 731 **(Steinberg D) Environment: California Environmental Quality Act.**
Current Text: Amended: 9/9/2013 pdf html
Introduced: 2/22/2013
Last Amended: 9/9/2013
Status: 9/13/2013-Failed Deadline pursuant to Rule 61(a)(14). (Last location was L. GOV. on 9/11/2013)

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

Summary:
Would provide that aesthetic and parking impacts of a residential, mixed-use residential, or employment center project, as defined, on an infill site, as defined, within a transit priority area, as defined, shall not be considered significant impacts on the environment. The bill would require the Office of Planning and Research to prepare and submit to the Secretary of the Natural Resources Agency, and the secretary to certify and adopt, revisions to the guidelines for the implementation of CEQA establishing thresholds of significance for noise and transportation impacts of projects within transit priority areas. This bill contains other related provisions and other existing laws.

Position: Watch
Subject: CEQA

SB 772 **(Roth D) Drinking water: County Water Company of Riverside water system: liability.**

Current Text: Amended: 1/6/2014 pdf html
Introduced: 2/22/2013
Last Amended: 1/6/2014
Status: 2/3/2014-Returned to Secretary of Senate pursuant to Joint Rule 56.

Dead	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor		Enrolled	Vetoed	Chaptered

1st House	2nd House	Conf. Conc.			

Summary:
Would exempt the Elsinore Valley Municipal Water District and the Eastern Municipal Water District from liability for claims by past or existing County Water Company of Riverside customers or those consuming water provided through the County Water Company of Riverside water system concerning the operation and supply of water from the County Water Company of Riverside water system during the interim operation period, as specified, for any good faith, reasonable effort using ordinary care to assume possession of, and to operate and supply water to , the County Water Company of Riverside water system. This bill contains other related provisions and other existing laws.

Attachments:
CALAFCO Letter Removing Opposition September 9, 2013
CALAFCO Letter of Opposition April 10, 2013

Position: Watch
Subject: Water
CALAFCO Comments: As amended, this bill would exempt the Elsinore Valley Municipal Water District and the Eastern Municipal Water District from liability for injuries or damages arising out of the delivery of water to County Water Company of Riverside customers, as specified. As amended this bill no longer references Local Agency Formation Commissions (LAFCo) to take on the responsibility of monitoring private water companies. As a result of removing any and all references to LAFCo, CALAFCO has removed its opposition to the bill and now has a Watch position.

SB 1122 **(Pavley D) Sustainable communities: Strategic Growth Council.**
Current Text: Amended: 3/24/2014 pdf html
Introduced: 2/19/2014
Last Amended: 3/24/2014
Status: 3/24/2014-From committee with author's amendments. Read second time and amended. Re-referred to Com. on E.Q.

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

Calendar:
4/2/2014 9:30 a.m. - Room 3191 SENATE ENVIRONMENTAL QUALITY, HILL, Chair
Summary:
Would authorize the Strategic Growth Council to develop and implement regional grant programs to support the implementation of sustainable communities strategies, alternative transportation plans, or other regional greenhouse gas emission reduction plans within a developed area. The bill would require the council, in consultation with specified public agencies, to establish standards for integrated modeling systems and measurement methods, and standards for the use of moneys awarded.

Position: Watch
Subject: Sustainable Community Plans

Total Measures: 20
Total Tracking Forms: 20

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