



**Local Agency  
Formation Commission**  
**LAFCO of Napa County**

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**JUNE 5, 2006**  
**AGENDA ITEM NO. 8b**

May 22, 2006

TO: Local Agency Formation Commission

FROM: Keene Simonds, Acting Executive Officer

SUBJECT: ***Comprehensive Study of Sanitation/Wastewater Treatment Providers***

The Commission will review draft determinations regarding the sewer service operations for five of the six special districts included in the *Comprehensive Study of Sanitation/Wastewater Treatment Providers*. The draft determinations are being presented for a first-reading and address the nine service factors required for adoption as part of the Commission's service review mandate.

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On October 3, 2005, staff presented the first phase of the *Comprehensive Study of Sanitation/Wastewater Treatment Providers*. This initial phase included a written report, which was prepared for the Commission by P&D Consultants, evaluating the 10 public agencies providing wastewater services in Napa County. Following the meeting, a 30-day notice of review was circulated to each affected agency for their review and comment on the written report. No substantive comments were received during the review period.

Based on the written report prepared by P&D Consultants, staff has initiated the second phase of the study – the preparation of determinations for each affected agency. Determinations are required of the Commission as part of its service review mandate under Government Code §56430 and must be adopted prior to the update of the affected agency's sphere of influence. Determinations for the Napa Sanitation District were prepared by staff and adopted by the Commission at its April 3, 2006 meeting.

As a continuation of the second phase of the study, staff has prepared draft determinations for the five remaining special districts included in the study: Circle Oaks County Water District, Lake Berryessa Resort Improvement District, Napa-Berryessa Resort Improvement District, Napa River Reclamation District No. 2109, and the Spanish Flat Water District. These draft determinations are being presented for a first-reading and are accompanied by overview sections for each agency. Following today's meeting, staff will circulate the draft determinations to interested parties for their review and comment. Staff anticipates presenting final determinations, with or without revisions, to the Commission for consideration at its August 2006 regular meeting.

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Representative of the General Public

Keene Simonds  
Acting Executive Officer

## CIRCLE OAKS COUNTY WATER DISTRICT

### Overview

The Circle Oaks County Water District (COCWD) was formed in 1962 as an independent special district under California Government Code §30000 et seq. COCWD is approximately 250 acres in size and is located in Cappell Valley near the intersection of State Highways 121 and 128. Its formation was petitioned by local property owners to serve the planned development of a multi-phase subdivision to be known as “Circle Oaks.” However, due to various factors, the development of Circle Oaks has been limited to a single phase comprising approximately 330 lots. Development within Circle Oaks has also been limited by a moratorium on new water service connections, which was adopted by COCWD in 2000 due to concerns regarding its available emergency water supplies. This moratorium is scheduled to be lifted once COCWD purchases and brings online a new pump station to improve system capacity for its higher pressure zone.

COCWD is governed by an elected five-member board of directors that serve staggered four-year terms. Elections are based on a registered-voter system. COCWD is staffed by one part-time general manager appointed by the Board. An engineering firm is contracted to operate COCWD’s sewer and water systems. COCWD currently serves 189 residential sewer connections with an estimated resident service population of 495.<sup>1</sup>

Date Formed	1962
Enabling Legislation	California Water Code 30000 et. seq.
Services Provided	Sewer Water
Estimated Resident Service Population	495

### Written Determinations

The following written determinations have been prepared by staff and are drawn from information collected as part of the Commission’s *Comprehensive Study of Sanitation/Wastewater Treatment Providers*. These determinations address the service factors prescribed for consideration for COCWD as part of Commission’s service review mandate under California Government Code §56430. When warranted, some determinations include supplemental information listed in italics to provide context to the underlying service factor.

#### General Policies:

- a) Determinations adopted by the Commission as part of the *Comprehensive Water Service Study* regarding the water service operations of the Circle Oaks County Water District remain valid and appropriate.

<sup>1</sup> Projection is based on the 2005 California Department of Finance population per household estimate (2.62) assigned to Napa County and multiplied by the number of residential sewer connections served by COCWD (189).

Infrastructure Needs or Deficiencies:

- a) The Circle Oaks County Water District's sewer system collects and provides primary treatment of wastewater before it is discharged into one of three storage ponds for evaporation. This is a basic level of sewer service that is regulated by the California Regional Water Quality Control Board.
- b) The sewer system for the Circle Oaks County District has adequate collection, treatment, and discharge capacities to meet existing service demands within its jurisdiction under normal conditions.

*The Circle Oaks County Water District's sewer system has a daily design capacity of 72,000 gallons. In 2005, the District's average daily flow amount was approximately 63,700 gallons.*

- c) The Circle Oaks County Water District requires a comprehensive facilities plan regarding its sewer service operations. The plan should evaluate the adequacy of existing facilities to meet present and future system demands, offer recommendations as part of a long-term capital improvement program, and evaluate funding requirements and opportunities.
- d) The ability of the Circle Oaks County Water District to effectively quantify its capacity to serve new growth would be measurably strengthened by preparing a comprehensive facilities plan for its sewer system.
- e) Central components of the Circle Oaks County Water District's sewer system have been in operation since the early 1960s. The age of the system underscores the importance for the District to emphasize preventive maintenance to help ensure its continued safe and effective operation.
- f) The Circle Oaks County Water District is operating under a "Cleanup and Abatement Order" from the California Regional Water Quality Control Board. This order, which was prompted by suspected deficiencies regarding excessive storm water intrusion into the collection system, reflects the need for the District to make timely improvements to its sewer system.

Growth and Population Projections:

- a) The Circle Oaks County Water District is under the land use authority of the County of Napa. Land located in the District is designated *Agriculture, Watershed and Open Space* and is primarily zoned *Residential Single*. This zoning standard requires a minimum parcel size of 0.18 acres, which is consistent with existing lot densities and limits additional subdivision and related growth from occurring in the District.

- b) Land located outside and adjacent to the Circle Oaks County Water District is designated by the County of Napa as *Agriculture, Watershed and Open Space*. This designation discourages the Commission from approving annexations to the District based on its policy to direct the extension of municipal services away from land designated agriculture or open-space under the County General Plan.
- c) The Circle Oaks County Water District has enforced a moratorium on new water service connections since 2000. This moratorium has suspended growth in the District because property owners are unable to secure a building permit from the County of Napa without documentation of an available water supply.
- d) The population per household projection issued by the California Department of Finance for Napa County is an appropriate indicator to estimate the resident service population of the Circle Oaks County Water District. Making use of the current per household projection, the estimated resident service population of the District is 495.

*The California Department of Finance currently projects a population per household estimate of 2.62 for Napa County. This estimate has been calculated with the 189 residential sewer connections served by the Circle Oaks County Water District to project a resident service population.*

#### Financing Constraints and Opportunities:

- a) The ability of the Circle Oaks County Water District to generate revenue for its sewer system has been constrained by the lack of planned development within its jurisdictional boundary.

*At the time of Circle Oaks County Water District's formation, it was anticipated that the Circle Oaks community would develop into a multi-phase subdivision with approximately 2,200 residential units. However, only 331 residential lots have been created as part of a single subdivision phase, with an estimated 144 (44%) of these lots remaining undeveloped.*

- b) The lack of planned development in the Circle Oaks County Water District has resulted in a confined customer base. This confined customer base diminishes the District's ability to establish economies of scale with respect to spreading out service costs for the benefit of its constituents.
- c) In the fiscal year evaluated (FY02-03), expenses for the Circle Oaks County Water District relating to its sewer service operations were in excess of its revenues. The District has made a concerted effort to examine its financial situation to rectify its cost-to-income relationship to avoid future shortfalls.

*In FY02-03, the Circle Oaks County Water District experienced total expenses (including depreciation) of \$100,122 compared to total revenues of \$85,204 relating to the operation of its sewer system. This resulted in an income shortfall of 17%.*

- d) The Circle Oaks County Water District is subject to significant fluctuations in its annual sewer service costs, which have contributed to past operating shortfalls. These shortfalls are symptomatic of the District serving a confined number of customers while maintaining an aging infrastructure system prone to repairs, improvements, and increasing regulatory standards.
- e) The Circle Oaks County Water District recently secured a low-interest loan from the California Special Districts Association in the amount of \$350,000. This loan will help the District fund necessary improvements to its sewer system to comply with its Cleanup and Abatement Order issued by the California Regional Water Quality Control Board.
- f) The Circle Oaks County Water District has made measurable progress over the past two years in replenishing its cash reserves. The accumulation of reserves decreases the District's dependency on loans, grants, or special assessments to help fund emergency repairs or capital improvements.

*As of June 2006, the Circle Oaks County Water District maintained a cash reserve balance of \$80,100. This represents an increase in reserves of approximately \$70,000 from March 2004.*

#### Cost Avoidance Opportunities:

- a) The Circle Oaks County Water District's decision to contract for sewer and water service operations with Phillips and Associates provides it with cost-savings relating to salaries, benefits, training, and certification.
- b) The Circle Oaks County Water District recently entered into an agreement with the County of Napa for legal services. This agreement provides significant cost-savings for the District by establishing maximum annual service charges for legal services.

#### Opportunities for Rate Restructuring:

- a) Sewer services for the Circle Oaks County Water District are primarily funded by a flat monthly availability charge, which is assigned to all developed lots within its jurisdictional boundary. Revenue generated from this charge is currently limited to recovering operational costs.

*The Circle Oaks County Water District's flat monthly availability charge for sewer service is \$52.*

- b) The Circle Oaks County Water District's dependency on its flat monthly availability charge to fund its sewer system underscores the importance for the District to ensure that this charge adequately recovers all operational costs while sufficiently funding reserves.

Opportunities for Shared Facilities:

- a) The Circle Oaks County Water District is restricted from participating in cost-sharing activities with other agencies, such as joint-use facilities and projects, due to its isolated service location.
- b) The Circle Oaks County Water District should consult with the Napa County Mosquito Abatement District regarding its sewer service operations. This will help to control vectors and vector-borne diseases within the Circle Oaks community.

Government Structure Options:

- a) The Circle Oaks County Water District is the only public agency authorized to provide sewer service within its jurisdictional boundary.
- b) The Circle Oaks County Water District has been successful in achieving its original service objective to provide sewer and water service to the Circle Oaks community. The District continues to serve as an appropriate instrument in meeting the service needs of the community by localizing costs for the direct benefit of its constituents.

Evaluation of Management Efficiencies:

- a) The Circle Oaks County Water District has made a concerted effort over the past two years to formalize its administrative operations by establishing written policies and procedures defining the responsibilities of staff and designated representatives. These efforts have contributed to a more efficient system of administration and enhanced decision-making.
- b) The Circle Oaks County Water District is currently preparing its first audit of financial records in several years. It is important that the District prepare an annual audit of its financial records in a timely manner to foster accountable and transparent management.

- c) Staff for the Circle Oaks County Water District should continue its efforts to remind constituents of the relationship between operational costs, service levels, and sewer rates.
- d) The Circle Oaks County Water District should evaluate and establish performance measures that are consistent with the service needs and preferences of its constituents.

Local Accountability and Governance:

- a) The Circle Oaks County Water District makes reasonable efforts to maintain public dialogue with its constituents. This includes conducting regularly scheduled meetings, distributing newsletters, posting service information on the District website, and soliciting comments from constituents. These efforts facilitate local accountability and contribute towards public involvement in local governance.
- b) The Circle Oaks County Water District is governed by a five-member board of directors. Directors serve voluntarily and are elected by and accountable to the registered voters residing in the District.
- c) The Circle Oaks County Water District should make a concerted effort to consult and address the needs of property owners that have been unable to establish residency in the District due to the current moratorium on new water service connections.
- d) The ability of the Circle Oaks County District to maintain a full number of board members, whether through election or by appointment, remains a challenge due to a lack of willing volunteers in the community.
- e) The long-term effectiveness and solvency of the Circle Oaks County Water District is dependent on its constituents recognizing that they are accountable to fund and govern the District.

## LAKE BERRYESSA RESORT IMPROVEMENT DISTRICT

### Overview

The Lake Berryessa Resort Improvement District (LBRID) was formed in 1965 as a dependent special district under Public Resource Code §13000 et seq. LBRID is approximately 2,000 acres in size and is located along the northwestern shoreline of Lake Berryessa at Putah Creek. Its formation was petitioned by property owners to provide a broad range of municipal services for the planned development of a multi-phase subdivision to be known as “Berryessa Estates.” Due to various factors, however, the development of Berryessa Estates has been primarily limited to a single phase comprising approximately 350 lots.<sup>2</sup> In addition, a 1971 amendment to its principal act limits LBRID to providing only sewer and water service.

LBRID is governed by the Napa County Board of Supervisors. Supervisors are elected by ward voting and serve staggered four year terms. LBRID elections are based on a registered-voter system. At the direction of the Board, the County Public Works Department administers and operates LBRID’s sewer and water systems. LBRID currently serves 163 residential sewer connections with an estimated resident service population of 427.<sup>3</sup>

**Lake Berryessa Resort Improvement District**

Date Formed	1965
Enabling Legislation	Public Resources Code 13000 et. seq.
Services Provided	Sewer Water
Estimated Resident Service Population	427

### Written Determinations

The following written determinations have been prepared by staff and are drawn from information collected as part of the Commission’s *Comprehensive Study of Sanitation/Wastewater Treatment Providers*. These determinations address the service factors prescribed for consideration for LBRID as part of Commission’s service review mandate under California Government Code §56430. When warranted, some determinations include supplemental information listed in italics to provide context to the underlying service factor.

#### General Policies:

- a) Determinations adopted by the Commission as part of the *Comprehensive Water Service Study* regarding the water service operations of the Lake Berryessa Resort Improvement District remain valid and appropriate.

<sup>2</sup> A second phase of Berryessa Estates comprises Stagecoach Canyon Road, which was constructed by LBRID and provides access to the community from Snell Canyon Road.

<sup>3</sup> Projection is based on the 2005 California Department of Finance population per household estimate (2.62) assigned to Napa County and multiplied by the number of residential sewer connections served by LBRID (163).

Infrastructure Needs or Deficiencies:

- a) The Lake Berryessa Resort Improvement District's sewer system collects and provides secondary treatment of wastewater before it is discharged into one of seven storage ponds for evaporation. This is an elevated level of sewer service that is regulated by the California Regional Water Quality Control Board.
- b) The sewer system for the Lake Berryessa Resort Improvement District is at capacity with regard to meeting existing service demands within its jurisdiction under normal conditions. Improvements are needed to help solidify the ability of the District to adequately collect, treat, and discharge existing service demands as well as to serve new growth.

*The Lake Berryessa Resort Improvement District's sewer system has a daily design capacity of 35,000 gallons. In 2005, the District reported that its average daily sewer flow amount was equal to this capacity.*

- c) The Lake Berryessa Resort Improvement District requires a comprehensive facilities plan for its sewer service operations. The plan should evaluate the adequacy of existing facilities to meet present and future system demands, offer recommendations as part of a capital improvement program, and evaluate funding requirements and opportunities.
- d) The ability of the Lake Berryessa Resort Improvement District to effectively quantify its capacity to serve new growth would be measurably strengthened by preparing a comprehensive facilities plan for its sewer system.
- e) Central components of the Lake Berryessa Resort Improvement District's sewer system have been in operation since the late 1960s. The age of the system underscores the importance for the District to emphasize preventive maintenance to help ensure its continued safe and effective operation.
- f) The Lake Berryessa Resort Improvement District is operating under a "Cease and Desist Order" from the California Regional Water Quality Control Board. This order, which was issued in 1996, requires the District to design, fund, and complete significant infrastructure improvements to its sewer system to comply with its discharge permit.
- g) The California Regional Water Quality Control Board recently issued a "Civil Liability Complaint" against the Lake Berryessa Resort Improvement District for failure to make necessary and timely improvements to its sewer system. The complaint includes a \$400,000 fine and formalizes a claim by the Regional Board that the District has been inattentive in abating reoccurring sewer spills into the Lake Berryessa watershed.

- h) The Lake Berryessa Resort Improvement District has identified approximately \$2,000,000 in needed capital improvements to its sewer system to comply with the adopted requirements of the California Regional Water Quality Control Board.
- i) The actions by the California Regional Water Quality Control Board reflect the need for the Lake Berryessa Resort Improvement District to make timely improvements to its sewer system.

**Growth and Population Projections:**

- a) The Lake Berryessa Resort Improvement District is under the land use authority of the County of Napa. Land located within the District's primary service area, the subdivided phase of Berryessa Estates, is designated and zoned *Rural Residential* and *Planned Development*, respectively. This zoning standard does not require a minimum parcel size, which allows for additional subdivision and related growth to occur within the District upon approval by the County.
- b) Land located outside and adjacent to the Lake Berryessa Resort Improvement District is designated by the County of Napa as *Agriculture, Watershed and Open Space*. This designation discourages the Commission from approving annexations to the District based on its policy to direct the extension of municipal services away from land designated agriculture or open-space under the County General Plan.
- c) There are a number of undeveloped parcels located within the Lake Berryessa Resort Improvement District. This includes an estimated 190 undeveloped lots within the existing subdivided phase of Berryessa Estates. Development of these lots would significantly increase the service population of the District and result in one of the largest unincorporated communities in Napa County.
- d) The population per household projection issued by the California Department of Finance for Napa County is an appropriate indicator to estimate the resident service population of the Lake Berryessa Resort Improvement District. Making use of the current projection, the estimated resident service population of the District is 427.

*The California Department of Finance currently projects a population per household estimate of 2.62 for Napa County. This estimate has been calculated with the 163 residential sewer connections currently served by the Lake Berryessa Resort Improvement District to project a resident service population.*

### Financing Constraints and Opportunities:

- a) The ability of the Lake Berryessa Resort Improvement District to generate revenues for its sewer system has been constrained by the lack of planned development within the Berryessa Estates community.

*At the time of Lake Berryessa Resort Improvement District's formation, it was anticipated that the Berryessa Estates would develop into a multi-phase subdivision with approximately 2,000 residential units. However, only 351 residential lots have been created as part of one subdivision phase, with an estimated 188 (53%) of these lots remaining undeveloped.*

- b) The lack of planned development in the Lake Berryessa Resort Improvement District has resulted in a confined customer base. This confined customer base diminishes the District's ability to establish economies of scale with respect to spreading out service costs for the benefit of its constituents.
- c) In the fiscal year evaluated (FY03-04), expenses for the Lake Berryessa Resort Improvement District for sewer and water services were in excess of its revenues. The District has made a concerted effort over the past two years to examine its financial situation to rectify its cost-to-income relationship to avoid future shortfalls.

*In FY03-04, the Lake Berryessa Resort Improvement District experienced total expenses (including depreciation) of \$476,323 compared to total revenues of \$385,296. This resulted in an income shortfall of 24%.*

- d) The Lake Berryessa Resort Improvement District is subject to measurable fluctuations in its annual sewer service costs, which have contributed to past operating shortfalls. These shortfalls are symptomatic of the District serving a confined number of customers while maintaining an aging infrastructure system prone to repairs, improvements, and increasing regulatory standards.
- e) A key source of funding for the Lake Berryessa Resort Improvement District's sewer service operations is drawn from its variable monthly usage charge. Because this charge is based on the amount of potable water metered to the affected customer, funding for the sewer system is adversely affected by decreases in water use in the District.

- f) The Lake Berryessa Resort Improvement District supplements its revenue drawn from its monthly sewer service charges with two special assessments. These special assessments provide critical funding streams for the District and help minimize service rates increases.

*The first special assessment for the Lake Berryessa Resort Improvement District was passed in 1998 and is equally divided to fund the maintenance and upgrade of the sewer and water systems. This assessment is currently \$570 and assigned to all parcels in the District. The second special assessment was passed in 2000 to fund seven specific improvements, including repairing and replacing existing sewer collection lines. This assessment is currently \$2,000 and \$1,000 for all developed and undeveloped parcels within the District, respectively.*

- g) The California Regional Water Quality Control Board recently fined the Lake Berryessa Resort Improvement District \$400,000 for repeated sewer discharges into the Lake Berryessa watershed. Additionally, because of non-payment, the State of California has sued the District for additional violations relating to the discharges for a total amount of approximately \$2,700,000. It is unknown whether the District could remain solvent if required to pay a judgment or settlement in or near this amount.
- h) The Lake Berryessa Resort Improvement District has been notified by its insurance carrier that it will not renew its policy coverage at the end of this year due to the District's unauthorized sewer discharges and present legal actions with State of California. It is unknown whether the District will be successful in securing an alternative insurance carrier without incurring a significant increase in operational costs.

#### Cost Avoidance Opportunities:

- a) The Lake Berryessa Resort Improvement District benefits from cost-savings associated with its relationship with the County of Napa. Savings drawn from this relationship include providing the District with administrative and operational support relating to engineering and legal services at a cost below market value.

#### Opportunities for Rate Restructuring:

- a) The Lake Berryessa Resort Improvement District's sewer service operations are primarily funded by a flat monthly fixed charge and a variable monthly usage charge. Both of these charges have been significantly increased over the past two years to more effectively recover operational costs and contribute towards funding needed capital improvements.

*The Lake Berryessa Resort Improvement District's fixed availability charge is currently \$100 and is applied to all parcels within the District. The District's variable usage charge is \$16 per 1,000 gallons of metered water use. (The usage charge applies after the first 1,000 gallons and is applied up to 6,000 gallons.)*

- b) The Lake Berryessa Resort Improvement District's sewer rates are the highest among all public sewer providers in Napa County. Due to its current financial constraints and need for substantial capital improvements, a decrease in the District's rate schedule does not appear warranted.

*An average ratepayer in the Lake Berryessa Resort Improvement District pays approximately \$180 per month for sewer service, which is an addition to \$2,570 for two special assessments for sewer and water system improvements. (Service rate charge based on the fixed monthly charge (\$100) plus the metered water use charge of 6,000 gallons (\$80).)*

- c) The recent rate increases adopted by the Lake Berryessa Resort Improvement District will help finance approximately 2.0 million dollars in needed capital improvements to the sewer system.
- d) The Lake Berryessa Resort Improvement District should continue to evaluate its sewer service charges to ensure that they adequately reflect and recover operational costs while providing sufficient funding for reserves.

#### Opportunities for Shared Facilities:

- a) The Lake Berryessa Resort Improvement District maintains an informal relationship with the Napa-Berryessa Resort Improvement District to share equipment and materials as needed. This relationship, which is facilitated by the County of Napa, also provides the District with access to supplemental staff and the ability to pursue joint-use projects.
- b) The Lake Berryessa Resort Improvement District should consult with the Napa County Mosquito Abatement District regarding its sewer service operations. This will help to control vectors and vector-borne diseases within the Berryessa Estates community.

#### Government Structure Options:

- a) The Lake Berryessa Resort Improvement District is the only public agency authorized to provide sewer service within its jurisdictional boundary.

- b) The Lake Berryessa Resort Improvement District was formed to provide a broad range of municipal services for the Berryessa Estates community. However, due to an amendment to its principal act, the District is limited to providing only sewer and water service. Additional analysis is needed to determine whether any of the omitted services, which include public recreation and fire protection, are desired or warranted in the community.

*At the time of its formation, the Lake Berryessa Resort Improvement District was authorized to provide water, sewer, fire protection, community planning, garbage collection and disposal, public recreation, street lighting, mosquito abatement, maintenance of a police department, road construction, and general public works.*

- c) As part of the *Comprehensive Water Service Study*, the Commission determined the need for a governance study to evaluate the options and merits of reorganizing the Lake Berryessa Resort Improvement District. This includes examining the merits of consolidating the District with the Napa-Berryessa Resort Improvement District and Spanish Flat Water District to establish economies of scale and formalize service provision in the Lake Berryessa area. It is expected that this governance study will be completed prior to the next scheduled service review of all three districts.

#### Evaluation of Management Efficiencies:

- a) The Lake Berryessa Resort Improvement District provides a summary of past and projected revenues and expenditures relating to its sewer service operations as part of its annual budget. The District's budget process is conducted in an open and transparent manner and provides a clear directive towards staff with regard to prioritizing agency resources.
- b) Management for the Lake Berryessa Resort Improvement District makes a concerted effort to identify and communicate the needs of the District to the Board as part of its annual budget process. These efforts help to inform the decision-making process of the Board to allocate the District's resources efficiently and effectively.
- c) The Lake Berryessa Resort Improvement District has made a concerted effort over the past two years to examine and improve its solvency to avoid future operating shortfalls. These efforts strengthen the credibility and effectiveness of the District to manage the present and future needs of its constituents.

- d) Management for the Lake Berryessa Resort Improvement District should ensure that all documents, including reports, agendas, and minutes, be written on District letterhead rather than on the letterhead of the County of Napa. This will help to strengthen the distinction that the District is the governmental entity responsible for providing sewer and water service to the Berryessa Estates community.
- e) The Lake Berryessa Resort Improvement District should evaluate and establish performance measures that are consistent with the service needs and preferences of its constituents.

Local Accountability and Governance:

- a) The Lake Berryessa Resort Improvement District makes reasonable efforts to maintain public dialogue with its constituents. This includes conducting regularly schedule meetings, attending local community meetings, and distributing newsletters to constituents. These efforts help to facilitate local accountability and contribute towards public involvement in local governance.
- b) The Lake Berryessa Resort Improvement District is governed by the Napa County Board of Supervisors who are elected by and accountable to registered voters residing in their assigned ward. This governance system diminishes local accountability because constituents of the District are limited to voting for only one of five board members.
- c) The Napa County Board of Supervisors should consider delegating governance of the Lake Berryessa Resort Improvement District to a five-member board of directors pursuant to Public Resources Code §13032. This action, which would establish a board comprising four elected residents and one supervisor representing the affected ward, would help to improve local accountability and strengthen community participation in District activities.

*Public Resources Code §13034 also authorizes the directors of the Lake Berryessa Resort Improvement District to unanimously vote to replace the supervisor on the board with a fifth elected director.*

- d) It is important that the Lake Berryessa Resort Improvement District make a concerted effort to remind constituents that it – and not the County of Napa – is the designated sewer and water authority for the community.
- e) The long-term effectiveness and solvency of the Lake Berryessa Resort Improvement District is dependent on its constituents recognizing that they are accountable to fund the operations of the District.

## NAPA-BERRYESSA RESORT IMPROVEMENT DISTRICT

### Overview

The Napa-Berryessa Resort Improvement District (NBRID) was formed in 1965 as a dependent special district under Public Resource Code §13000 et seq. NBRID is approximately 1,900 acres in size and is located along the southern shoreline of Lake Berryessa. Its formation was petitioned by property owners to provide a broad range of municipal services for the planned development of a multi-phase subdivision to be known as “Berryessa Highlands” as well as to serve the Steele Park Resort.<sup>4</sup> Due to various factors, however, the development of Berryessa Highlands has been limited to two phases that collectively comprise approximately 560 lots. In addition, a 1971 amendment to its principal act limits NBRID to providing only sewer and water service.

NBRID is governed by the Napa County Board of Supervisors. Supervisors are elected by ward voting and serve staggered four year terms. NBRID elections are based on a registered-voter system. At the direction of the Board, the County Public Works Department administers and operates NBRID’s sewer and water systems. NBRID currently serves 330 residential connections with an estimated full-time resident service population of 865.<sup>5</sup> NBRID also provides sewer service to one commercial connection dedicated to the Steele Park Resort. It is estimated that the Steele Park Resort has a part-time resident service population of 597.<sup>6</sup>

**Napa-Berryessa Resort Improvement District**

Date Formed	1965
Enabling Legislation	Public Resources Code 13000 et. seq.
Services Provided	Sewer Water
Estimated Resident Service Population	865 (full-time) 597 (part-time)

### Written Determinations

The following written determinations have been prepared by staff and are drawn from information collected as part of the Commission’s *Comprehensive Study of Sanitation/Wastewater Treatment Providers*. These determinations address the service factors prescribed for consideration for NBRID as part of the Commission’s service review mandate under California Government Code §56430. When warranted, some determinations include supplemental information listed in italics to provide context to the underlying service factor.

<sup>4</sup> The Steele Park Resort was developed in the late 1950s and is one of seven concessionaries under contract with the United States Bureau of Reclamation to provide public recreational and commercial services at Lake Berryessa.

<sup>5</sup> Projection is based on the 2005 California Department of Finance population per household estimate (2.62) assigned to Napa County and multiplied by the number of residential sewer connections served by NBRID (330).

<sup>6</sup> The Steele Park Resort permits tenets to live in their private mobile homes for up to 175 days per year. The part-time population projection for the Steele Park Resort is based on its total number of assigned equivalent dwelling units by the County Public Works Department (228) and multiplied by the population per household estimate (2.62) assigned to Napa County by the California Department of Finance for 2005.

General Policies:

- a) Determinations adopted by the Commission as part of the *Comprehensive Water Service Study* regarding the water service operations of the Napa-Berryessa Resort Improvement District remain valid and appropriate.

Infrastructure Needs or Deficiencies:

- a) The Napa-Berryessa Resort Improvement District's sewer system collects and provides secondary treatment of wastewater before it is discharged through a spray irrigation system onto District-owned lands. This is an elevated level of sewer service that is regulated by the California Regional Water Quality Control Board.
- b) The sewer system for the Napa-Berryessa Resort Improvement District requires improvements to its discharge capacity to adequately meet existing service demands in order to comply with the requirements of the California Regional Water Quality Control Board.

*The Napa-Berryessa Resort Improvement District's sewer system has a daily design capacity of 175,000 gallons. However, the California Regional Water Quality Control Board limits the District from discharging no more than 50,000 gallons per day. In 2005, the District reported that its average daily sewer flow amount was approximately 105,000 gallons.*

- c) The Napa-Berryessa Resort Improvement District recently completed a comprehensive facilities plan for its sewer and water service operations. This plan includes a recommended capital improvement program that identifies approximately \$5,200,000 in needed sewer infrastructure upgrades.
- d) The ability of the Napa-Berryessa Resort Improvement District to adequately meet existing sewer service demands and to serve new growth is dependent on financing and implementing the infrastructure improvements identified in its comprehensive facilities plan.
- e) Central components of the Napa-Berryessa Resort Improvement District's sewer system have been in operation since the late 1960s. The age of the system underscores the importance for the District to emphasize preventive maintenance to help ensure its continued safe and effective operation.

#### Growth and Population Projections:

- a) The Napa-Berryessa Resort Improvement District is under the land use authority of the County of Napa. The District's primary service area includes two subdivided phases of Berryessa Highlands that are designated *Agriculture, Watershed and Open-Space* and *Rural Residential*. Zoning for Berryessa Highlands is *Planned Development*. This zoning standard does not require a minimum parcel size, which allows for additional subdivision and related growth to occur within the District upon approval by the County.
- b) Land located outside and adjacent to the Napa-Berryessa Resort Improvement District is designated by the County of Napa as *Agriculture, Watershed and Open Space*. This designation discourages the Commission from approving annexations to the District based on its policy to direct the extension of municipal services away from land designated agriculture or open-space under the County General Plan.
- c) There are a number of undeveloped parcels located within the Napa-Berryessa Resort Improvement District. This includes an estimated 230 undeveloped lots within the two existing subdivided phases of Berryessa Highlands. Development of these lots would significantly increase the service population of the District and result in one of the largest unincorporated communities in Napa County.
- d) The Napa-Berryessa Resort Improvement District serves two distinct service populations. This includes serving full-time residents within the Berryessa Highlands community and part-time residents at the Steele Park Resort.
- e) The population per household projection issued by the California Department of Finance for Napa County is an appropriate indicator to estimate the resident service population of the Napa-Berryessa Resort Improvement District. Making use of on the current projection, the estimated year-round and part-time resident service populations of the District are 865 and 597, respectively.

*The California Department of Finance currently projects a population per household estimate of 2.62 for Napa County. This estimate has been calculated with the 330 residential sewer connections served by the Napa-Berryessa Resort Improvement District and the 228 equivalent dwelling units in the Steele Park Resort to project full-time and part-time resident service populations.*

#### Financing Constraints and Opportunities:

- a) The ability of the Napa-Berryessa Resort Improvement District to generate revenues for its sewer system has been constrained by the lack of planned development within its primary service area, Berryessa Highlands.

*At the time of Napa-Berryessa Resort Improvement District's formation, it was anticipated that the Berryessa Highlands would develop into a multi-phase subdivision with approximately 1,700 residential units. However, only 561 residential lots have been created as part of two subdivision phases, with an estimated 231 (41%) of these lots remaining undeveloped.*

- b) The lack of planned development in the Napa-Berryessa Resort Improvement District has resulted in a confined customer base. This confined customer base diminishes the District's ability to establish economies of scale with respect to spreading out service costs for the benefit of its constituents.
- c) In the fiscal year evaluated (FY03-04), the Napa-Berryessa Resort Improvement District experienced a revenue surplus of approximately \$50,000 for its sewer and water systems. This surplus contrasts with the prior fiscal year (FY02-03) in which the District experienced a shortfall of approximately \$29,000.
- d) The Napa-Berryessa Resort Improvement District is subject to significant fluctuations in its annual sewer service costs, which have contributed to past operating shortfalls. These shortfalls are symptomatic of the District serving a confined number of customers while maintaining an aging infrastructure system prone to repairs, improvements, and increasing regulatory standards.
- e) A key source of funding for the Napa-Berryessa Resort Improvement District's sewer service operations is drawn from its variable monthly usage charge. Because this charge is based on the amount of potable water metered to the affected customer, funding for the sewer system is adversely affected by decreases in water use in the District.

#### Cost Avoidance Opportunities:

- a) The Napa-Berryessa Resort Improvement District benefits from cost-savings associated with its relationship with the County of Napa. Savings drawn from this relationship include providing the District with administrative and operational support relating to engineering and legal services at a cost below market value.

#### Opportunities for Rate Restructuring:

- a) The Napa-Berryessa Resort Improvement District's sewer service operations are primarily funded by a flat monthly available charge and a variable monthly usage charge. Both of these charges have been recently increased to more effectively recover operational costs while contributing towards funding needed capital improvements.

*The Napa-Berryessa Resort Improvement District's flat monthly availability charge is currently \$10 and is applied to all parcels within the District. The District's variable monthly usage charge is \$4 for the first 1,000 gallons and \$1.31 for every 1,000 gallons of metered water use thereafter.*

Opportunities for Shared Facilities:

- a) The Napa-Berryessa Resort Improvement District maintains an informal relationship with the Lake Berryessa Resort Improvement District to share equipment and materials as needed. This relationship, which is facilitated by the County of Napa, also provides the District with access to supplemental staff and the ability to pursue joint-use projects.
- b) Based on proximity and similar service operations, the Napa-Berryessa Resort Improvement District should explore shared arrangements with the Spanish Flat Water District.
- c) The Napa-Berryessa Resort Improvement District should consult with the Napa County Mosquito Abatement District regarding its sewer service operations. This will help to control vectors and vector-borne diseases within the Berryessa Highlands community and the Steele Park Resort.

Government Structure Options:

- a) The Napa-Berryessa Resort Improvement District is the only public agency authorized to provide sewer service within its jurisdictional boundary.
- b) The Napa-Berryessa Resort Improvement District was formed to provide a broad range of municipal services for the Berryessa Highlands community. However, due to an amendment to its principal act, the District is limited to providing only sewer and water service. Additional analysis is needed to determine whether any of the omitted services, which include public recreation and fire protection, are desired or warranted in the community.

*At the time of its formation, the Napa-Berryessa Resort Improvement District was authorized to provide water, sewer, fire protection, community planning, garbage collection and disposal, public recreation, street lighting, mosquito abatement, maintenance of a police department, road construction, and general public works.*

- c) As part of the *Comprehensive Water Service Study*, the Commission determined the need for a governance study to evaluate the options and merits of reorganizing the Napa-Berryessa Resort Improvement District. This includes examining the merits of consolidating the District with the Lake Berryessa Resort Improvement District and the Spanish Flat Water District to establish economies of scale and formalize service provision in the Lake Berryessa area. It is expected that this governance study will be completed prior to the next scheduled service review of all three districts.

Evaluation of Management Efficiencies:

- a) The Napa-Berryessa Resort Improvement District provides a summary of past and projected revenues and expenditures relating to its sewer service operations as part of its annual budget. The District's budget process is conducted in an open and transparent manner and provides a clear directive towards staff with regard to prioritizing agency resources.
- b) Management for the Napa-Berryessa Resort Improvement District makes a concerted effort to identify and communicate the needs of the District to the Board as part of its annual budget process. These efforts help to inform the decision-making process of the Board to allocate the District's resources efficiently and effectively.
- c) Management for the Napa-Berryessa Resort Improvement District should ensure that all documents, including reports, agendas, and minutes, be written on District letterhead rather than on the letterhead of the County of Napa. This will help to strengthen the distinction that the District is the governmental entity responsible for providing sewer and water service to the Berryessa Highlands community.
- d) The Napa-Berryessa Resort Improvement District should evaluate and establish performance measures that are consistent with the service needs and preferences of its constituents.

Local Accountability and Governance:

- a) The Napa-Berryessa Resort Improvement District makes reasonable efforts to maintain public dialogue with its constituents. This includes conducting regularly schedule meetings, attending local community meetings, and distributing newsletters to constituents. These efforts help to facilitate local accountability and contribute towards public involvement in local governance.

- b) The Napa-Berryessa Resort Improvement District is governed by the Napa County Board of Supervisors who are elected by and accountable to registered voters residing in their assigned ward. This governance system diminishes local accountability because constituents of the District are limited to voting for only one of five board members.
- c) The Napa County Board of Supervisors should consider delegating governance of the Napa-Berryessa Resort Improvement District to a five-member board of directors pursuant to Public Resources Code §13032. This action, which would establish a board comprising four elected residents and one supervisor representing the affected ward, would help to improve local accountability and strengthen community participation in District activities.

*Public Resources Code §13034 also authorizes the directors of the Napa-Berryessa Resort Improvement District to unanimously vote to replace the supervisor on the board with a fifth elected director.*

- d) It is important that the Napa-Berryessa Resort Improvement District make a concerted effort to remind constituents that it – and not the County of Napa – is the designated sewer and water authority for the community.
- e) The long-term effectiveness and solvency of the Napa-Berryessa Resort Improvement District is dependent on its constituents recognizing that they are accountable to fund the operations of the District.

## NAPA RIVER RECLAMATION DISTRICT

### Overview

The Napa River Reclamation District No. 2109 (NRRD) was formed in 1974 as an independent special district under California Water Code §50000 et seq. NRRD is approximately 70 acres in size and is located along the western shoreline of the Napa River northwest of the City of American Canyon. Its formation was petitioned by property owners to provide enhanced flood protection for the “Edgerly Island” subdivision. In 1984, NRRD began providing sewer service following a special amendment to its principal act. The special amendment was enacted by the California Legislature to allow NRRD to address a public health notice issued by the County of Napa Health Department. The health notice declared that a number of private septic systems were failing and posed a contamination threat to local groundwater supplies in the community. Notably, the establishment of sewer service coincided with NRRD’s annexation of the north neighboring “Ingersoll” subdivision.

NRRD is governed by an elected five-member board of trustees that serve staggered four-year terms. Elections are based on a landowner-voter system, which provides each landowner one vote for each dollar that his or her property is assessed. Staffing for NRRD is provided by one half-time general manager who is a licensed sewer operator. NRRD currently serves 138 residential sewer connections with an estimated resident service population of 362.<sup>7</sup>

#### Napa River Reclamation District No. 2109

Date Formed	1974
Enabling Legislation	California Water Code 50000 et. seq.
Services Provided	Sewer Limited Reclamation
Estimated Resident Service Population	362

### Written Determinations

The following written determinations have been prepared by staff and are drawn from information collected as part of the Commission’s *Comprehensive Study of Sanitation/Wastewater Treatment Providers*. These determinations address the service factors prescribed for consideration for NRRD as part of Commission’s service review mandate under California Government Code §56430. When warranted, some determinations include supplemental information listed in italics to provide context to the underlying service factor.

#### General Policies:

- a) Determinations adopted by the Commission as part of the *Comprehensive Study of the Napa River Reclamation District No. 2109 – Service Review* remain valid and appropriate.

<sup>7</sup> Projection is based on the 2005 California Department of Finance population per household estimate (2.62) assigned to Napa County and multiplied by the number of residential sewer connections served by NRRD (138).

Infrastructure Needs or Deficiencies:

- a) The Napa River Reclamation District No. 2109's sewer system collects and provides secondary treatment of wastewater before it is discharged into one of two storage ponds for evaporation. This is an elevated level of sewer service that is regulated by the California Regional Water Quality Control Board.
- b) The sewer system for the Napa River Reclamation District No. 2109 has adequate collection, treatment, and discharge capacities to meet existing service demands within its jurisdiction under normal conditions.

*The Napa River Reclamation District No. 2109's sewer system has a daily design capacity of 40,000 gallons. In 2004, the District's average daily sewer flow amount was approximately 17,000 gallons.*

- c) The Napa River Reclamation District reports that its actual daily sewer treatment capacity is 23,000 gallons, which is markedly less than its design capacity of 40,000 gallons. It appears that this discrepancy is due to the deficient sizing of the District's mound filtration system at the time of its construction.
- d) The Napa River Reclamation District No. 2109 requires an update to its sewer facilities plan. The update should evaluate the adequacy of existing facilities to meet present and future system demands, offer recommendations as part of a long-term capital improvement program, and evaluate funding requirements and opportunities.
- e) The ability of the Napa River Reclamation District No. 2109 to effectively quantify its capacity to serve additional development and new growth would be measurably strengthened by preparing an update to its sewer facilities plan.

Growth and Population Projections:

- a) The Napa River Reclamation District No. 2109 is under the land use authority of the County of Napa. Land located in the District is designated and zoned *Agriculture, Watershed and Open Space* and *Residential Single*, respectively. This zoning standard requires a minimum parcel size of 0.18 acres, which is consistent with existing lot sizes and limits additional subdivision and related growth from occurring in the District.
- b) Land located outside and adjacent to the Napa River Reclamation District No. 2109 is designated by the County of Napa as *Agriculture, Watershed and Open Space*. This designation discourages the Commission from approving annexations to the District based on its policy to direct the extension of municipal services away from land designated agriculture or open-space under the County General Plan.

- c) The population per household projection issued by the California Department of Finance for Napa County is an appropriate indicator to estimate the resident service population of the Napa River Reclamation District No. 2109. Making use of the current projection, the estimated resident service population of the District is 362.

*The California Department of Finance currently projects a population per household estimate of 2.62 for Napa County. This estimate has been calculated with the 138 residential sewer connections currently served by the Napa River Reclamation District No. 2109 to project a resident service population.*

#### Financing Constraints and Opportunities:

- a) The ability of the Napa River Reclamation District No. 2109 to generate revenues for its sewer system has been constrained by a confined customer base. This confined customer base diminishes the District's ability to establish economies of scale with respect to spreading out service costs for the benefit of its constituents.
- b) In the fiscal year evaluated (FY02-03), expenses for the Napa River Reclamation District No. 2109 for its sewer and limited reclamation services were in excess of its revenues. The District should make a concerted effort to examine its financial situation to rectify its cost-to-income relationship to avoid future shortfalls.

*In FY02-03, the Napa River Reclamation District No. 2109 experienced total expenses (including depreciation) of \$295,407 compared to total revenues of \$205,262. This resulted in an income shortfall of 44%.*

- c) The Napa River Reclamation District No. 2109 is subject to significant fluctuations in its annual sewer service costs, which have contributed to past operating shortfalls. These shortfalls are symptomatic of the District serving a confined number of customers while maintaining an infrastructure system prone to repairs, improvements, and increasing regulatory standards.

#### Cost Avoidance Opportunities:

- a) The Napa River Reclamation District No. 2109 benefits from cost-savings associated with its relationship with the Napa County Flood Control and Water Conservation District. This relationship provides the District with funding assistance and access to service equipment as needed.

- b) The Napa River Reclamation District No. 2109 has been successful in obtaining outside funding from state and local agencies to help recover repair costs to its sewer system associated with a 2000 earthquake. These efforts have established important funding relationships for the District and have helped to minimize its use of cash reserves.
- c) The Napa River Reclamation District No. 2109 has made a concerted effort to make preventative maintenance an emphasis as part of its sewer service operations. This includes cleaning all sewer lines every five years.

Opportunities for Rate Restructuring:

- a) Sewer services for the Napa River Reclamation District No. 2109 are primarily funded by a flat annual availability charge, which is assigned to all developed lots within its jurisdictional boundary. Revenue generated from this charge is currently limited to recovering operational costs.

*The Napa River Reclamation District No. 2109's flat annual availability charge for sewer service is \$684.*

- b) The Napa River Reclamation District No. 2109's dependency on its flat annual availability charge to fund its sewer system underscores the importance for the District to ensure that this charge adequately recovers all operational costs while sufficiently funding reserves.
- c) The Napa River Reclamation District No. 2109 does not have an adopted sewer connection fee. As part of an update to its sewer facilities plan, the District should consider establishing a reasonable connection fee to help recover capital improvement costs associated with serving new growth.

Opportunities for Shared Facilities:

- a) Infrastructure for the City of American Canyon's sewer system is in general proximity to the Napa River Reclamation District No. 2109. This proximity indicates that the District could contract for sewer services from American Canyon if connection under the Napa River could be established.
- b) Shared arrangements that result in the extension of municipal services outside a public agency's jurisdictional boundary requires Commission approval pursuant to California Government Code §56133.

- c) The Napa River Reclamation District No. 2109 should continue to consult with the Napa County Mosquito Abatement District regarding its sewer service operations. This will help to control vectors and vector-borne diseases within the Edgerly Island and Ingersoll communities.

Government Structure Options:

- a) The Napa River Reclamation District No. 2109 is the only public agency authorized to provide sewer service within its jurisdictional boundary.
- b) LAFCO recently completed a governance study on the Napa River Reclamation District No. 2109. This governance study concluded that reorganizing the District into a community service district is the preferred option with respect to meeting the present and future needs of its constituents. It is unknown at this time whether the District or its constituency will pursue this reorganization option.

Evaluation of Management Efficiencies:

- a) The Napa River Reclamation District No. 2109 provides a summary of past and projected revenues and expenditures relating to its sewer service operations as part of its annual budget. The District's budget process is conducted in an open and transparent manner and provides a clear directive towards staff with regard to prioritizing agency resources.
- b) The Napa River Reclamation District No. 2109 should evaluate and establish performance measures that are consistent with the service needs and preferences of its constituents.

Local Accountability and Governance:

- a) The Napa River Reclamation District No. 2109 makes reasonable efforts to maintain public dialogue with its constituents. This includes conducting regularly schedule meetings, posting special notices, and soliciting comments from constituents. These efforts help to facilitate local accountability and contribute towards public involvement in local governance.
- b) The Napa River Reclamation District No. 2109 is governed by a five-member board of trustees. Directors serve voluntarily and are elected by and accountable to the landowners in the District.

- c) The Napa River Reclamation District No. 2109 should make a concerted effort to consult both landowners and non-landowners that reside in the District to ensure that service information is being effectively communicated to all interested parties.
  
- d) The long-term effectiveness and solvency of the Napa River Reclamation District No. 2109 is dependent on its constituents recognizing that they are accountable to fund and govern the District.

## SPANISH FLAT WATER DISTRICT

### Overview

The Spanish Flat Water District (SFWD) was formed in 1963 as an independent special district under California Government Code §34000 et seq. SFWD is approximately 1,170 acres in size and is located along the western shoreline of Lake Berryessa. Its formation was petitioned by property owners to provide sewer and water service to the “Spanish Flat” community, which at the time had been developed to include a commercial center, public cemetery, and a small number of single-family residences. Formation was also sought by developers to serve a planned 53-unit subdivision to be known as “Spanish Flat Woodlands.” In 1977, at the request of affected property owners, SFWD annexed and assumed sewer and water service operations for a non-contiguous subdivision north of the Spanish Flat community known as “Berryessa Pines.”

SFWD is governed by an elected five-member board of directors that serve staggered four-year terms. Elections are based on a landowner-voter system, which provides each landowner one vote for each dollar that his or her property is assessed. Staffing for SFWD is provided by one full-time operator who manages both the sewer and water systems. SFWD currently

Date Formed	1963
Enabling Legislation	California Water Code 34000 et. seq.
Services Provided	Sewer Water
Estimated Resident Service Population	403 (full-time) 579 (part-time)

serves 106 residential and 15 commercial sewer connections. One of the commercial connections is dedicated to the 48-space Spanish Flat Mobile Villa. It is estimated that SFWD serves a full-time resident service population of 403.<sup>8</sup> In addition, although sewer service is not provided, the Spanish Flat Resort is located in SFWD and has an estimated part-time resident service population of 579.<sup>9</sup>

### Written Determinations

The following written determinations have been prepared by staff and are drawn from information collected as part of the Commission’s *Comprehensive Study of Sanitation/Wastewater Treatment Providers*. These determinations address the service factors prescribed for consideration for SFWD as part of the Commission’s service review mandate under California Government Code §56430. When warranted, some determinations include supplemental information listed in italics to provide context to the underlying service factor.

<sup>8</sup> Projection is based on the 2005 California Department of Finance population per household estimate (2.62) assigned to Napa County and multiplied by the number of equivalent dwelling units receiving sewer service from SFWD (154).

<sup>9</sup> The Spanish Flat Resort was developed in the late 1950s and is one of seven concessionaries under contract with the United States Bureau of Reclamation to provide public recreational and commercial services at Lake Berryessa. The Spanish Flat Resort, which was annexed to SFWD in 1976 to establish water service, permits tenants to live in their private mobile homes for up to 180 days per year. The part-time population projection for the Spanish Flat Resort is based on its number of equivalent dwelling units (221) cited in the *Comprehensive Water Service Study* and multiplied by the population per household estimate (2.62) assigned to Napa County by the California Department of Finance for 2005.

General Policies:

- a) Determinations adopted by the Commission as part of the *Comprehensive Water Service Study* regarding the water service operations of the Spanish Flat Water District remain valid and appropriate.

Infrastructure Needs or Deficiencies:

- a) The Spanish Flat Water District operates two sewer systems that serve two distinct and non-contiguous communities, Spanish Flat and Berryessa Pines. Both sewer systems collect and provide secondary treatment of wastewater. Treated wastewater at Spanish Flat is discharged through spray irrigation on District-owned lands and at the Monticello Public Cemetery. Treated wastewater at Berryessa Pines is discharged into one of two storage ponds for evaporation. These are elevated levels of sewer service that are regulated by the California Regional Water Quality Control Board.
- b) Based on current operations, the Spanish Flat Water District's sewer systems have adequate collection, treatment, and discharge capacities to meet existing service demands within its jurisdiction under normal conditions. However, the District does not have any records identifying the design capacities for either sewer system. This prevents the District from accurately estimating its capacity to serve new growth for either of its two service communities.

*In 2005, the Spanish Flat Water District reported that its average daily sewer flow amount for Spanish Flat and Berryessa Pines was 5,000 to 12,000 and 4,000 to 5,000 gallons, respectively.*

- c) The Spanish Flat Water District should commit to monitoring and recording its daily sewer flow amounts in order to more effectively coordinate and plan system maintenance, repair, and improvement projects.
- d) The Spanish Flat Water District requires comprehensive facilities plans for its sewer service operations at Spanish Flat and Berryessa Pines. These plans should evaluate the adequacy of existing facilities to meet present and future system demands, offer recommendations as part of long-term capital improvement programs, and evaluate funding requirements and opportunities.
- e) The ability of the Spanish Flat Water District to effectively quantify its capacity to serve new growth would be measurably strengthened by preparing comprehensive facilities plans for both of its sewer systems.
- f) Central components of the Spanish Flat Water District's sewer systems have been in operation since the early 1960s. The age of these systems underscores the importance for the District to emphasize preventive maintenance to help ensure their continued safe and effective operation.

#### Growth and Population Projections:

- a) The Spanish Flat Water District is under the land use authority of the County of Napa. The District's primary service areas, Spanish Flat Woodlands, Spanish Flat Mobile Vila, and the Berryessa Pines, are designated *Rural Residential* with a mixture of agricultural, commercial, and residential zoning standards. These zoning standards provide minimum parcel densities that are generally consistent with existing lot sizes, which limits additional subdivision and related growth from occurring in the District.
- b) Land located outside and adjacent to the Spanish Flat Water District is designated by the County of Napa as *Agriculture, Watershed and Open Space*. This designation discourages the Commission from approving annexations to the District based on its policy to direct the extension of municipal services away from land designated agriculture or open-space under the County General Plan.
- c) The Spanish Flat Water District serves two distinct service populations. This includes full-time residents located within the Spanish Flat and Berryessa Pines communities and part-time residents located at the Spanish Flat Resort.
- d) The population per household projection issued by the California Department of Finance for Napa County is an appropriate indicator to estimate the resident service population of the Spanish Flat Water District. Making use of the current projection, the estimated year-round and part-time resident service populations of the District are 403 and 579, respectively.

*The California Department of Finance currently projects a population per household estimate of 2.62 for Napa County. This estimate has been calculated with the 154 equivalent dwelling units served by the Spanish Flat Water District in the Spanish Flat and Berryessa Pines to project a full-time resident service population. The per household estimate has also been calculated with the 221 equivalent dwelling units at the Spanish Flat Resort to project a part-time resident service population.*

#### Financing Constraints and Opportunities:

- a) The ability of the Spanish Flat Water District to generate revenues has been constrained by confined customer bases. These confined customer bases diminish the District's ability to establish economies of scale with respect to spreading out sewer service costs for the benefits of its constituents.

- b) In the fiscal year evaluated (FY03-04), expenses for the Spanish Flat Water District for its sewer and water service operations were in excess of its revenues. The District should make a concerted effort to examine its financial situation to rectify its cost-to-income relationship to avoid future shortfalls.

*In FY03-04, the Spanish Flat Water District experienced total expenses (including depreciation) of \$292,511 compared to total revenues of \$242,292. This resulted in an income shortfall of 21%.*

- c) The Spanish Flat Water District is subject to significant fluctuations in its annual sewer service costs, which have contributed to past operating shortfalls. These shortfalls are symptomatic of the District serving a confined number of customers while maintaining aging infrastructure systems prone to repairs, improvements, and increasing regulatory standards.

#### Cost Avoidance Opportunities:

- a) There are no obvious cost-avoidance opportunities for the Spanish Flat Water District under its present organizational structure.

#### Opportunities for Rate Restructuring:

- a) Sewer services for the Spanish Flat Water District are primarily funded by a flat monthly availability charge, which is assigned to all developed lots within its jurisdictional boundary. Revenue generated from this charge is currently limited to recovering operational costs.

*The Spanish Flat Water District's flat monthly availability charge for sewer service is \$36.85 for residential customers.*

- b) The Spanish Flat Water District's dependency on its flat monthly availability charge to fund its sewer systems underscores the importance for the District to ensure that this charge adequately recovers all operational costs while sufficiently funding reserves.

#### Opportunities for Shared Facilities:

- a) Based on proximity and similar service operations, the Spanish Flat Water District should explore shared arrangements with the Napa-Berryessa Resort Improvement District.

- b) The Spanish Flat Water District should consult with the Napa County Mosquito Abatement District regarding its sewer service operations. This will help to control vectors and vector-borne diseases within the Spanish Flat and Berryessa Pines communities and the Spanish Flat Resort.

Government Structure Options:

- a) The Spanish Flat District is the only public agency authorized to provide sewer service within its jurisdictional boundary.
- b) As part of the *Comprehensive Water Service Study*, the Commission determined the need for a governance study to evaluate the options and merits of reorganizing the Spanish Flat Water District. This includes examining the merits of consolidating the District with the Lake Berryessa Resort Improvement District and the Napa-Berryessa Resort Improvement District to establish economies of scale and formalize service provision in the Lake Berryessa area. It is expected that this governance study will be completed prior to the next scheduled service review of all three districts.

Evaluation of Management Efficiencies:

- a) The Spanish Flat Water District provides a summary of past and projected revenues and expenditures relating to its sewer service operations as part of its annual budget. The District's budget process is conducted in an open and transparent manner and provides a clear directive towards staff with regard to prioritizing agency resources.
- b) The Spanish Flat Water District should evaluate and establish performance measures that are consistent with the service needs and preferences of its constituents.

Local Accountability and Governance:

- a) The Spanish Flat Water District makes reasonable efforts to maintain public dialogue with its constituents. This includes conducting regularly schedule meetings, posting notices, and soliciting comments from constituents. These efforts help to facilitate local accountability and contribute towards public involvement in local governance.
- b) The Spanish Flat Water District is governed by a five-member board of directors. Directors serve voluntarily and are elected by and accountable to the landowners in the District.

- c) The Spanish Flat Water District should make a concerted effort to consult both landowners and non-landowners that reside in the District to ensure that service information is being effectively communicated to all interested parties.
- d) The long-term effectiveness and solvency of the Spanish Flat Water District is dependent on its constituents recognizing that they are accountable to fund and govern the District.

*Comprehensive Study of Sanitation/Wastewater Treatment Providers*

June 5, 2006 Supplemental Report Map

