



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

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

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

REGULAR MEETING AGENDA

Monday, June 6, 2011

County of Napa Administration Building
1195 Third Street, Board Chambers
Napa, California 94559

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

a) Oath of Office For New Terms (Commission Counsel)

- Joan Bennett, Regular City Member
- Juliana Inman, Alternate City Member

2. PLEDGE OF ALLEGIANCE

3. AGENDA REVIEW

Requests by Commissioners to re-arrange agenda items will be considered by the Chair at this time.

4. PUBLIC COMMENTS

In this time period, anyone may comment to the Commission regarding any subject over which the agency has jurisdiction. No comments will be allowed involving any subject matter that is scheduled for hearing, action, or discussion as part of the current agenda. Individuals will be limited to a three-minute presentation. No action will be taken by the Commission as a result of any item presented at this time.

5. CONSENT ITEMS

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

a) Third Quarter Budget Report for 2010-2011 (Action)

The Commission will review a third quarter budget report for 2010-2011. The report compares budgeted versus actual revenues and expenses through the first nine months of the fiscal year. The report projects the Commission will close its budgeted operating shortfall from (\$42,460) to (\$4,900). The report is being presented for filing.

b) Amendment to Fiscal Year 2010-2011 Budget and Authorization to Contribute Funds to CALAFCO (Action)

The Commission will consider amending its current fiscal year budget to increase its special departmental expense account by \$2,000 and make a related contribution to CALAFCO to fund a mobile workshop as part of the 2011 Annual Conference at the Silverado Resort.

c) Authorization to Approve Audit Expenditure (Action)

The Commission will consider authorizing the Chair to enter into an agreement with Gallina LLP for the preparation of an independent audit for the 2010-2011 fiscal year at a cost of \$4,725.

d) Amendment to Support Services Agreement with the County of Napa (Action)

The Commission will consider approving a fifth amendment to its support services agreement with the County of Napa. The proposed amendment establishes the Commission's 2011-2012 annual charge for information technology services from the County in the amount of \$20,261.

e) Approval of Meeting Minutes (Action)

The Commission will consider approving minutes prepared by staff for the April 6, 2011 meeting.

f) Current and Future Proposals (Information)

The Commission will receive a report summarizing current and future proposals. The report is being presented for information. No new proposals have been submitted since the April 6, 2011 meeting.

g) CALAFCO Quarterly Report (Information)

The Commission will receive a report prepared by the California Association of Local Agency Formation Commissions summarizing the Board's actions at its most recent meeting held on April 29, 2011.

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) Stanly Ranch Annexation to the Napa Sanitation District

The Commission will consider an application from landowners to annex 472 acres of incorporated territory lying in the City of Napa to the Napa Sanitation District. The underlying purpose of the annexation is to facilitate public sewer to the St. Regis Napa Valley project. Staff recommends approval of the proposal with standard conditions along with adopting an addendum to a previously prepared final environmental impact report. The County of Napa Assessor's Office identifies the 16 subject lots as 047-230-049, 047-230-050, 047-230-051, 047-230-052, 047-230-053, 047-230-054, 047-240-017, 047-240-018, 047-240-019, 047-240-020, 047-240-021, 047-240-022, 047-240-023, 047-240-033, 047-240-034, and 047-240-035.

b) Final Budget for Fiscal Year 2011-2012

The Commission will consider adopting a final budget setting operating expenses and revenues for the 2011-2012 fiscal year. The final budget is substantively identical to a proposed version approved by the Commission in April and subsequently circulated for review. Budgeted expenses total \$422,522; an amount that represents a 2.2% increase over the current fiscal year. Budgeted revenues total \$395,441 with the remaining shortfall (\$27,081) to be covered by drawing down on agency reserves. Changes are limited to recalculating the five cities' respective contributions based on recently published general tax revenue and resident population data.

c) Amendments to Adopted Fee Schedule

The Commission will consider amendments to its adopted fee schedule to reflect an increase in the composite hourly staff rate from \$107 to \$113.

7. ACTION ITEMS

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

a) Amendments to Policy on Outside Service Agreements

The Commission will consider amendments to the agency's *Policy on Outside Service Agreements* to simplify and expedite the process for cities and special districts to request approval. The proposed amendments follow discussion from the April meeting.

b) Update on Island Annexation Program

The Commission will receive a report summarizing staff's activities to date in developing an island annexation program aimed at eliminating unincorporated pockets within the City of Napa. The report is being presented to the Commission for discussion and possible action with respect to providing additional staff direction.

c) Approval of Meeting Calendar for Second Half of 2011

The Commission will consider approving a meeting calendar for the final six months of 2011. Regular meetings are proposed for August 1st, October 3rd, and December 5th. A special meeting is also proposed for November 7th to hold the Commission's biennial workshop. The Commission will consider approving the proposed calendar along with providing direction to staff on topics for the biennial workshop.

d) California Association of Local Agency Formation Commissions: Annual Conference Items

The Commission will consider appointing voting delegates to represent the agency at CALAFCO's Annual Conference scheduled for August 31-September 2, 2011 at the Silverado Resort in Napa. The Commission will also consider making board and achievement award nominations.

8. DISCUSSION ITEMS

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

a) Report on California Forward

The Commission will receive a report from staff summarizing the efforts of California Forward to restructure governance relationships and duties throughout the state. This includes potential changes to the function and task of LAFCOs. The report is being presented for discussion in anticipation of staff submitting a formal comment letter.

b) Legislative Report

The Commission will receive a report on the first year of the 2011-2012 session of the California Legislature as it relates to bills directly or indirectly effecting Local Agency Formation Commissions. The Commission will also receive an update on efforts to amend California Government Code Section 56133 to provide more flexibility to LAFCOs in authorizing new or extended services outside spheres of influence.

9. EXECUTIVE OFFICER REPORT

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

- Report from the CALAFCO 2011 Staff Workshop at the Ventura Marriot, April 6-8, 2011
- Planning for the CALAFCO 2011 Annual Conference at the Silverado Resort, August 31-September 2, 2011
- Countywide Law Enforcement Municipal Services Review

10. CLOSED SESSION

None

11. COMMISSIONER COMMENTS; REQUEST FOR FUTURE AGENDA ITEMS

12. ADJOURNMENT TO NEXT REGULAR SCHEDULED MEETING:

See Agenda Item No. 7c

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



Local Agency Formation Commission
Subdivision of the State of California

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

June 6, 2011

Agenda Item No. 5a (Consent/Action)

May 30, 2011

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: Third Quarter Budget Report for 2010-2011

The Commission will review a third quarter budget report for 2010-2011. The report compares budgeted versus actual revenues and expenses through the first nine months of the fiscal year. The report projects the Commission will close its budgeted operating shortfall from (\$42,460) to (\$4,900). The report is being presented for filing.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 mandates operating costs for Local Agency Formation Commissions (LAFCOs) shall be annually funded by the affected counties, cities, and, if applicable, special districts. In most instances, the county is responsible for one-half of the LAFCO’s annual budget with the remaining amount proportionally shared by the cities based on a weighted calculation of population and tax revenues. LAFCOs are also authorized to establish and collect fees for purposes of offsetting agency contributions.

A. Discussion

LAFCO of Napa County’s (“Commission”) adopted final budget for 2010-2011 totals \$413,480. This amount represents the total approved operating expenditures for the fiscal year within the Commission’s three expense units: salaries/benefits; services/supplies; and capital replacement. Budgeted revenues total \$371,020 within three revenue units: agency contributions; service charges; and investments. Markedly, an operating shortfall of (\$42,460) was intentionally budgeted to reduce the funding requirements of the local agencies given the recession and to be covered by drawing down on unreserved funds. The unreserved fund balance totaled \$168,819 as of July 1, 2010.

Overall Revenues

Actual revenues collected through the third quarter totaled \$379,781. This amount represents 102% of the adopted budget total with 75% of the fiscal year complete. The following table compares budgeted and actual revenues through the third quarter.

Budget Units	Adopted Revenues	Actual Revenues Through 3 rd Quarter	Difference	% Collected
Agency Contributions	356,020	356,020	0	100.0
Service Charges	10,000	21,642	11,642	215.7
Investments	5,000	2,120	(2,880)	42.4
Total	\$371,020	\$379,781	\$8,761	102.4%

Lewis Chilton, Vice Chair
 Councilmember, Town of Yountville
 Joan Bennett, Commissioner
 Councilmember, City of American Canyon
 Juliana Inman, Alternate Commissioner
 Councilmember, City of Napa

Bill Dodd, Chair
 County of Napa Supervisor, 4th District
 Brad Wagenknecht, Commissioner
 County of Napa Supervisor, 1st District
 Mark Luce, Alternate Commissioner
 County of Napa Supervisor, 2nd District

Brian J. Kelly, Commissioner
 Representative of the General Public
 Gregory Rodeno, Alternate Commissioner
 Representative of the General Public
 Keene Simonds
 Executive Officer

An expanded discussion on budgeted and actual revenues through the third quarter within the Commission's three revenue units follows.

Agency Contributions

The Commission budgeted \$356,020 in agency contributions in 2010-2011. Half of the total was invoiced to the County of Napa in the amount of \$178,009. The remaining amount was proportionally invoiced based on a weighted calculation of population and general tax revenues to the Cities of American Canyon, Calistoga, Napa, St. Helena, and Yountville in the amounts of \$27,468, \$10,642, \$119,647, \$12,657, and \$7,596, respectively. All agency invoices were paid in full through the end of the third quarter.

Service Charges

The Commission budgeted \$10,000 in service charges in 2010-2011. At the end of the third quarter, actual revenues collected within this unit totaled \$21,642. The majority of this amount collected is tied to three reorganization applications received from American Canyon since July 1, 2010 (Town Center, Eucalyptus Grove/High School, and Clarke Ranch West/Middle School). Staff anticipates finishing the fiscal year with actual revenues exceeding \$25,000. This projection would result in an account surplus of \$17,000.

Investments

The Commission budgeted \$5,000 in investment income in 2010-2011. This budgeted amount is entirely tied to interest earned on the Commission's fund balance, which is under investment by the County of Napa Treasurer. The balance within this account at the end of the third quarter totaled \$2,120. The Commission is on pace to finish the fiscal year with only \$2,827 in investment income, resulting in an account deficit of (\$2,173).

Overall Expenses

Actual expenses through the third quarter, including encumbrances, totaled \$273,444. This amount represents 66% of the adopted budget with 75% of the fiscal year complete. The following table compares budgeted and actual expenses through the third quarter.

Budget Units	Adopted Expenses	Actual Expenses Through 3 rd Quarter	Difference	% Remaining
Salaries/Benefits	293,973	194,726	99,247	33.7
Services/Supplies	115,575	78,719	36,857	31.9
Capital Replacement	3,932	0	3,931	100.0
Total	\$413,480	\$273,444	\$140,035	33.9%

An expanded discussion on budgeted and actual expenses through the third quarter within the Commission's three expense units follows.

Salaries/Benefits

The Commission has budgeted \$293,973 in salaries and benefits in 2010-2011. At the end of the third quarter, the Commission's actual expenses within the eight affected accounts totaled \$194,726, representing 66% of the budgeted amount. None of the affected accounts finished the third quarter with balances below 25%. Staff anticipates the year-end balance will total close to \$12,000.

Services/Supplies

The Commission has budgeted \$115,575 in services and supplies in 2010-2011. At the end of the third quarter, the Commission's actual expenses within the 15 affected accounts totaled \$78,719, which represents 68% of the budgeted amount. Six accounts - audit and accounting, memberships, private vehicle mileage, property lease, training, and transportation and travel - finished the third quarter with balances below 25%. A summary of expenditures in these six accounts follows.

Audit and Accounting Services

This account primarily covers the Commission's annual costs for financial support services provided by the County Auditor's Office. This includes processing accounts payable and receivable along with payroll. The account also covers costs to retain an outside consultant to prepare an annual audit on the Commission's financial statements for the prior completed fiscal year. The Commission budgeted \$8,277 in this account in 2010-2011. At the end of the third quarter, expenses in this account totaled \$6,770, which represents approximately 82% of the total amount budgeted. Staff anticipates a year-end account deficit of approximately (\$500) based on projected expenses from the Auditor's Office through June.

Membership

This account covers the Commission's annual membership fee for the California Association of Local Agency Formation Commissions (CALAFCO). The Commission's budgeted membership fee in 2010-2011 is \$2,275 and reflects the amount approved by CALAFCO as part of an updated annual fee schedule in September 2008. CALAFCO recently suspended all fee increases due to the economy, which lowers the Commission's annual membership due to \$2,200. This reduced membership fee was collected in full by CALAFCO at the beginning of the fiscal year, leaving a remaining balance of \$75, or 3%.

Private Vehicle Mileage

This account covers same-day automobile travel costs for staff and commissioners with \$1,000 budgeted in 2010-2011. Through the end of the third quarter, expenses in this account have totaled \$1,552, which represents approximately 155% of the total amount budgeted. Expenses principally relate to staff traveling to Sacramento and Oakland for CALAFCO Legislative Committee meetings. Staff does not anticipate the current account deficit amount of (\$552) to measurably increase by the end of the fiscal year.

Property Lease

This account covers the Commission's annual office space lease at 1700 Second Street in Napa. The Commission budgeted \$29,280 in this account in 2010-2011, reflecting its current monthly rental charge of \$2,440.¹ The County Auditor's Office has encumbered the full annual rental amount at the beginning of the fiscal year to expedite monthly payments to the property manager.

Training

This account is used for a variety of instructional activities for Commissioners and staff. The Commission budgeted \$4,000 for training expenses in 2010-2011. At the end of the third quarter, expenses in this account totaled \$3,969, which represents approximately 99% of the total amount budgeted. The majority of expenses in this account to date are attributed to registration costs for the 2010 CALAFCO Annual Conference in Palm Springs and 2011 CALAFCO Workshop in Ventura. The remaining costs to date are tied to training classes for the analyst position. Additional training expenses are expected to result in a year-end account deficit totaling (\$1,000), nearly all of which will be tied to the Executive Officer participating in the Napa Valley Leadership program as previously authorized by the Commission.

Transportation and Travel

This account covers overnight non-automobile travel costs for staff and commissioners with \$3,500 budgeted in 2010-2011. Through the end of the third quarter, expenses in this account have totaled \$3,460, which represents approximately 99% of the total amount budgeted. Nearly all of the expenses to date are associated with commissioners and staff attending the 2010 Annual CALAFCO Conference in Palm Springs. Staff anticipates a year-end account deficit of approximately (\$2,000) based on projected expenses associated with staff having recently attended the CALAFCO Workshop in Ventura.

Capital Replacement

The Commission has budgeted \$3,391 for capital depreciation in 2010-2011. This budgeted amount reflects the Commission's five-year funding replacement program for the agency's electronic document management system. The budgeted expense will be booked at the end of the fiscal year.

B. Analysis

Staff projects the Commission will significantly close the funding gap budgeted at the beginning of the fiscal year from (\$42,460) to (\$4,900). The underlying savings is attributed to sizeable cost-decreases involving legal, office supply, and communication services coupled with additional application fees. If these projections prove accurate, the Commission will finish the fiscal year with a relatively small reduction in its unreserved fund balance from \$168,819 to \$163,919.

¹ The monthly rental fee at 1700 Second Street is fixed at \$2,440 through June 2011.

C. Alternatives for Action

The following two alternatives are available to the Commission:

Alternative One: Receive and file the staff report as presented.

Alternative Two: Continue consideration of the staff report to a future meeting and provide direction for more information as needed.

D. Recommendation

It is recommended the Commission proceed with Alternative One as outlined in the preceding section.

Respectfully submitted,

Keene Simonds
Executive Officer

Attachment:

- 1) General Ledger, July 1, 2010 to March 31, 2011



Report ID: GLC8030w

Fund: 2910 NAPA CO LOCAL AGENCY FORMATION
Dept: 02910 NAPA LAFCO

County of Napa
General Ledger Organization Revenue Status
For Periods: 1 To: 9 FY: 2011

5/12/2011

<u>Account</u>	<u>Account Description</u>	<u>Final Budget</u>	<u>Adjustments</u>	<u>Collected Revenue</u>	<u>Uncollected Revenue</u>	<u>Percent Collected</u>
44000300	INTEREST:INVESTD FNDS	5,000.00	0.00	2,119.70	2,880.30	42.39
	Total Revenue from Use of Money/Property	5,000.00	0.00	2,119.70	2,880.30	42.39
45080600	O/GA:COUNTY OF NAPA	185,560.00	-7,550.00	178,009.77	0.23	100.00
45082100	O/GA:CITY OF CALISTOGA	11,094.00	-452.00	10,642.45	-0.45	100.00
45082200	O/GA:NAPA CITY	124,722.00	-5,075.00	119,646.81	0.19	100.00
45082300	O/GA:CITY OF ST HELENA	13,193.00	-536.00	12,656.54	0.46	100.00
45082400	O/GA:CITY OF AMER CYN	28,633.00	-1,165.00	27,468.37	-0.37	100.00
45082500	O/GA:TOWN OF YOUNTVILLE	7,918.00	-322.00	7,595.60	0.40	99.99
	Total Intergovernmental Revenues	371,120.00	-15,100.00	356,019.54	0.46	100.00
46003300	SPECIAL APPLICATION PROC FEES	0.00	0.00	2,936.50	-2,936.50	0.00
46003400	APPLICATION PROCESSING FEES	10,000.00	0.00	18,632.30	-8,632.30	186.32
	Total Charges for Services	10,000.00	0.00	21,568.80	-11,568.80	215.69
48040000	O/R:MISCELLANEOUS	0.00	0.00	72.93	-72.93	0.00
	Total Miscellaneous Revenues	0.00	0.00	72.93	-72.93	0.00
02910	NAPA LAFCO	386,120.00	-15,100.00	379,780.97	-8,760.97	102.36
2910	NAPA CO LOCAL AGENCY FORMATION	386,120.00	-15,100.00	379,780.97	-8,760.97	102.36



Report ID: GLC8020w

Fund: 2910 NAPA CO LOCAL AGENCY FORMATION

Dept: 02910 NAPA LAFCO

County of Napa
General Ledger Organization Budget Status
For Periods: 1 To: 9 FY: 2011

5/12/2011

Table with columns: Account, Account Description, Final Budget, Adjustments, Encumbrances, Expenditures, Remaining Balance, Percent Available. Rows include categories like Salaries & Employee Benefits, Services & Supplies, and Other Charges.



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

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

June 6, 2011

Agenda Item No. 5b (Consent/Action)

May 30, 2011

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: Amendment to Fiscal Year 2010-2011 Budget and Authorization to Contribute Funds to CALAFCO for Mobile Workshop

The Commission will consider amending its current fiscal year budget to increase its special departmental expense account by \$2,000 and make a related contribution to CALAFCO to fund a mobile workshop as part of the 2011 Annual Conference at the Silverado Resort.

Local Agency Formation Commissions (LAFCOs) are responsible for making their own arrangements for facilities, personnel, and supplies necessary to perform its prescribed duties under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. This includes adopting an annual budget for operating costs, which are proportionally funded by local agencies. LAFCOs are also empowered to establish and collect application fees to help offset agency contributions.

A. Discussion

Adopted Budget/Current Projections

LAFCO of Napa County's ("Commission") adopted final budget for 2010-2011 totals \$413,480. This amount represents the total approved operating expenditures for the fiscal year within the Commission's three expense units: salaries/benefits; services/supplies; and capital replacement. Budgeted revenues total \$371,020 within three revenue units: agency contributions; service charges; and investments. Markedly, an operating shortfall of (\$42,460) was intentionally budgeted to reduce the funding requirements of the local agencies given the recession and to be covered by drawing down on unreserved funds. The unreserved fund balance totaled \$168,819 as of July 1, 2010.

As detailed in Agenda Item No. 5a, staff currently projects the Commission will finish the fiscal year with \$22,506 in unexpended funds within these three expense units. Staff also projects the Commission will finish with \$15,055 in excess budgeted revenues. Accordingly, if these projects prove accurate, the Commission will close its budgeted operating shortfall from (\$42,460) to (\$4,900); a change that would result in the unreserved fund balance decreasing only to \$163,319 by June 30, 2011.

Lewis Chilton, Vice Chair
Councilmember, Town of Yountville

Joan Bennett, Commissioner
Councilmember, City of American Canyon

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

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

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

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

Brian J. Kelly, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

CALAFCO 2011 Annual Conference/Possible Monetary Contribution

The Commission was awarded hosting privileges for CALAFCO's 2011 Annual Conference in April 2008. The Commission – with special assistance from Chair Dodd – has secured the Silverado Resort to hold the Annual Conference between August 31 and September 2, 2011. Feedback to date suggests attendance will exceed last year's event in Palm Springs and range from 250 to 300.

As the Commission expected, hosting the Annual Conference is proving time-consuming in terms of allocating staff resources in making appropriate arrangements. Staff is pleased to note a substantial amount of work has already been completed. This includes organizing a mobile workshop, developing a conference theme and logo, and – most importantly – drafting a program. An expanded discussion on current and pending planning activities is scheduled as part of Agenda Item No. 8c.

CALAFCO's budget for the Annual Conference is tight this year given the Board's (a) decision not to increase registration costs from last year to encourage attendance and (b) higher-than expected food and service charges at Silverado. With this in mind, corporate sponsorships are being aggressively pursued to help supplement registration fees in funding the various educational and social activities tied to the Annual Conference. Sponsorships have been categorized into four available levels: platinum (\$2,000); gold (\$1,500); silver (\$1,000); and bronze (\$500).¹ Further, as host, the Commission may wish to consider making a monetary contribution to fund either general or specific costs.

B. Analysis

Staff believes it would be appropriate as host for the Commission to contribute \$2,000 to help fund CALAFCO's 2011 Annual Conference. This contribution would match the "platinum" corporate sponsorship level established for the Annual Conference and would help ensure sufficient funds are available in providing an excellent experience for visiting member agencies. Facilitating the \$2,000 contribution would involve amending the Commission's special department expense account from \$1,000 to \$3,000. It would also be reasonable for the Commission to specify the contribution be used to help fund the six-hour mobile workshop that has been organized by Commissioner Inman and staff. The theme of the mobile workshop is "Exploring Napa Valley Sustainable Agricultural Practices" and will include special visits to prominent wineries to learn about their innovative business practices as well as stop at River Ranch Farmworker Housing Center. Total cost of the mobile workshop is estimated at \$1,800 to \$2,000 and includes the bus rental fee as well as providing a light breakfast and box lunches to attendees.

¹ CALAFCO's target is to collect \$17,500 in corporate sponsorships for the 2011 Annual Conference.

No significant impacts would occur with respect to amending the 2010-2011 budget to increase the special departmental expense account from \$1,000 to \$3,000 for purposes of making a \$2,000 contribution to CALAFCO to fund the mobile workshop. As referenced in the preceding section, the Commission is on course to finish the fiscal year with approximately \$37,500 in combined cost-savings and unexpected revenues relative to the adopted budget. The only measurable impact tied to the making the amendment and contribution would involve a proportional decrease in the Commission's year-end unreserved fund balance; the actual change, however, is expected to be less than 1.5%.

C. Alternatives for Action

The following three alternative actions are outlined for Commission consideration.

Alternative One: Amend the 2010-2011 budget to increase the special department expense account (52235000) by \$2,000 or as specified and authorize a corresponding contribution to CALAFCO to help fund the mobile workshop planned as part of the Annual Conference.

Alternative Two: Continue consideration to a future meeting and provide direction to staff for more information as needed.

Alternative Three: Take no action.

D. Recommendation

It is recommended the Commission proceed with Alternative One as outlined in the preceding section.

Respectfully submitted,

Keene Simonds
Executive Officer

Attachments: none



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

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

June 6, 2011

Agenda Item No. 5c (Consent/Action)

May 30, 2011

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: Authorization to Approve Audit Expenditure

The Commission will consider authorizing the Chair to enter into an agreement with Gallina LLP for the preparation of an independent audit for the 2010-2011 fiscal year at a cost of \$4,725.

Local Agency Formation Commissions (LAFCOs) are authorized under California Government Code Section 56380 to enter into agreements or contracts with public and private parties for services necessary to fulfill its regulatory and planning responsibilities.

A. Background

It is the practice of LAFCO of Napa County (“Commission”) to authorize the Chair to enter into an agreement with a public accounting firm to conduct an independent audit of the agency’s financial statements for the prior fiscal year. The purpose of the audit is for a third-party to assess the reliability of the Commission’s financial statements by reviewing records and testing transactions to determine their compliance with generally accepted governmental accounting standards. The audit also provides an opportunity for the third-party to identify reporting omissions and to make suggestions for improvements.

B. Discussion/Analysis

The Commission has received an engagement letter from Gallina, LLP to prepare an independent audit concerning the agency’s financial statements for the 2010-2011 fiscal year. Gallina is headquartered in Sacramento, California and was recently awarded a new three-year contract to provide auditing services for the County of Napa. Gallina’s proposed cost to prepare the audit for the Commission is \$4,725. This amount equals Gallina’s charge to the Commission for preparing an audit for the 2009-2010 fiscal year.

It is generally accepted governmental agencies should prepare annual audits to enhance transparency in the management of public funds. Additionally, as mentioned, the Commission relies on the annual audit process as a performance measure for staff as well as to identify opportunities to improve accounting practices. Accordingly, *while not a requirement*, it is appropriate for the Commission to enter into an agreement with Gallina based on its contractual relationship with the County to prepare an audit on the agency’s financial statements for the 2010-2011 fiscal year (emphasis added).

Lewis Chilton, Vice Chair
Councilmember, Town of Yountville

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

Brian J. Kelly, Commissioner
Representative of the General Public

Joan Bennett, Commissioner
Councilmember, City of American Canyon

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

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

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

Keene Simonds
Executive Officer

C. Alternatives for Commission Action

The following alternative actions are available to the Commission:

Option One: Authorize the Chair to sign the attached engagement letter with Gallina for the preparation of an independent audit for the 2010-2011 fiscal year in the amount of \$4,725.

Option Two: Continue consideration of the item to another meeting while providing appropriate direction to staff with respect to any additional information requests.

Option Three: Take no action.

D. Recommendation

It is recommended the Commission approve the action outlined in Option One in the preceding section.

Respectfully submitted,

Keene Simonds
Executive Officer

Attachment:

1) Engagement Letter



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

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

June 6, 2011

Agenda Item No. 5d (Consent/Action)

May 30, 2011

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: Amendment to Support Services Agreement with the County of Napa
The Commission will consider approving a fifth amendment to its support services agreement with the County of Napa. The proposed amendment establishes the Commission's 2011-2012 annual charge for information technology services from the County in the amount of \$20,261.

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

A. 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 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 calculation include the number of (a) personnel and (b) network computers in each department or agency. The County and the Commission have used this calculation method in amending the SSA over the last several years. The last amendment lowered the annual charge from \$18,705 to \$14,945.

B. Discussion/Analysis

The County proposes a new amendment to the SSA based on ITS' budgeted operating costs in 2011-2012. The proposed rate would set the Commission's ITS charge in 2010-2011 to \$20,261. This amount has been calculated based on the aforementioned billing method and represents an approximate 34% increase in costs. The increase is largely tied to a reporting error for the current fiscal year in which only three of the four network computers were accounted for at the time the last calculation was made.

Lewis Chilton, Vice Chair
Councilmember, Town of Yountville

Joan Bennett, Commissioner
Councilmember, City of American Canyon

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

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

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

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

Brian J. Kelly, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

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 final budget scheduled for adoption as part of Agenda Item No. 6b.

C. Alternatives for Commission Action

The following alternative actions are available to the Commission:

Option One: Authorize the Chair to sign the attached fifth amendment to the SSA.

Option Two: If more information is needed, continue consideration of the item to a future meeting and provide direction to staff as appropriate.

D. Recommendation

It is recommended the Commission proceed with Option One as outlined in the preceding section.

Respectfully submitted,

Keene Simonds
Executive Officer

Attachments:

- 1) Proposed Amendment No. 5 to LAFCO Agreement No. 03-02
- 2) LAFCO Agreement No. 03-02

AMENDMENT NO. 5 OF
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. 5 OF NAPA COUNTY AGREEMENT NO. 4433 is made and entered into as of this 1st day of July, 2011 by and between the COUNTY OF NAPA, 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 56000 et. 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, and amended on July 1, 2010 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. Calculation of Annual Fee and Method of Payment. The parties acknowledge that reimbursement of County by LAFCO for the costs of providing the information technology services required of County under Section 4 of Attachment D of this Agreement are calculated utilizing the ITS Cost Allocation Method for County's own departments and agencies which was approved by the Napa County Board of Supervisors on June 19, 2001, a copy of which is attached to Amendment No. 1 of the Agreement as Attachment "BB". At the option of LAFCO, the Annual Fee shall be payable either in advance in a single payment due on or before July 1 of

the applicable fiscal year or in monthly payments in arrears, each payment due on or before the first of the month succeeding the month of service, with the payable monthly rate being 1/12 of the Annual Fee then in effect.

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

<u>Fiscal Year</u>	<u>Annual Rate</u>
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

* Future Modifications. Notwithstanding the foregoing, it is anticipated that County and LAFCO may amend this Agreement, beginning with Fiscal Year 2011-2012, to conform subsequent fiscal year compensation amounts to the above-referenced Cost Allocation Method or such other Method as the parties may subsequently agree to by amendment, or may amend this Agreement within Fiscal Year 2010-2011 or any subsequent fiscal year during the term of this Agreement or extension thereof to reflect additional services requested by LAFCO.

- 2. This Amendment No. 5 of the MA shall be effective as of July 1, 2011.
- 3. Except as provided in (1) through (2), above, the terms and provisions of the MA shall remain in full force and effect as originally approved.

IN WITNESS WHEREOF, this Amendment No.5 of Napa County Agreement No.

///
///
///

4433 as of the date first above written.

LOCAL AGENCY FORMATION COMMISSION OF
NAPA COUNTY

By _____
BILL DODD, Chairman of the Local Agency
Formation Commission of Napa County

ATTEST: KEENE SIMONDS,
Executive Director/Clerk of LAFCO

"LAFCO"

By: _____

APPROVED AS TO FORM:
Commission Counsel
By: Jackie Gong (E-Signature)

Date: 3/28/11

COUNTY OF NAPA, a political subdivision of
the State of California

By _____
BILL DODD, Chairman
Napa County 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
(by e-signature)
Date: March 28, 2011

**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

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

June 6, 2011

Agenda Item No. 5f (Consent: Information)

May 31, 2011

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer
Brendon Freeman, Analyst

SUBJECT: Current and Future Proposals

The Commission will receive a report summarizing current and future proposals. The report is being presented for information. No new proposals have been submitted since the April 6, 2011 meeting.

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

A. Information

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

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

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

Lewis Chilton, Vice Chair
Councilmember, Town of Yountville

Joan Bennett, Commissioner
Councilmember, City of American Canyon

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

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

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

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

Brian J. Kelly, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

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

Formation of the Villa Berryessa Water District

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

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

There are no specific proposals expected to be submitted to the Commission in the immediate future.

B. Commission Review

The Commission is invited to discuss any of the proposals identified in this report.

Attachments: none



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

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

June 6, 2011

Agenda Item No. 5g (Consent/Information)

May 31, 2011

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: CALAFCO Quarterly Report

The Commission will receive a report prepared by the California Association of Local Agency Formation Commissions summarizing the Board's actions at its most recent meeting held on April 29, 2011.

A. Information

The California Association of Local Agency Formation Commissions (CALAFCO) recently adopted a new strategic plan. The strategic plan includes a goal of maintaining enhanced communication with member agencies. This includes providing a brief summary of the Board's actions following each meeting. A report on the Board's action from its most recent meeting held in Oakland on April 29, 2011 is attached.

B. Commission Review

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

Attachments: as stated

Lewis Chilton, Vice Chair
Councilmember, Town of Yountville

Joan Bennett, Commissioner
Councilmember, City of American Canyon

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

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

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

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

Brian J. Kelly, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer



News from the Board of Directors

CALAFCO QUARTERLY

May 2011

About the Quarterly

The CALAFCO Board of Directors met in Oakland on 29 April 2011. As one of its actions, the Board adopted a 2011-2013 Strategic Plan. Among the strategies was improving communications on Board activities with LAFCo commissioners and staff in each region. This quarterly sheet is one of the new tools. Following each Board meeting the "Quarterly" will highlight Board actions and activities.

No Increase to 2011-12 Association Dues; Conference Registration Fees

The Board elected to not increase CALAFCO dues for the third year in a row. Because of the continuing financial challenges facing all LAFCos and local agencies, the Board adopted a no-increase dues schedule for next year. The 2011-12 dues will be maintained at the 2008-08 levels.

The Board also highlighted the 2011 conference registration rates for members remain the same as previous years. CALAFCO has not raised conference registration rates since 2006. The Board's goal is to encourage more commissioners to attend.

Legislative Actions

CALAFCO has taken a support position on several bills, including **AB 54** (Solario) which would require mutual water companies to respond to LAFCo requests for MSR information and to provide LAFCo with maps of their service areas. CALAFCO is the sponsor of **AB 1430** (Assembly Local Government Committee) which makes a major update of the definitions sections of Cortese-Knox-Hertzberg as well as a number nonsubstantial technical changes to the Act. CALAFCO also supports **AB 1265** (Nielsen) which provides a bridging option to maintain the William Act contracts.

The Board deliberated on **SB 244** (Wolk) which adds significant unfunded reporting requirements to LAFCos as well as cities and counties with respect to unincorporated disadvantaged communities. As currently amended the bill creates several additional areas LAFCo must study in MSRs and SOI updates such as disadvantaged communities *adjacent* to spheres and examining alternate service provision options in all SOI updates. CALAFCO has proposed several amendments which would significantly reduce the requirements and is working with the author on our ideas. Currently the bill has a "watch" position; however the Board has authorized a "strongly opposed" if there is no movement on the CALAFCO proposals.

CALAFCO is currently tracking 39 bills that may affect members. A legislative report – updated daily – is available in the member's section of the website.

Out of Agency Service Extensions

For a years the Legislative Committee and the Board have discussed the need for some type of modification

to GC §56133. After nearly a year of work crafting language which addresses the varied interests within CALAFCO, the Legislative Committee made a recommendation to the Board which would give LAFCo additional permissive authority to extend services outside boundaries and spheres in certain specific situations. The Board unanimously adopted the Committee's recommendation at its April meeting and directed the Committee to circulate the language to all member LAFCos. The language will be distributed following the Committee's next meeting on 20 May.

Changes to CALAFCO Elections Process

The 2010 elections marked the first Board elections under the Association's new regional system. The Board reviewed the process and comments from members and adopted several changes that will be implemented at the elections this fall in Napa. The changes were designed to create a more fair and inclusive process.

- ◆ An option will be available for those member LAFCos who are unable to attend to vote in advance of the annual meeting
- ◆ Board members will be elected by a majority of those voting, rather than the current plurality
- ◆ In the event a majority is not met the first round of voting, a process is established for runoff voting and a "lot" drawing in the event of a tie.

2011-2013 Strategic Plan Updates

The Board adopted a strategic plan for the next two years. The emphasis of the plan is continued members services and advocacy of LAFCos role in orderly growth, preservation of agricultural and open space lands and efficient municipal services. Highlights include an upgrade of the website along with a continued commitment to educational activities such as the conference, CALAFCO U and the staff workshop. The adopted plan is available on the CALAFCO website in the members section.

2011 Staff Workshop and CALAFCO U

Sunny Ventura provided a welcome venue for the 2011 Staff Workshop. Many members arrived the day before to attend a CALAFCO U session on California Planning and Land Use Law. Organized by Deputy CALAFCO Executive Officer Kate McKenna, and moderated by Associate Bruce Baracco, a panel of planning professionals and attorneys provided a welcome overview of the land use process and statutes.

The Staff Workshop was attended by over 90 participants, and included a variety of interesting and informative sessions for LAFCo professionals. This year, the workshop included a series of sessions designed by and for the CALAFCO Clerks.

Thanks to Ventura LAFCo Staff and Commission for their hospitality!



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

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

June 6, 2011
Agenda Item No. 6a (Public Hearing)

June 1, 2011

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer
Brendon Freeman, Analyst

SUBJECT: Stanly Ranch Annexation to the Napa Sanitation District

The Commission will consider an application from landowners to annex 472 acres of incorporated territory to the Napa Sanitation District. The underlying purpose of the annexation is to establish public sewer and recycled water services to four lots comprising a planned 245-unit resort. An additional twelve lots are also included in the proposal to establish recycled water service as well as expedite future sewer service. Staff recommends proposal approval with standard conditions along with adopting an addendum to a previously prepared final environmental impact report.

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

A. Proposal Summary

LAFCO of Napa County (“Commission”) has received an application from four landowners (Bridge View Land, Ranch Vineyards, TVL Carneros, and Merryvale) requesting the annexation of approximately 472 acres of incorporated territory lying in the City of Napa (“City”) to the Napa Sanitation District (NSD). The affected territory is non-contiguous to NSD and includes 16 of the 18 lots comprising an area commonly referred to as “Stanly Ranch”; the two remaining lots are owned by the State of California and dedicated for seasonal wetlands. Adjacent public and private right-of-ways are also proposed for annexation. Close to three-fourths of the affected territory is currently cultivated as vineyards with the remaining area containing a single-family residence and public winery. As detailed in the succeeding section, the main purpose of the proposal is to establish public sewer and recycled water services to four lots that comprise a planned 245-unit resort know as “St. Regis.” The other twelve lots have been added to the proposal to

Lewis Chilton, Vice Chair
Councilmember, Town of Yountville

Joan Bennett, Commissioner
Councilmember, City of American Canyon

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

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

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

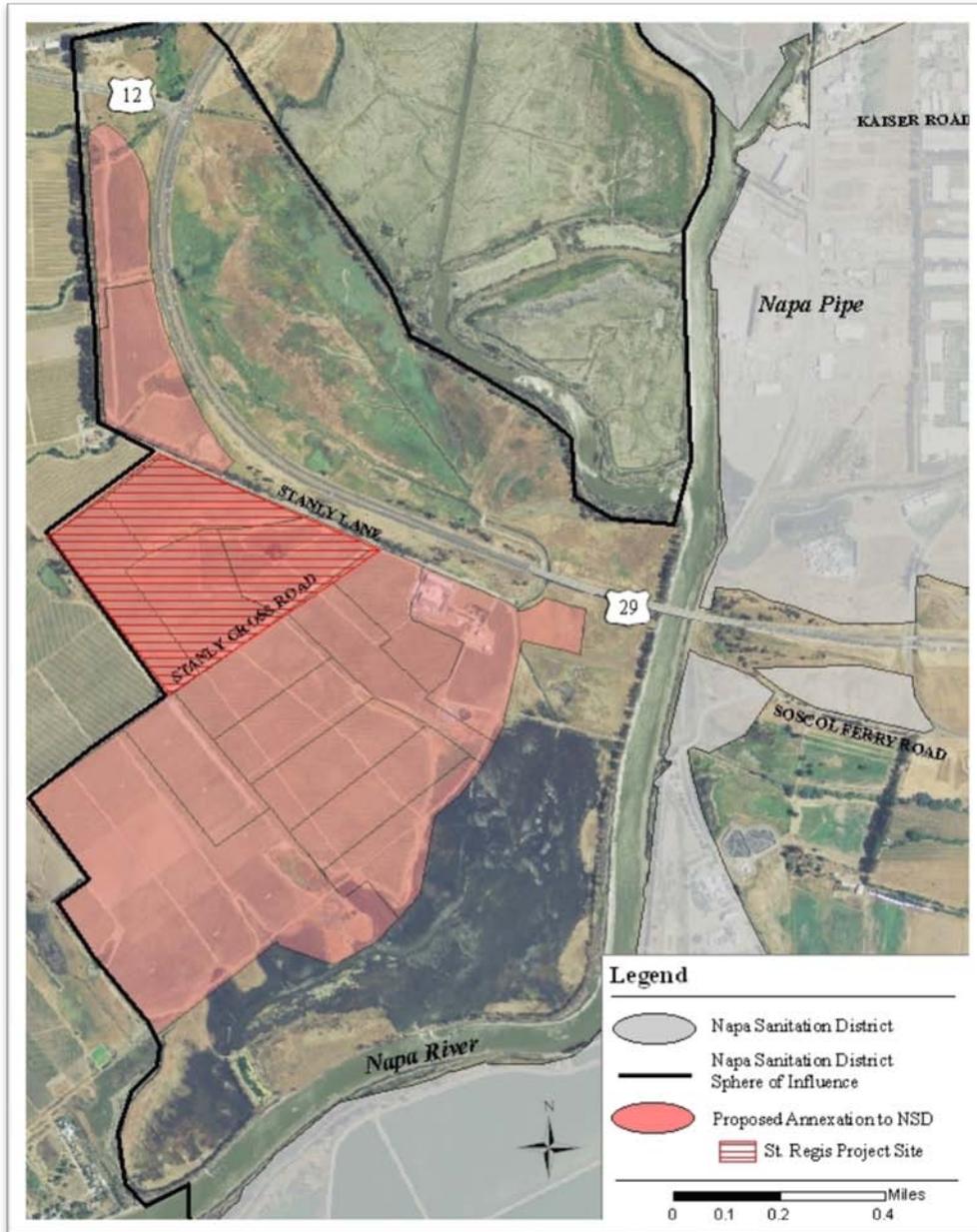
Mark Luce, Alternate Commissioner
County of Napa Supervisor, 2nd District

Brian J. Kelly, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

also establish recycled water service for agricultural irrigation as well as expedite the future connection to the public sewer line when and if more intense development is proposed. The County of Napa Assessor's Office identifies the 16 subject lots as 047-230-049, 047-230-050, 047-230-051, 047-230-052, 047-230-053, 047-230-054, 047-240-017, 047-240-018, 047-240-019, 047-240-020, 047-240-021, 047-240-022, 047-240-023, 047-240-033, 047-240-034, and 047-240-035. An aerial map of the affected territory follows.



B. Discussion/Summary

Agency Profile

NSD was formed in 1945 as a dependent enterprise district to provide public sewer service for the City and the surrounding unincorporated area. NSD presently provides sewer service to most of the City along with several surrounding unincorporated areas, including Silverado, Napa State Hospital, and the Napa County Airport. NSD currently serves 31,283 residential customers with an estimated resident service population of 81,961.¹

Proposal Purpose

The underlying purpose of the proposal is to facilitate the planned development of the St. Regis project on four of the sixteen subject lots. The St. Regis project was conditionally approved by the City in April 2010 and will be anchored by a 150-room hotel. Other uses will include 95 private vacation units, dining, event, health, and recreational amenities, and a public winery with an annual production of 25,000 cases. Markedly, approval conditions include annexing the project site to NSD for purposes of establishing public sewer service. Annexation would also facilitate the extension of NSD's recycled water service to St. Regis for landscape and vineyard irrigation. Notably, NSD's recycled water service currently does not extend west beyond the Napa River.

The landowner/developer for the St. Regis project (Bridge View Land) has expanded the annexation proposal to NSD to also include 12 adjacent lots at the request of the neighboring landowners.² The reason for the expansion is two-fold. First, the neighboring landowners are interested in establishing recycled water service from NSD for landscaping and irrigation purposes and have agreed to proportionally share in the costs tied to constructing the necessary infrastructure. Second, the neighboring landowners all desire the opportunity to expedite future connection to NSD for purposes of establishing public sewer when and if they choose to develop their lands; annexation now would avoid future costs tied to processing separate annexation proposals with the Commission.

Staff Summary

Staff recommends the Commission approve the proposal as submitted with standard conditions. It is important to note proposal approval – specifically as it relates to the non-St. Regis lots – is inconsistent with the Commission's adopted policy discouraging annexation of undeveloped/underdeveloped lands to cities or special districts that provide municipal services without known development projects. Nevertheless, as detailed on page nine of this report, including the non-St. Regis lots helps fund the sensible expansion of municipal services in the form of recycled water relative to local conditions. Specifically,

¹ The resident service projection based on the 2011 California Department of Finance population per household estimate (2.62) assigned to Napa County and multiplied by the number of residential sewer connections within NSD (31,283). NSD also serves 4,182 non-residential customers, including industrial and commercial users.

² Bridge View Land is represented by Beth Painter with Balance Planning Inc. and Kevin Teague with Holman Teague Roche Anglin LLP.

the proposal expansion facilitates a cost-sharing agreement between all of the landowners within the affected territory in proportionately funding the approximate \$3.8 million expense tied to extending recycled water service to the area. Further, extending recycled water service to the affected territory provides two key benefits deserving special consideration by the Commission. First, recycled water serves as a superior alternative to the current use of potable water in irrigating vineyards. Second, the Los Carneros Water District benefits under the premise that establishing recycled water service in the affected territory serves as a conduit for eventually extending service to the adjacent lands lying within the District; adjacent lands currently dependent on depleting groundwater and sporadic surface runoff to support extensive agricultural uses. Towards this end, staff believes deferring to these two benefits in waiving the referenced policy is an appropriate use of discretion for the Commission in administering its policies and procedures as contemplated under G.C. Section 56375.

It is also important to note the Commission's standard conditions help provide important safeguards in ensuring the logical and solvent extension of public sewer and recycled water services to the affected territory. In particular, it is Commission practice to require applicants satisfy NSD's approval terms prior to recordation as specified by the District. Pertinent NSD terms for this proposal that must be satisfied prior to recordation include requiring the applicants secure bonds to cover the construction cost of all infrastructure needed to extend public sewer and recycled water services to the affected territory. NSD's approval terms also require the applicants submit sewer and recycled water master plans approved by the District to guide infrastructure planning and construction prior to recordation. Further, although not subject to the recordation process, NSD's approval terms include a trigger for the District to negotiate new conditions if any of the subject lands are redesignated or rezoned by the City to help ensure appropriate cost recovery for additional service commitments.

C. Analysis

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

Required Factors for Review

G.C. Sections 56668 and 56668.3 require the Commission consider 16 specific factors anytime it reviews proposals for change of organization or reorganization involving special districts. No single factor is determinative. The purpose in considering these factors is to help inform the Commission in its decision-making process. An evaluation of these factors as it relates to the proposal follows.

1) Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent areas, during the next 10 years.

Close to four-fifths of the affected territory currently comprise commercial vineyards. A commercial winery with public tastings (Starmont) is also located within the affected territory with several auxiliary structures. There is also a single-family residence with a current resident population of two along with a 10-bed bunkhouse for seasonal farmworkers. The current assessed value of the affected territory totals \$57,398,940.

Topography within in the affected territory contains moderately rolling terrain with slopes in excess of 15%. The peak terrain point is estimated at 74.5 feet above sea-level. The affected territory lies near the western shoreline of the Napa River with adjacent lands immediately to the west under public ownership and dedicated for seasonal wetlands. Primary access to the affected territory is provided by Stanly Lane, which is a public road traversing the northern perimeter with internal connections to Ranch Road and Stanly Crossroad with ingress/egress to State Highways 12/121.

The likelihood of significant growth within the affected territory during the next 10 years appears limited to the 93-acre portion comprising the planned development of St. Regis. As mentioned, St. Regis is expected to accommodate the development of 150 guest rooms and 95 private vacation units. Some new growth – albeit non-significant – is probable over the next 10 years within the remaining portion of the affected territory given the City’s existing land use policies. Any new growth within this remaining portion will presumably be limited to the construction of single-family residences and/or public/private wineries for each of the 12 subject lots with the caveat that one of the subject parcels could be further subdivided into a total of six. Accordingly, it is possible the remaining portion could be developed within the next 10 years to include 14 single-family residences and 17 public/private wineries. The total estimated population tied to the construction of the 14 single-family residences would be 38.³ A summary of likely/probable development within the entire affected territory by 2011 follows.

³ Staff has calculated the total resident population amount for the affected territory based on the California Department of Finance’s population per household estimate for the City of 2.75 multiplied by the 14 single-family residences.

Assumed Land Uses	
St. Regis	245-Room Resort <ul style="list-style-type: none"> • 150 Keyed Guest Rooms • 95 Unit Vacation/Vineyard Units • Resort Auxiliary Facilities Public/Private Winery <ul style="list-style-type: none"> • 25,000 Annual Cases • Lots 3-4 and 9-10
Single-Family Residence (5-Bedroom)	14 Total <ul style="list-style-type: none"> • Lots 1-2, 5-7, 11-12, and 16-17* (* lot 17 dividable into six new lots)
Public/Private Wineries	17 Total <ul style="list-style-type: none"> • Lots 1-2, 5-7, and 11-17* (* lot 17 dividable into six new lots)

With respect to the likelihood of growth in adjacent areas, lands to the north and east of the affected territory are incorporated and could be developed for relatively low-intensity uses (i.e. 20-acre lot single-family residences) consistent with existing City land use policies. However, these adjacent incorporated lands are all currently under public ownership and dedicated as seasonal wetlands. Adjacent lands to the west of the affected territory are unincorporated and predominately developed with private vineyards. Significant urban intensification of these adjacent unincorporated lands is not expected given existing County land use policies as memorialized by 40-acre minimum lot size requirements.

2) The need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.

The present need for organized services within the affected territory is primarily tied to the 93-acre portion comprising the planned development of St. Regis. Proposal approval would directly facilitate the extension of NSD’s public sewer and recycled water service to St. Regis; all other municipal services needed to support St. Regis (i.e. water, roads, and public safety) are already available from the City by virtue of the site’s incorporated status and outside the scope of this review. There is also a secondary present need for recycled water for the remaining 379-acre portion of the affected territory for landscape and irrigation purposes to offset potable uses.

With the preceding factors incorporated, a review of projected sewer and recycled water demands for the affected territory based on the land use assumptions outlined in the preceding paragraph indicates NSD has adequate supply capacities. The estimated average day and peak day sewer demands within the affected territory at

present-planned buildout are 0.104 and 0.250 million gallons, respectively. These estimates would correspondingly consume only 1.2% and 0.3% of NSD’s available capacities.⁴ Similarly, the estimated annual recycled water demand within the affected territory at present-planned buildout is 196 acre-feet and would be slightly less than the 200 acre-feet amount previously allocated by NSD to the Stanly Ranch area.⁵ These estimated demands relative to available NSD supply capacities are summarized in the following two tables.

User	Average Day Sewer (million gallons)	Peak Day Sewer (million gallons)
St. Regis lots	0.064	0.147
Non-St. Regis lots	0.039	0.102
	0.104¹	0.250²
NSD		
Current Capacity	15.4	126.2 ³
NSD		
Current Demand	6.6	33.4
NSD		
Available Capacity	8.9	92.8

¹ Assumes 0.08 million gallons for domestic and 0.02 million gallons for winery.
² Assumes 0.124 million gallons for domestic, 0.03 million gallons for winery, and 0.09 million gallons for infiltration/inflow.
³ Capacity during peak-day incorporates 340 acres of adjacent pond storage.

User	Recycled Water (acre-feet)
St. Regis lots	46
Non-St. Regis lots	150
	196
NSD	
Current Allocation to Affected Territory	200
NSD	
Current Demand in Affected Territory	0

⁴ It is estimated the affected territory will generate average daily flow demands of 0.105 million gallons at buildout. Peak day sewer flow demand is expected to increase to 0.251 million gallons. The estimated average day and peak day sewer demand for the St. Regis lots is 64,661 and 147,895 gallons, respectively. The estimated average day and peak day sewer demand for the non-St. Regis lots is 39,687 and 102,800 gallons, respectively.

⁵ It is estimated the affected territory will generate an annual demand of 196 acre-feet of recycled water at buildout. This amount is consistent with NSD’s policy defining annual commitments of recycled water adopted in April 2011, which allocates 200 annual acre-feet to the Stanly Ranch area.

Irrespective of available capacities, significant infrastructure construction would be needed to extend both NSD's sewer and recycled water to the affected territory. Most notably, this includes constructing approximately 1.2 to 1.5 miles of sewer collection lines as well as recycled water distribution lines with both improvements requiring sub-surface crossings under the Napa River. The estimated sewer and recycled water infrastructure costs are \$5.0 and \$3.3 million, respectively.⁶

All necessary infrastructure improvements will be guided by separate master plans prepared by civil engineers pursuant to NSD's own approval conditions for the proposal, which staff recommends the Commission incorporate as its own. Importantly, the master plans must be approved by NSD and completed before the annexation is recorded. This condition provides reasonable assurances all necessary infrastructure improvements will be appropriately designed to accommodate estimated demands within the affected territory without adversely effecting NSD's existing ratepayers.

3) The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.

The proposal would recognize and strengthen existing social and economic ties between NSD and the affected territory. These ties were initially established in the late 1950s and early 1960s when the affected territory was annexed into the City as part of two separate proposals. In particular, annexation into the City marked an implicit expectation the affected territory would ultimately be developed for an urban-type use that would necessitate public sewer from the region's sole service provider, NSD. The Commission recognized these social and economic ties in adding the affected territory to NSD's sphere of influence in August 2006 as part of a comprehensive update. The Commission also recognized the collateral benefits of eventually extending public sewer to the affected territory with respect to adjacent lands as memorialized in the following statement from page 14 of the written report prepared for the sphere of influence update:

"It is also noteworthy that the extension of sewer to the area would likely be accompanied by the delivery of reclaimed water by NSD. If established, the extension of reclaimed water to the area could serve as a catalyst to extend reclamation services to adjacent agricultural lands, including the Carneros region."

⁶ The 1.2 mile estimate includes the length of sewer line running from NSD to the Stanly Ranch area that will be considered "public" lines and includes the length under the Napa River, which is about 2,900 lineal feet. NSD is requiring the principal applicant (Bridge View Land) design and install the public lines before any service is provided. There will be additional private lines and pump stations, which will be required to be installed at a later date. The 1.5 mile estimate includes the length of public recycled water line running from NSD to the Stanly Ranch area.

No alternative boundaries – specifically as it relates to expansions – appear warranted. All remaining non-jurisdictional lands in proximity to the affected territory that also lie within NSD’s sphere of influence are publicly owned and not expected to require public sewer or recycled water service.

4) The conformity of the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities set forth in G.C. Section 56377.

The proposal is inconsistent with the Commission’s General Policy Determination II/B/3 as it relates to prescribing the timing of urban development. Specifically, the referenced policy discourages the annexation of undeveloped or underdeveloped lands to cities or special districts that provide potable water, sewer, fire protection and emergency response, or police protection services. The policy does not apply to proposals in which the affected lands are subject to a specific development plan or agreement under consideration by a land use authority. Significantly, only one-fifth of the affected territory is subject to a known project (St. Regis) while the remainder is undeveloped or underdeveloped.

One of the non St. Regis landowners requesting annexation (Stanly Ranch Vineyards) has provided a letter outlining reasons for the Commission to exercise discretion in waiving General Policy Determination II/B/3 and approve the expanded proposal. Staff has reviewed the letter and believes sufficient justification exists to with respect to waiving the referenced policy. This includes:

- The proposal will promote and require the use of recycled water as a substitute for potable water that is currently being used to irrigate vineyards throughout the affected territory.
- Annexing all of the affected territory would facilitate a cost-sharing agreement between the landowners in proportionally funding the approximate \$3.8 million expense tied to constructing the necessary recycled water improvements.
- The Los Carneros Water District would directly benefit from establishing recycled water service within the affected territory by serving as a conduit for eventually extending service to adjacent lands lying within the District; adjacent lands that are currently dependent on depleting groundwater and sporadic surface runoff to support extensive agricultural uses.

The affected territory qualifies as “open-space” and “prime agricultural land” under LAFCO law.⁷ The Commission is therefore directed to consider a range of policies and priorities aimed at mitigating open-space losses under G.C. Section 56377. This includes (a) directing development towards areas containing nonprime agricultural lands and (b) encouraging first the development of nonprime agricultural lands before developing prime agricultural lands. In applying these statutory policies and procedures to the proposal, staff believes G.C. Section 56377 is sufficiently muted given the planned and probable urban development of the affected territory would be orderly relative to local conditions and circumstances. In particular, the affected territory is already incorporated and receives elevated municipal services, including potable water. Furthermore, proposal approval is not expected to establish a new precedent leading to the annexation of other prime agricultural lands to municipal service agencies given the combination of the Commission’s restrictive growth policies and the unique circumstances tied to the affected territory (i.e., the site’s incorporated status).

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

Nearly all of the affected territory qualifies as “agricultural lands” under LAFCO law given its use for producing an agricultural commodity for commercial purposes.⁸ Close to one-tenth of these agricultural lands are expected to be converted for urban type uses upon proposal approval as part of the planned construction of the St. Regis project.⁹ It is reasonable to assume, however, the economic integrity of the remaining agricultural lands in the affected territory will be strengthened as a result of proposal approval with the establishment of recycled water service in the area, which will provide a more cost-effective irrigation supply.

6) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.

A draft map has been prepared by a licensed surveyor as part of the application materials and adequately depicts the boundary of the affected territory to include 16 legal lots and associated public and private right-of-ways. All 16 legal lots conform with established lines of assessment. Proposal approval would include a standard term requiring the principal landowners prepare a final map and geographic description in conformance with the requirements of the Board of Equalization.

⁷ Reference G.C. Sections 56060 and 56064.

⁸ Approximately 350 of the 472 acres comprising the affected territory are currently cultivated as vineyards. There are no Williamson Act contracts within the affected territory.

⁹ Approximately 40 of the 93 acres tied to the St. Regis project will be occupied by the resort itself. St. Regis EIR Mitigation Measure AG-1 requires preservation of “Important Farmland” at a 1:1 ratio. Approximately 50 acres of the resort site will be preserved as vineyard and open space.

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

The proposal is consistent with the City General Plan. The portion of the affected territory tied to the St. Regis project is designated under the City General Plan as *Tourist Commercial*. This designation explicitly contemplates the lands will be used for commercial retail and service uses oriented towards tourists and other visitors to the community.¹⁰ The floor-area ratio shall not exceed 1.00.¹¹ The remaining portion of the affected territory is designated under the City General Plan as *Resource Area*. This designation is explicitly applied to sensitive lands lying inside the City's rural urban limit line requiring special standards due to viewshed, resource, habitat, geotechnical or other considerations. Low-intensity uses are permitted and include one dwelling unit per 20 acres.

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

The affected territory is located entirely within NSD's sphere of influence, which was comprehensively updated by the Commission in August 2006.

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

LAFCO staff circulated copies of the application materials for review and comment to affected local governmental agencies in December 2010. All written comments received are summarized below.

- **Napa Sanitation District**
NSD has adopted a resolution consenting to the annexation and waiver of protest proceedings subject to the inclusion of special approval conditions. These special conditions are reflected in Exhibit "B" to the attached draft resolution of approval.
- **County of Napa**
The County's Environmental Management Department has provided written support of the proposed annexation as submitted with the condition that all private septic systems must be properly destroyed under permit prior to any clearing, grubbing, or grading on the affected lot.
- **Los Carneros Water District**
Los Carneros Water District notes its long-standing interest in establishing recycled water service on behalf of their constituents. The District further notes it is in their best interest for the proposal to be approved given the planned installation of a recycled water line in the affected territory.

¹⁰ The designation includes destination – resort hotels, motels, and their recreational amenities such as golf courses and tennis courts. The designation also includes visitor-serving commercial, retail, entertainment, restaurants, service stations, and similar compatible uses. Wineries and wine centers are also permitted.

¹¹ A specific plan guiding the development of the St. Regis project was adopted by the City in April 2010.

10) The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.

The applicants will be required pursuant to NSD's terms of approval to construct all public and private infrastructure necessary to extend sewer and recycled water service to the affected territory. This includes installing gravity and force mains, pump stations, and sewer and recycled water crossings under the Napa River. All public improvements will be dedicated to NSD. The applicants are also required to pay capacity charges for each equivalent dwelling unit located within the affected territory. NSD's terms of approval also include a trigger allowing the District to negotiate new service-related fees in the event the affected territory is redesignated or rezoned by the City. These preceding factors provide reasonable assurances the establishment of public sewer and recycled water services to the affected territory will be sufficiently funded without adversely affecting existing ratepayers.

Information collected in the Commission's recent municipal service review on NSD indicates the District has established adequate administrative controls and capacities in maintaining appropriate service levels. Supplemental information collected and analyzed as part of this proposal shows NSD's current operating budget is \$15.3 million. NSD anticipates collecting \$19.4 million in general revenues resulting in an operating surplus of \$4.1 million. NSD's fund balance as of the beginning of the fiscal year totaled \$8.8 million.¹² Markedly, this unrestricted fund balance is sufficient to cover over six months of operating expenses.

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

G.C. Section 65352.5 addresses the adequacy of applicable urban water management plans. Consideration of this factor is not applicable to the proposal given potable water supplies have already been established in the affected territory.

12) The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments consistent with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7.

The affected territory is located entirely within the City. All potential development units associated with the site are already assigned to the City as part of the Association of Bay Area Governments regional housing needs allocation system.

¹² NSD expects its operating fund balance to increase at the end of the fiscal year from \$8.8 to \$9.5 million following all budgeted transfers.

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

All affected landowners have signed the proposal petition. No comments have been received from residents.

14) Any information relating to existing land use designations.

See analysis on page 11 of this report.

15) The extent to which the proposal will promote environmental justice. As used in this subdivision, “environmental justice” means the fair treatment of people of all races, cultures, and incomes with respect to the local of public facilities and the provision of public services.

There is no documentation or evidence suggesting the proposed annexation will have a measurable effect with respect to promoting environmental justice.

16) Whether the proposed annexation will be for the interest of the landowners or present or future inhabitants within the district and within the territory proposed to be annexed to the district.

The proposed annexation will benefit current and future landowners and residents associated with the affected territory by providing access to both (a) public sewer service and (b) reclaimed water for irrigation purposes. The provision of reclaimed water use will offset all potable water demands generated within the affected territory under its planned development.

Property Tax Agreement

California Revenue and Taxation Code Section 99(b)(6) requires the adoption of a property tax exchange agreement by the affected local agencies before LAFCO can consider a change of organization. This statute states jurisdictional changes affecting the service areas or service responsibilities of districts must be accompanied by a property tax exchange agreement, which shall be negotiated by the affected county on behalf of the districts.

In 1980, the County adopted a resolution on behalf of NSD specifying no adjustment in the allocation of property taxes shall occur as a result of jurisdictional changes involving the District. This resolution has been applied to all subsequent changes of organization involving NSD. In processing this proposal, staff provided notice to the affected agencies the Commission would again apply this resolution unless otherwise informed. No comments were received.

Environmental Review

Discretionary actions by public agencies are subject to the California Environmental Quality Act (CEQA) any time an underlying activity will result in a direct or indirect physical change to the environment. A lead agency has the principal responsibility for carrying out or approving a project consistent with the provisions of CEQA. This includes determining whether the underlying activity qualifies as a project under CEQA. If the activity is determined to be a project, the lead agency must determine if an exemption applies or if additional environmental review is needed, such as preparing an initial study. A responsible agency is accountable for approving an associated aspect of the underlying activity and must rely on the lead agency's determination in making its own CEQA finding.

The City serves as lead agency for considering the environmental impacts tied to proposal given it has principal authority for carrying out and approving the underlying project: St. Regis. The City previously contemplated the potential impacts tied to this aspect of the proposal in preparing the St. Regis Napa Valley Final Environmental Impact Report (FEIR), which was certified in April 2010. As responsible agency, an addendum has been prepared to the FEIR for the Commission to contemplate the environmental impacts tied to the annexation of the additional 12 lots partied to the proposal that are not associated with St. Regis. The addendum concludes the expansion of the proposal to include the additional lots will not result in any new significant or substantially more severe impacts on the environment not already addressed in the FEIR. Accordingly, the addendum finds there is no new information of substantial importance that requires a subsequent or supplement to the FEIR.

Copies of the Draft and Final EIRs prepared by the City have been transmitted to Commissioners under separate cover. A copy of the addendum prepared for the Commission is attached to this staff report.

Conducting Authority Proceedings

The affected territory qualifies as uninhabited and the affected landowners have consented to the proposal. No subject agency has requested a protest hearing. Conducting authority proceedings, accordingly, are waived under G.C. Section 56663.

D. Alternatives for Commission Action

Staff has identified the following alternative actions for Commission consideration.

- Option One:** Adopt the draft resolution identified as Attachment One approving the proposed annexation as submitted with standard terms and conditions. This includes adopting an addendum prepared as responsible agency under CEQA.
- Option Two:** Take actions prescribed under Option One with any changes to the proposal boundary or approval conditions as specified by the Commission.
- Option Three:** Continue the public hearing to a future meeting and request additional information as needed.
- Option Four:** Disapprove the proposal. Disapproval would statutorily prohibit the initiation of a similar proposal for one year.

E. Recommendation

Staff recommends the Commission proceed with Option One as outlined in the preceding section.

Respectfully submitted,

Keene Simonds
Executive Officer

Brendon Freeman
Analyst

Attachments:

- 1) Draft Resolution Approving the Proposal with Standard Conditions
- ~~2) Addendum to St. Regis Napa Valley EIR (Commissioners Only; Copies Available Upon Request)~~
- ~~3) Application Materials~~
- ~~4) NSD Resolution of Approval~~
- ~~5) Letter from Stanly Ranch Vineyards, dated May 26, 2011~~
- ~~6) Letter from Los Carneros Water District, December 28, 2010~~

RESOLUTION NO. __

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

**STANLY RANCH ANNEXATION
NAPA SANITATION DISTRICT**

WHEREAS, an application received by landowners Bridgeview Land LLC, Stanly Ranch Vineyards LLC, TVL Carneros, and Merryvale Vineyards et. al., proposing the annexation of territory to the Napa Sanitation District has been filed with the Executive Officer (hereinafter referred to as “Executive Officer”) of the Local Agency Formation Commission of Napa County (hereinafter referred to as “the Commission”) pursuant to Title 5, Division 3, commencing with Section 56000 of the California Government Code; and

WHEREAS, the Executive Officer reviewed said proposal and prepared a report, including his recommendations thereon; and

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

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

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

WHEREAS, the Commission found the proposal consistent with the sphere of influence established for the Napa Sanitation District and with the Commission’s adopted policy determinations; and

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

WHEREAS, in accordance with applicable provisions of the California Environmental Quality Act (hereinafter “CEQA”), the Commission considered the determinations of the City of Napa, Lead Agency under CEQA, based on its final environmental impact report for the St. Regis Napa Valley Project, certified on April 20, 2010 (hereinafter “FEIR”), and further considered the findings in the Addendum to the FEIR, dated May 27, 2011, prepared for the Commission as Responsible Agency under CEQA, to provide further evaluation of the environmental impact of the proposal before the Commission (hereinafter “Addendum”) in accordance with Section 15164 of Title 14 of the California Code of Regulations (hereinafter “CEQA Guidelines”); and

WHEREAS, the Addendum finds the St. Regis Napa Valley Project as changed by the Commission proposal results in no new significant or substantially more severe impacts on the environment, and further finds there is no new information of substantial importance that requires a subsequent or supplement to the FEIR.

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

1. (a) The Commission, as responsible agency, certifies it has reviewed and independently considered the environmental findings adopted by the City of Napa as set forth in City Resolution No. R2010 48 in conjunction with the certification of a Final Environmental Impact Report for the St. Regis Napa Valley Project (“St. Regis Project”, “FEIR”). The City’s environmental findings in Resolution No. R2010 48 identifies potentially significant impacts of the St. Regis Project that could be mitigated to less than significant levels, certain significant unavoidable impacts that could not be mitigated to less than significant levels even with the implementation of all feasible mitigation measures, and mitigation measures and alternatives that were rejected as infeasible. The Commission concurs with and incorporates by reference the City’s findings as set forth in Resolution No. R2010 48 as to the identified potentially significant impacts, associated mitigation measures and unavoidable significant impacts for the St. Regis Project, including the statements of overriding consideration relating to unavoidable significant impacts, to the extent they are relevant to this proposal: including those findings relating to agricultural resources, public services for water and waste treatment, and potential cumulative impacts of population, housing and employment. .

- (b) The Commission, as responsible agency, further certifies it has reviewed and independently considered the Addendum to the FEIR and finds, based upon the FEIR and Addendum analysis, that the changes to the St. Regis Project that form part of the proposal will not result in any direct substantial population growth, nor any additional need for public utilities than already contemplated under the FEIR, nor convert any additional farmland to non-agricultural uses beyond the acreage considered in the FEIR. There are no presently known applications on file to develop the territory to be annexed, other than St. Regis Project. Other planned and approved projects would be required to evaluate the potential for growth inducement and mitigation of such impacts, if necessary. As such, the proposed project would not have a cumulatively considerable contribution. In addition any future development is subject to existing mitigation measures adopted by the City of Napa as part of its General Plan Amendment relating to population growth and development, public utility impacts and agricultural resources as set forth in the Addendum, as well as other mitigation measures that can be adopted by City of Napa and other agencies. The Commission recognizes that such measures are within the responsibility and jurisdiction of those agencies and that the measures should be adopted by those agencies as appropriate. The Commission further finds that any future intensification of designated land use would require zoning and/or General Plan amendments and be subject to further environmental review.

- (c) The Commission finds, based upon the FEIR and Addendum analysis, that the proposal will not result in any new significant impacts nor result in substantially more severe significant impacts than previously identified. It further finds there is no new information of substantial importance nor any changes in the significant and unavoidable impacts previously identified for the St. Regis Project. The Commission finds that no subsequent or supplemental environmental impact report is required as a result.

(d) The Commission's findings are based on its independent judgment and analysis. The official custodian of the record is the LAFCO Executive Officer, Keen Simonds. The records upon which these findings are made are located at the Commission office at 1700 Second Street, Suite 268, Napa, California.

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

**STANLY RANCH ANNEXATION
NAPA SANITATION DISTRICT**

3. The affected territory is shown on the attached map provided as attached Exhibit "A".
4. The affected territory so described is uninhabited as defined in California Government Code Section 56046.
5. The Napa Sanitation District utilizes the regular assessment roll of the County of Napa.
6. The affected territory will be taxed for existing general bonded indebtedness of the Napa Sanitation District.
7. The proposal shall be subject to the terms and conditions adopted by the Napa Sanitation District as specified in the attached Exhibit "B."
8. The Commission authorizes conducting authority proceedings to be waived in accordance with California Government Code Section 56663(c).
9. Recordation is contingent upon receipt by the Executive Officer of the following:
 - (a) A final map and geographic description of the affected territory determined by the County Surveyor to conform to the requirements of the State Board of Equalization.
 - (b) Payment of any and all outstanding fees owed to the Commission and/or other agencies involved in the processing of this proposal.
 - (c) An indemnification agreement signed by the landowners in a form provided by the Commission.
 - (d) Written confirmation by Napa Sanitation District that its terms and conditions outlined in Exhibit "B" have been satisfied.
10. The effective date shall be the date of recordation of the Certificate of Completion.

The foregoing resolution was duly and regularly adopted by the Commission at a regular meeting held on the June 6, 2011, by the following vote:

AYES: Commissioners _____

NOES: Commissioners _____

ABSTAIN: Commissioners _____

ABSENT: Commissioners _____

ATTEST: Keene Simonds
Executive Officer

Recorded by: _____
Kathy Mabry
Commission Secretary



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

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

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

May 31, 2011

TO: Local Agency Formation Commission

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

SUBJECT: Final Budget for Fiscal Year 2011-2012

The Commission will consider adopting a final budget setting operating expenses and revenues for the 2011-2012 fiscal year. The final budget is substantively identical to a proposed version approved by the Commission in April and subsequently circulated for review. Budgeted expenses total \$422,522; an amount that represents a 2.2% increase over the current fiscal year. Budgeted revenues total \$395,441 with the remaining shortfall (\$27,081) to be covered by drawing down on agency reserves. Changes are limited to recalculating the five cities' respective contributions based on recently published general tax revenue and resident population data.

The Local Agency Formation Commission of Napa County ("Commission") is responsible for annually adopting a proposed budget by May 1st and a final budget by June 15th. In preparing for its own provisions, the Commission has established a Budget Committee ("Committee") consisting of two appointed Commissioners and the Executive Officer. The Committee's initial responsibility is to prepare and present a draft proposed budget for approval by the Commission before it is circulated for comment to each funding agency. It has been the practice of the Commission to receive proposed and final budgets from the Committee for adoption at its April and June meetings, respectively.

A. Background

Prescriptive Funding Sources

The Commission's annual operating expenses are primarily 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 expenses – is budgeted from application fees and interest earned on the Commission's fund balance.

Lewis Chilton, Vice Chair
Councilmember, Town of Yountville

Joan Bennett, Commissioner
Councilmember, City of American Canyon

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

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

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

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

Brian J. Kelly, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

The Commission's unreserved/undesignated fund balance totaled \$168,819 as of July 1, 2010 and is currently projected to decrease by 2.9% to \$163,919 by June 30, 2011.

Recent Changes in the Budgeting Process

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

Draft Proposed Budget for 2011-2012

The Committee prepared and presented a draft proposed budget at the Commission's February 7, 2011 meeting. The draft represented a "status-quo" budget in terms of maintaining existing service levels – including preserving present staffing levels – with expenses increasing by 2.2% over the current fiscal year at \$422,522. Revenues in the draft totaled \$395,441 with the remaining shortfall (\$27,081) to be covered by drawing down on agency reserves. Markedly, the reserve amount proposed for use in the draft was calculated by splitting the total increase in agency contributions (\$54,162) over the current fiscal year if no reserves were utilized. The Commission approved the draft proposed budget as submitted and directed staff to seek comments from the funding agencies. No comments were received.¹

Proposed Budget for 2011-2012

The Committee prepared and presented a proposed budget at the Commission's April 4, 2011 meeting as part of a noticed public hearing. The proposed budget was identical to the earlier approved draft. No public comments were received at the hearing. The Commission adopted the proposed budget as submitted and directed staff to seek final comments from the funding agencies. No comments were received.

¹ Staff did receive a request for more information concerning the proposed increase in expenses incorporated into the approved draft proposed budget from the City of Calistoga on February 21, 2010. Staff responded immediately and appears to have satisfactorily addressed Calistoga's question with no follow-up inquiries from the City as of the date of this report.

B. Discussion

The Committee returns with a final budget for consideration by the Commission as part of a noticed public hearing. The final budget is substantively identical to the proposed budget adopted by the Commission at its April 4th meeting; changes are limited to recalculating each city’s budgeted contribution based on new general tax revenue and resident population figures published by the State of California. A detailed discussion on all budgeted operating expenses and revenues follows.

Operating Expenses

Committee proposes \$422,522 in budgeted operating expenses. This amount represents an increase of \$9,043 or 2.2% over the current fiscal year. The majority of the increase is attributed to two pass-through costs tied to the Commission’s staff support service agreement with the County involving (a) group insurance and (b) information technology. The former is projected to rise by \$7,694 or 20% and is primarily tied to escalating premium costs with Kaiser. The latter is expected to rise by \$6,191 or 34% as a result of recalculating the Commission’s proportional share of the County’s Information Technology Service (ITS) Department’s budget – which is increasing by 4% – based on the number of employees and personal computers. Significantly, due to a reporting error, the Commission’s ITS share for the current fiscal year was under-billed as a result of calculating only three of the four personal computers. This error has been addressed in recalculating next fiscal year’s Commission share and is primarily responsible for the approximate one-third increase in costs. Other budgeted expense increases include salaries at \$1,300 or 0.7% tied to a scheduled step increase for the analyst position and retirement benefits at \$1,212 or 3.5% due in part to the Commission assuming a larger portion of the California Public Employment Retirement System’s (CalPERS) rate.

It is important to note that in an effort to reduce the impact of the two pass-through cost increases outlined above the Committee has identified approximately \$8,000 in discretionary savings. These savings will help absorb close to one-half of all projected increases and involve reducing allocations for legal services, office supplies, and communications; all in amounts the Committee believes can be reasonably absorbed without adversely affecting service levels. The following table summarizes proposed operating expenses in 2011-2012:

Expense Unit	Adopted FY10-11	Proposed Final FY11-12	Change %
1) Salaries/Benefits	293,973	304,503	3.4
2) Services/Supplies	115,575	114,088	(1.3)
3) Capital Replacement	3,931	3,931	0.0
	\$413,479	\$422,522	2.2

Operating Revenues

The Committee proposes \$395,441 in budgeted operating revenues. Nearly this entire amount – \$383,101 – is proposed to be drawn from new agency contributions, which would mark an increase of \$27,082 or 7.6% increase over the current fiscal year. The rationale for the increase in agency contributions is two-fold. First, as detailed in the preceding section, the Committee is recommending the Commission’s operating expenses increase by \$9,043. Second, the amount of reserves to be drawn down for operating revenues is \$15,379 less than the amount budgeted for the current fiscal year. Markedly, the reserve amount proposed for use for the upcoming fiscal year was calculated by splitting the total difference in agency contributions between the two fiscal years if no reserves were utilized.²

It is important to note changes have been made to each city’s budgeted contribution relative to the proposed budget adopted at the April meeting as a result of recalculating the total amount with new general tax revenue and resident population figures published by the State. The end result is that the budgeted contributions for four of the five cities – Calistoga, Napa, St. Helena, and Yountville – have slightly decreased with the combined differences being assumed by American Canyon given its significant increase in population. A copy of the calculation performed in budgeting each city’s individual contribution is attached.

Other budgeted revenues include application fees and interest earned on the fund balance invested by the County Treasurer. No changes in application fees have been made relative to the current fiscal year. A small reduction, however, has been made to earned interest to reflect the present return rate generated through the current fiscal year. The following table summarizes proposed operating revenues in 2011-2012.

Revenue Unit	Adopted Final FY10-11	Proposed Final FY11-12	Change %
1) Agency Contributions	356,019	383,101	7.6
(a) County of Napa	178,009	191,550	7.6
(b) City of Napa	119,647	126,331	5.6
(c) City of American Canyon	27,468	32,913	19.8
(d) City of St. Helena	12,657	12,997	2.7
(e) City of Calistoga	10,642	11,393	7.1
(f) Town of Yountville	7,596	7,917	4.2
2) Application Fees	10,000	10,000	0.0
3) Interest	5,000	2,340	(53.0)
Total	\$371,019	\$395,441	6.6

* The City of American Canyon’s percentage share of the Commission’s budget in 2011-2012 has increased significantly more than the other cities based on its sizeable rise in resident population between 2010 (16,836) and 2011 (19,693).

² In other words, in the absence of using reserves, the funding agencies’ collective contribution to the Commission in 2011-2012 as proposed would increase from \$383,101 to \$410,182, a difference of \$27,081.

C. Analysis

As detailed, the final budget for 2011-2012 is identical to the proposed version adopted by the Commission in April and accomplishes the Committee's core policy goals to (a) provide sufficient resources to maintain current service levels while (b) minimizing impacts on the funding agencies by limiting overall cost-increases. The former accomplishment allows the Commission to preserve present staffing levels that the Committee believes are merited given the agency's workload ranging from processing proposals to preparing state-mandated studies, all of which are performed in-house. Notably, in 2011-2012, this will include preparing a municipal service review and related sphere of influence updates for the four agencies operating within the central county region.³ Staff has also assumed additional duties ranging from implementing an electronic document management system to expanding roles within the statewide association. Any reduction in staffing levels would create a corresponding decrease in fulfilling current duties.

The Committee also believes the recommendation to reduce agency contributions by drawing down on reserves in the amount of \$27,081 serves two key objectives. First, the reduction memorializes the Commission's commitment to proactively assist the funding agencies by cutting their potential contribution by exactly one-half given the current economic downturn underlying municipal operations. Second, the Commission will be similarly positioned for the following fiscal year to once again drawn down on its reserves, without exceeding the agency's three-month operating fund balance limit if the economic downturn persists.

D. Alternatives for Action

The following alternative actions are available to the Commission.

Option One: Adopt the attached draft resolution approving the final budget for 2011-2012 with any desired changes. Direct the Executive Officer to work with the County of Napa Auditor's Office to invoice the funding agencies in the amounts prescribed in the adopted final budget.

Option Two: Continue consideration to a special meeting scheduled no later than June 15, 2011; the date in which the Commission is required to adopt a final budget under State law. Provide direction to staff with respect to additional information requests as needed.

³ The *Central Napa County Study* will include reviews of the City of Napa, Napa Sanitation District, Congress Valley Water District, and the Los Carneros Water District.

E. Recommendation

It is recommended the Commission take action as outlined as Option 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 the Committee;
- 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 on behalf of the Committee,

Keene Simonds
Executive Officer

Attachment:

- 1) Draft Resolution Adopting a Final Budget for FY 2011-2012
- 2) Agency Contribution Calculation



Local Agency Formation Commission of Napa County

Subdivision of the State of California

ATTACHMENT ONE

FY2011-12 FINAL BUDGET

Expenses

		FY2008-09		FY2009-10		FY2010-11		FY2011-12		
		Adopted FY08-09	Actual FY08-09	Adopted FY09-10	Actual FY09-10	Adopted FY10-11	Estimate FY10-11	Final FY11-12	<i>Difference</i>	
Salaries and Benefits										
<u>Account</u>	<u>Description</u>									
51100000	Regular Salaries	168,905.43	152,952.55	195,580.00	193,055.65	198,346.60	195,006.40	199,647.20	1	1,300.60
51300500	Group Health Insurance	40,148.04	21,405.57	36,471.00	29,210.94	37,953.96	37,014.89	45,648.12	2	7,694.16
51300100	Retirement: Pension	34,550.93	26,282.61	34,064.00	33,015.37	34,991.95	33,434.17	36,204.85	3	1,212.89
51200500	Commissioner Per Diems	9,600.00	4,400.00	9,600.00	5,100.00	9,600.00	5,100.00	9,600.00		-
51300120	Retirement: Non-Pension	11,295.00	11,296.00	8,706.00	8,706.00	9,138.00	9,138.00	9,341.00	4	203.00
51300300	Medicare	2,826.27	2,440.46	2,836.00	2,657.51	2,876.49	2,684.71	2,894.88		18.40
51301800	Cell Phone Allowance	840.00	845.14	840.00	843.50	840.00	840.00	840.00		-
51301200	Workers Compensation	149.00	149.00	168.00	168.00	226.00	226.00	327.00		101.00
51200100	Extra Help	26,010.00	26,283.11	-	-	-	-	-		-
51200200	Overtime	-	-	-	-	-	-	-		-
		294,324.67	246,054.44	288,265.00	272,756.97	293,973.00	283,444.17	304,503.05		10,530.05 3.6%
Services and Supplies										
<u>Account</u>	<u>Description</u>									
52240500	Property Lease	27,000.00	27,000.00	29,280.00	29,280.00	29,280.00	29,280.00	29,280.00		-
52180500	Legal Services	26,320.00	19,129.61	24,990.00	17,938.31	26,010.00	16,000.00	22,540.00	5	(3,470.00)
52180200	Information Technology Services	17,768.00	17,768.04	22,438.00	19,182.50	18,438.91	17,138.90	24,630.83	6	6,191.91
52170000	Office Expenses	15,000.00	10,916.66	15,000.00	9,697.20	15,000.00	10,500.00	12,000.00	7	(3,000.00)
52180510	Audit and Accounting Services	7,507.00	6,182.37	7,883.00	7,819.33	8,277.15	9,000.00	8,691.01	8	413.86
52250800	Training	4,000.00	2,530.53	4,000.00	5,475.00	4,000.00	5,000.00	4,000.00		-
52250000	Transportation and Travel	4,000.00	1,716.91	3,500.00	4,510.88	3,500.00	4,500.00	3,500.00		-
52070000	Communications	3,500.00	1,720.96	3,500.00	1,205.16	3,500.00	1,600.00	2,000.00	9	(1,500.00)
52150000	Memberships	2,200.00	2,200.00	2,275.00	2,200.00	2,275.00	2,200.00	2,275.00		-
52190000	Publications and Notices	1,500.00	2,490.22	1,500.00	1,112.17	1,500.00	850.00	1,500.00		-
52235000	Special Departmental Purchases	56,000.00	50,081.73	1,000.00	1,095.25	1,000.00	482.50	1,000.00		-
52251200	Private Mileage	1,000.00	1,051.07	1,000.00	533.60	1,000.00	2,500.00	1,000.00		-
52243900	Filing Fees	850.00	300.00	850.00	250.00	850.00	500.00	850.00		-
52250700	Meals Reimbursement - Taxable	-	-	500.00	588.92	500.00	300.00	500.00		-
52100300	Insurance: Liability	546.00	545.00	347.00	347.00	444.00	444.00	321.00		(123.00)
53980200	Capital Replacement*	-	-	-	3,931.30	3,931.40	3,931.40	3,931.40		-
		167,191.00	143,633.10	118,063.00	105,166.62	119,506.46	104,226.80	118,019.23		(1,487.23) -1.2%
Contingencies and Reserves										
<u>Account</u>	<u>Description</u>									
54000900	Operating Reserve	40,651.57	-	40,632.80	-	-	-	-		-
54001000	Consultant Contingency	50,000.00	-	50,000.00	-	-	-	-		-
		90,651.57	-	90,632.80	-	-	-	-		-
EXPENSE TOTALS		552,167.24	389,687.54	496,960.80	377,923.59	413,479.46	387,670.97	422,522.28		9,042.82 2.2%

Revenues

		FY2008-09		FY2009-10		FY2010-11		FY2011-12	
		Adopted FY08-09	Actual FY08-09	Adopted FY09-10	Actual FY09-10	Adopted FY10-11	Estimate FY10-11	Final FY11-12	
Intergovernmental Contributions									
<u>Account</u>	<u>Description</u>								
45080600	County of Napa	-	176,382.73	-	153,965.70	178,009.77	178,010.00	191,550.46	¹⁰ 13,540.68
45082200	City of Napa	-	119,820.40	-	105,428.75	119,646.81	119,647.00	126,330.35	¹¹ 6,683.54
45082400	City of American Canyon	-	27,179.61	-	22,010.54	27,468.37	27,468.00	32,912.03	¹² 5,443.65
45082300	City of St. Helena	-	12,134.39	-	11,135.35	12,656.54	12,657.00	12,997.37	¹³ 340.83
45082100	City of Calistoga	-	9,714.01	-	8,742.73	10,642.45	10,642.00	11,393.34	¹⁴ 750.89
45082500	Town of Yountville	-	7,534.31	-	6,648.33	7,595.60	7,596.00	7,917.37	¹⁵ 321.77
		-	352,765.45	-	307,931.40	356,019.55	356,020.00	383,100.91	¹⁵ 27,081.37 7.6%
Service Charges									
<u>Account</u>	<u>Description</u>								
46003400	Standard Applications Fees	-	16,155.00	-	18,437.00	10,000.00	18,632.30	10,000.00	-
46003300	Special Application Fees	-	120.00	-	625.00	-	2,936.50	-	-
48040000	Miscellaneous	-	-	-	156.30	-	-	-	-
		-	16,275.00	-	19,218.30	10,000.00	21,568.80	10,000.00	- 0.0%
Investments									
<u>Account</u>	<u>Description</u>								
44000300	Interest	-	10,458.70	-	3,791.48	5,000.00	2,340.00	2,340.00	(2,660.00)
		-	10,458.70	-	3,791.48	5,000.00	2,340.00	2,340.00	(2,660.00) -53.2%
	REVENUE TOTALS	-	379,499.15	-	330,941.18	371,019.55	379,928.80	395,440.91	24,421.37 6.6%
DIFFERENCE		-	(10,188.39)	-	(43,051)	-	(7,742)	(27,081.37)	
FUND BALANCE									
Beginning:			222,059.00		211,870.61		168,819.50		161,077.33
Ending:			211,870.61		168,819.50		161,077.33		133,995.96
Minimum Three Month Operating Balance:			138,041.81		124,240.20		103,369.87		105,630.57

NOTES

- This account budgets one-part time (Secretary) and two fulltime (Executive Officer and Analyst) employees. The budgeted increase reflects a scheduled merit raise for Analyst Freeman. No cost-of-living adjustments are budgeted in 2011-2012 consistent with the County of Napa's current contract with its bargaining units.
- This account funds the Commission's monthly contribution for employee healthcare and dental insurance costs provided by Kaiser and Delta Dental, respectively. The budgeted increase reflects higher provider premiums with the largest percentage raise tied to an addition to the Executive Officer's health coverage plan.
- This account funds the Commission's monthly contribution for employee retirement benefits managed by CalPers. The budgeted increase is tied to the scheduled merit increase for Analyst Freeman.
- This account funds the Commission's apportionment for post employment benefits, such as retiree health care insurance. These costs are calculated by the County of Napa.
- It is expected the Commission's need for County Counsel in 2011-12 will decrease from 170 to 140 total hours based on recent usage. An approximate 5.0% raise in the hourly rate from \$153 to \$161 is budgeted.
- This account primarily funds network services provided by the County of Napa's Information Technology Services (ITS) Department. This portion of the account is budgeted to increase by 35% as part of countywide increases in ITS expenses tied to software updates. A prior year reporting error also has been identified with respect to increasing the number of LAFCO computers from three to four. Other funds tied to this account remain stagnant and support website hosting and electronic document management costs with contacted vendors.
- This account funds the Commission's regular office supply purchases. A decrease from \$15,000 to \$12,000 is budgeted based on actual recent expenses in this account.
- The budgeted amount anticipates a 5.0% across-the-board increase in hourly rates for the County of Napa Auditor's Office in 2011-12.



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

2011-2012 Agency Contributions Calculation

Step 1 Total Agency Contributions								
		<u>FY10-11</u>	<u>FY11-12</u>	<u>Difference</u>	<u>Difference</u>			
				<u>Dollar</u>	<u>Percentage</u>			
Total	\$	356,019.55	383,101	\$ 27,081.37	7.6%			
Step 2 Allocation Between County and Cities								
50% to the County of Napa	\$	178,009.77	\$ 191,550.46	\$ 13,540.68	7.6%			
50% to the 5 Cities	\$	178,009.77	\$ 191,550.46	\$ 13,540.68	7.6%			
Step 3a Cities' Share Based on Total General Tax Revenues*								
<u>General Tax Revenues</u>		<u>American Canyon</u>	<u>Calistoga</u>	<u>Napa</u>	<u>St. Helena</u>	<u>Yountville</u>	<u>All Cities</u>	
Secured & Unsecured Property Tax		6,755,081.00	1,182,945.00	14,482,934.00	2,468,714.00	541,110.00	25,430,784.00	
Voter Approved Indebtedness Property Tax		-	-	-	-	-	-	
Other Property Tax		1,669,619.00	470,370.00	6,698,858.00	458,767.00	332,214.00	9,629,828.00	
Sales and Use Taxes		2,275,741.00	605,197.00	8,636,966.00	1,823,826.00	514,691.00	13,856,421.00	
Transportation Tax		-	-	-	-	-	-	
Transient Lodging Tax		459,590.00	3,208,611.00	8,174,770.00	1,125,390.00	3,149,857.00	16,118,218.00	
Franchises		522,956.00	169,154.00	1,609,594.00	139,621.00	71,811.00	2,513,136.00	
Business License Taxes		154,020.00	128,639.00	3,034,954.00	148,753.00	6,143.00	3,472,509.00	
Real Property Transfer Taxes		85,109.00	11,431.00	209,278.00	54,969.00	12,552.00	373,339.00	
Utility Users Tax		-	-	-	-	-	-	
Other Non-Property Taxes		599,026.00	237,414.00	3,282,692.00	711,907.00	177,531.00	5,008,570.00	
Total	\$	12,521,142	\$ 6,013,761	\$ 46,130,046	\$ 6,931,947	\$ 4,805,909	\$ 76,402,805	
Percentage of Total Taxes to all Cities		16.4%	7.9%	60.4%	9.1%	6.3%	100%	
Step 3b Cities' Share Based on Total Population**								
		<u>American Canyon</u>	<u>Calistoga</u>	<u>Napa</u>	<u>St. Helena</u>	<u>Yountville</u>	<u>All Cities</u>	
Population		19,693	5,188	77,464	5,849	2,997	111,191	
Population Percentage		17.71%	4.67%	69.67%	5.26%	2.70%	100%	
Step 4 Cities Allocation Formula								
		<u>American Canyon</u>	<u>Calistoga</u>	<u>Napa</u>	<u>St. Helena</u>	<u>Yountville</u>	<u>All Cities</u>	
Cities' Share Based on Total General Taxes		16.4%	7.9%	60.4%	9.1%	6.3%	100%	
Portion of LAFCO Budget		12,556.77	6,030.87	46,261.29	6,951.67	4,819.58	40%	
Cities' Share Based on Total Population		17.71%	4.67%	69.67%	5.26%	2.70%	100%	
Portion of LAFCO Budget		20,355.26	5,362.47	80,069.06	6,045.70	3,097.79	60%	
Total Agency Allocation	\$	32,912.03	\$ 11,393.34	\$ 126,330.35	\$ 12,997.37	\$ 7,917.37	\$ 191,550.46	
Allocation Share		17.1819%	5.9480%	65.9515%	6.7853%	4.1333%	100%	
Step 5 FY11-12 Invoices		<u>County of Napa</u>	<u>American Canyon</u>	<u>Calistoga</u>	<u>Napa</u>	<u>St. Helena</u>	<u>Yountville</u>	<u>All Agencies</u>
	\$	191,550.46	\$ 32,912.03	\$ 11,393.34	\$ 126,330.35	\$ 12,997.37	\$ 7,917.37	\$ 383,100.91
<i>Difference From FY10-11:</i>	\$	13,540.68	\$ 5,443.65	\$ 750.89	\$ 6,683.54	\$ 340.83	\$ 321.77	\$ 27,081.37

NOTES

* General Tax Revenue amounts are drawn from the 2008-2009 State Controller's Cities Annual Report.

** Population estimates calculated by the California Department of Finance, January 2011.

Projected Unexpended Fund Total: #



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

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

June 6, 2011
Agenda Item No. 6c (Public Hearing)

May 31, 2011

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: Amendments to Adopted Fee Schedule

The Commission will consider amendments to its adopted fee schedule to reflect an increase in the composite hourly staff rate from \$107 to \$113.

Local Agency Formation Commissions (LAFCOs) are authorized to established fee schedules for the costs associated with administering its regulatory and planning duties under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. This includes processing change of organization, outside service, and sphere of influence amendment proposals. LAFCOs' fee schedules shall not exceed the estimated "reasonable costs" in providing services. LAFCOs may also waive fees if it determines the payment would be detrimental to public interest.

A. Background

LAFCO of Napa County's ("Commission") fee schedule was comprehensively updated in June 2007 to improve cost-recovery for personnel and administrative overhead expenses associated with processing proposals. The update included re-categorizing common annexation and detachment proposals for purposes of assigning fixed application fees based on the (a) level of consent and (b) type of environmental review required. The update also included establishing a new method to calculate a composite hourly staff rate, resulting in an increase from \$50 to \$90. This rate has been subsequently increased each of the last three fiscal years and currently totals \$107. The Commission also established a surcharge on proposals in June 2009 to help contribute to the costs in preparing municipal service reviews equal to 20% of the application fee.

B. Discussion

In anticipation of the new fiscal year, staff has reviewed the Commission's fee schedule to consider whether amendments are warranted to help ensure an appropriate level of cost-recovery as well as to address other considerations. The review indicates amendments to the adopted fee schedule are justified to reflect an increase in the composite hourly staff rate from \$107 to \$113. This new rate has been calculated using the same method established in 2007 as part of the comprehensive update with the exception of now incorporating all overhead costs into the composite hourly rate. In particular, the new rate now recovers overhead costs on an hourly basis tied to training,

Lewis Chilton, Vice Chair
Councilmember, Town of Yountville

Joan Bennett, Commissioner
Councilmember, City of American Canyon

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

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

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

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

Brian J. Kelly, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

memberships, and transportation/travel; all of which are integral factors in informing staff with respect to processing proposals.

Current Composite Hourly Rate

	Executive Officer	Analyst	Secretary
Salary/Benefit/Overhead Rate	\$126.66	\$92.95	\$97.39
Time Processing Proposals	40%	55%	5%
			\$106.66

Proposed New Composite Hourly Rate

	Executive Officer	Analyst	Secretary
Salary/Benefit/Overhead Rate	\$133.66	\$98.30	\$103.26
Time Processing Proposals	40%	55%	5%
			\$112.69

C. Analysis

Amending the composite hourly staff rate from \$107 to \$113 would result in an across-the-board increase of 5.6% to the Commission’s fee schedule. This increase does exceed the most recent 12-month consumer price index for the San Francisco Bay Area of 2.8%.¹ However, as mentioned, the increase reflects the change in the Commission’s projected personnel and administrative overhead costs for 2011-2012 and is consistent with its expressed desire to maintain an appropriate level of cost-recovery though incremental adjustments. The Commission’s fee schedule with the increase would also remain at or below the median range for common annexation proposals among the other four Bay Area LAFCOs with similar schedules as reflected below.²

Annexations with 100% Consent (Exemption)		Annexations without 100% Consent (Exemption)	
Contra Costa	\$2,965	Contra Costa	\$2,965
Napa*	\$4,068	Alameda	\$5,000
Sonoma	\$4,460	Napa*	\$5,424
Alameda	\$4,500	Sonoma	\$8,100
Santa Clara	\$5,914	Santa Clara	\$11,868

¹ The percentage reflects change in goods and services cost between April 2010 and April 2011 according to the United States Bureau of Labor Statistics.

² The other three Bay Area LAFCOs’ (Marin, Solano, and San Francisco) fee schedules are based on acreage size of the affected territory.

Annexations with 100% Consent (Initial Study/N.D.)		Annexations without 100% Consent (Initial Study/N.D.)	
Contra Costa	\$3,515	Contra Costa	\$3,515
Alameda	\$4,500	Alameda	\$5,000
Napa*	\$4,746	Napa*	\$6,102
Sonoma	\$5,150	Sonoma	\$8,790
Santa Clara	\$6,130	Santa Clara	\$11,868

Annexations with 100% Consent (Initial Study/E.I.R.)		Annexations without 100% Consent (Initial Study/E.I.R.)	
Contra Costa	\$3,765	Contra Costa	\$3,765
Alameda	\$4,500	Alameda	\$5,000
Napa*	\$5,424	Napa*	\$6,780
Sonoma	\$5,750	Sonoma	\$9,390
Santa Clara	\$6,779	Santa Clara	\$11,868

* Reflects recommended increase

In considering the proposed amendments, the Commission should note the law requires a minimum of 60 days between the adoption and implementation of new fees.³ The Commission may choose to extend the effective date if desired. The Commission may also choose to grandfather active proposals under the previous fee schedule at the time the amendments become effective.

D. Alternatives for Action

The following alternative actions are available to the Commission.

- Option One:** Adopt the attached draft resolution approving amendments to the fee schedule with any desired changes. Specify the effective date of the new fees shall be July 29, 2011 and that no proposal will be grandfathered in under the former fee schedule.
- Option Two:** Continue consideration to a future meeting and provide direction to staff with respect to additional information requests as needed.
- Option Three:** Take no action.

³ California Government Code Section 66017

E. Recommendation

It is recommended the Commission take action as outlined as Option One in the preceding section.

F. Procedures for Consideration

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

- 1) Receive verbal report from staff;
- 2) 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,

Keene Simonds
Executive Officer

Attachments:

- 1) Proposed Amended Fee Schedule (Changes Tracked)
- 2) Draft Resolution Approving Amended Fee Schedule
- 3) Calculation for Composite Hourly Staff Rate
- 4) Calculation for Fixed Hours for Annexations and Detachments



Local Agency Formation Commission of Napa County

Schedule of Fees and Deposits

Effective Date: ~~January 1, 2011~~ July 29, 2011

The policy of the Commission is:

1. This fee schedule shall be administered in accordance with the provisions of California Government Code Section 56383.
2. Applications submitted to the Commission shall be accompanied by a non-refundable initial fee as detailed in this schedule.
3. Applicants are responsible for any fees or charges incurred by the Commission or required by other agencies in the course of the processing of an application.
4. Initial fees include a fixed number of staff hours as detailed in the fee schedule or are designated as “at cost.”
5. Additional Commission staff time shall be charged to the applicant at an hourly rate of ~~\$107.00~~ 113.00.
6. Applicants are responsible for any extraordinary administrative costs as determined by the Executive Officer and detailed for the applicant in a written statement.
7. Additional Commission staff time and administrative costs shall not be charged for city annexation applications that are comprised solely of one, entire unincorporated island.
8. If the Executive Officer estimates a proposal will require more than 20 hours staff time to complete, he or she shall provide a written statement to that effect to the applicant and request a deposit in an amount sufficient to cover anticipated costs. If this or any subsequent deposit proves insufficient, the Executive Officer shall provide an accounting of expenditures and request deposit of additional funds.
9. If the processing of an application requires the Commission contract from another agency or from a private firm or individual for services that are beyond the normal scope of staff work (such as the drafting of an Environmental Impact Report or Comprehensive Fiscal Analysis), the applicant shall be responsible for all costs associated with that contract. The applicant will provide the Commission with a deposit sufficient to cover the cost of the contract.
10. The Executive Officer may stop work on any proposal until the applicant submits a requested deposit.

11. Written appeal of fees and/or deposits, specifying the reason for the appeal, may be submitted to the Commission prior to the submission of an application or prior to the submission of a deposit requested by the Executive Officer. The appeal will be considered at the next regular meeting of the Commission.
12. Upon completion of a project, the Executive Officer shall issue to the applicant a statement detailing all expenditures from a deposit for additional time and materials and shall have a refund for any remaining funds issued to the applicant.

INITIAL APPLICATION FEES

Change of Organization or Reorganizations: Annexations and Detachments

Exempt from the California Environmental Quality Act

- With 100% consent of property owners and affected agencies: [\\$3,8524,068](#)(30 hours)
- Without 100% consent of property owners and affected agencies: [\\$5,1365,424](#) (40 hours)

Not exempt from the California Environmental Quality Act
(The Commission is a Responsible Agency; Negative Declaration)

- With 100% consent of property owners and affected agencies: [\\$4,4944,746](#)(35 hours)
- Without 100% consent of property owners and affected agencies: [\\$5,7786,102](#) (45 hours)

Not exempt from the California Environmental Quality Act
(The Commission is a Responsible Agency; Environmental Impact Report)

- With 100% consent of property owners and affected agencies: [\\$5,1365,424](#)(40 hours)
- Without 100% consent of property owners and affected agencies: [\\$6,4206,780](#) (50 hours)

- * All initial application fees for annexation and detachment proposals include a 20% surcharge to contribute to the costs in preparing municipal service reviews.
- * Annexation or detachment proposals that involve boundary changes for more than two agencies and qualify as reorganizations will be charged an additional fee of [\\$515-565](#) (5 hours).
- * City annexations involving entire unincorporated islands and subject to California Government Code Section 56375.3 will be charged a flat fee of \$500.
- * If the Commission is the Lead Agency and an Initial Study is needed to determine whether a Negative Declaration or Environmental Impact Report is appropriate, applicants will be charged at the hourly staff rate.

Change of Organizations or Reorganizations: Other

- Special District Formations, Consolidations, Mergers, and Dissolutions: Actual Cost
- City Incorporations or Dissolutions: Actual Cost

Special Studies

- Municipal Service Review: Actual Cost
- Sphere of Influence Review: Actual Cost
(Establishment, Amendment, or Update)

Request to Activate Latent Power	<u>\$5,1365,424</u> (40 hours)
* The initial application fee for the activation of a latent power includes a 20% surcharge to contribute to the costs in preparing municipal service reviews.	
Request for an Extension of Time	<u>\$535-565</u> (5 hours)
Request to Approve an Outside Service Agreement	<u>\$2,5682,712</u> (20 hours)
* The initial application fee to approve an outside service agreement includes a 20% surcharge to contribute to the costs in preparing municipal service reviews.	
Request for Reconsideration	<u>\$2,1402,260</u> (20 hours)
Special Meeting Fee	\$800
Alternate Legal Counsel Fee	Actual Cost

OTHER APPLICATION FEES

Assessor Mapping Service (Made payable to the “County of Napa”)	\$125
Map and Geographic Description Review (Made payable to the “County of Napa”)	\$447 (3 hours)
Registered Voter List for Public Hearing Notice (Made payable to the “County of Napa”)	\$55 (1 hour)
Geographic Information Service (Made payable to “LAFCO of Napa County”)	\$125 (1 hour)
California Department of Fish and Game Environmental Filing Fees (Made payable to the “County of Napa Clerk Recorder”)	

Commission as Lead Agency

- Environmental Impact Report: \$2,839.25
- Negative Declaration: \$2,044.00
- Mitigated Negative Declaration: \$2,044.00
- Clerk-Recorder Filing Fee: \$50.00

Commission as Responsible Agency

- Notice of Determination (Represents Clerk Filing Fee): \$50.00
- Notice of Exemption (Represents Clerk Filing Fee): \$50.00

Filing of Change to Jurisdictional Boundary
(Made payable to the “State Board of Equalization”)

<u>Acre Amount</u>	<u>Fee</u>	<u>Acre Amount</u>	<u>Fee</u>
Less than 1:	\$300	51 to 100:	\$1,500
1 to 5:	\$350	101 to 500:	\$2,000
6 to 10:	\$500	500 to 1,000:	\$2,500
11 to 20:	\$800	1,000 to 2,000:	\$3,000
21 to 50:	\$1,200	2,000 and above:	\$3,500

ADMINISTRATIVE SERVICE FEES

The following are charges to be assessed to persons or entities other than the applicant.

- Copying (no color): \$0.10 per page
- Copying (color): \$0.40 per page
- Faxing: \$1.00 service charge, plus \$0.15 per page
- Mailing: Actual Cost
- Audio Tape Recording of Meeting: Actual Cost
- Research/Achieve Retrieval: \$97 per hour (minimum of one hour)

RESOLUTION NO: _____

**LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
AMENDMENTS TO ADOPTED SCHEDULE OF FEES AND DEPOSITS**

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.) authorizes the Local Agency Formation Commission of Napa County (hereinafter referred to as the “Commission”) to adopt a fee schedule; and

WHEREAS, the Commission established and adopted by resolution a “Schedule of Fees and Deposits” on December 1, 2001 in a manner provided by law; and

WHEREAS, the Commission has amended the adopted Schedule of Fees and Deposits as appropriate since its establishment on December 1, 2001; and

WHEREAS, the Commission has scheduled and noticed a public hearing on May 3, 2010 to consider new amendments to its Schedule of Fees and Deposits; and

WHEREAS, as part of a scheduled and noticed public hearing on June 6, 2011 verbal and written comments on the proposed amendments to the adopted Schedule of Fees and Deposits were received from the public, and these comments were considered by the Commission; and

WHEREAS, the Commission has determined that the adoption of amendments to its Schedule of Fees and Deposits is exempt from the provisions of California Environmental Quality Act (CEQA) under Sections 15273(a) of the California Code of Regulations.

NOW, THEREFORE, BE IT RESOLVED by the Commission that the Schedule of Fees and Deposits shall be amended and readopted in the manner set forth in Exhibit “A” effective July 29, 2011 and that this action is categorically exempt from the provisions of CEQA.

The foregoing resolution was duly and regularly adopted at a regular meeting of the Commission held on June 6, 2011, by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

ATTEST: Keene Simonds
Executive Officer

RECORDED: _____
Kathy Mabry
Commission Secretary



Local Agency Formation Commission of Napa County

Subdivision of the State of California

Composite Hourly Staff Rate Calculation in 2011-2012

Step One: Calculating Hourly Input Rates

Input No. 1: Staff Salaries

<u>Budgeted Position</u>	<u>Hourly Rate</u>	
Executive Officer	\$ 52.54	(Step Five 1.0 FTE)
Staff Analyst	\$ 29.63	(Step Four: 1.0 FTE)
Secretary	\$ 22.56	(Step Five: 0.5 FTE)

Input No. 2: Staff Benefits

<u>Benefit</u>	<u>Executive Officer</u>	<u>Staff Analyst</u>	<u>Secretary</u>
Retirement (Pension)	\$ 9.93	\$ 5.41	\$ 4.12
Retirement (OPEB)	\$ 1.80	\$ 1.80	\$ 1.73
Medicare	\$ 0.80	\$ 0.43	\$ 0.33
Health/Dental Insurance	\$ 8.84	\$ 4.24	\$ 17.72
Workers Compensation	\$ 0.05	\$ 0.05	\$ 0.06
Car Allowance	\$ 2.54	\$ -	\$ -
Cell Phone Allowance	\$ 0.43	\$ -	\$ -
Total	\$ 24.39	\$ 11.93	\$ 23.96

Input No. 3: Administrative Overhead Costs

<u>Overhead</u>	<u>Total Budget</u>	<u>Hourly Cost</u>
Office Space	\$ 29,280	\$ 14.08
Insurance	\$ 321	\$ 0.15
Communications	\$ 2,000	\$ 0.96
Legal Expense	\$ 22,540	\$ 10.84
ITS	\$ 24,631	\$ 11.84
EDMS Replacement	\$ 3,931	\$ 1.89
Auditing Services	\$ 8,691	\$ 4.18
Training	\$ 4,000	\$ 1.92
Transportation/Travel	\$ 3,500	\$ 1.68
Memberships	\$ 2,275	\$ 1.09
Private Mileage	\$ 1,000	\$ 0.48
Meals Reimbursement	\$ 500	\$ 0.24
Filing Fees	\$ 850	\$ 0.41
Publications/Notices	\$ 1,500	\$ 0.72
Special Dept. Expenses	\$ 1,000	\$ 0.48
Office Supplies	\$ 12,000	\$ 5.77
Total	\$ 118,019	\$ 56.74

* Total budget divided by the number of work hours for one fulltime employee in a year (2,080)

Step Two: Calculating Hourly Staff Rates Per Budgeted Position

<u>Input</u>	<u>Executive Officer</u>	<u>Staff Analyst</u>	<u>Secretary</u>
Staff Pay	\$ 52.54	\$ 29.63	\$ 22.56
Staff Benefit	\$ 24.39	\$ 11.93	\$ 23.96
Overhead	\$ 56.74	\$ 56.74	\$ 56.74
Total	\$ 133.66	\$ 98.30	\$ 103.26

Step Three: Calculating a Weighted Hourly Staff Rate

<u>Factor</u>	<u>Executive Officer</u>	<u>Staff Analyst</u>	<u>Secretary</u>
Staff Rate	\$ 133.66	\$ 98.30	\$ 103.26
% Processing Proposal	40.0%	55.0%	5.0%
	Weighted Staff Rate		\$ 112.69



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

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

June 6, 2011
Agenda Item No. 7a (Action)

May 31, 2011

TO: Local Agency Formation Commission

FROM: Ad Hoc Committee on Policies and Procedures

SUBJECT: Amendments to Policy on Outside Service Agreements

The Commission will consider amendments to the agency's *Policy on Outside Service Agreements* to simplify and expedite the process for cities and special districts to request approval. The proposed amendments follow discussion from the April 4, 2011 meeting.

California Government Code (G.C.) Section 56133 was enacted in 1994 and requires cities and special districts to request and receive written approval from Local Agency Formation Commissions before providing new or extended municipal services by contract or agreement outside their jurisdictional boundaries. Approval must comply with one of two geographic requirements. First, LAFCOs may only approve outside municipal service extensions within the affected agencies' spheres of influence in anticipation of future changes of organization. Second, LAFCOs may only approve outside municipal service extensions beyond the affected agencies' spheres of influence to respond to existing or impending public health or safety threats.

A. Background

At its November 3, 2008, LAFCO of Napa County ("Commission") adopted a policy establishing principles and procedures in administering requests from cities and special districts to provide new or extended municipal services outside their boundaries under G.C. Section 56133. This includes prescribing the (a) form, (b) review, and (c) consideration of agency requests. The policy, titled *Policy on Outside Service Agreements*, was adopted at a noticed hearing and followed a 30-day public review period in which comments were received by the County of Napa and City of Napa; comments that were largely incorporated into the adopted text. The underlying motivation tied to adopting the policy is to help ensure the reviews of these types of requests are processed uniformly and consistent with the preferences of the Commission.

Lewis Chilton, Vice Chair
Councilmember, Town of Yountville

Joan Bennett, Commissioner
Councilmember, City of American Canyon

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

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

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

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

Brian J. Kelly, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

The Commission has adopted one amendment to its *Policy on Outside Service Agreements*. The amendment was adopted at the April 4, 2011 meeting as part of a comprehensive update undertaken by the Commission's appointed Ad Hoc Committee on Policies and Procedures (Luce, Rodeno, and Simonds). The amendment incorporates language prescribing criteria for use by cities and special districts to propose outside municipal services beyond their spheres of influence under the public health and safety threat provision in G.C. Section 56133(c). Markedly, the adopted amendment establishes a path in approving limited (e.g., residential lots adjacent to existing service lines) and otherwise logical municipal service extensions beyond spheres of influence while transferring responsibility for defining threats to public health and safety from the local agencies to the Commission.

B. Discussion/Analysis

In adopting the referenced amendment on April 4th, the Commission received comment from the City of Napa's Deputy Public Works Director Phil Brun outlining the City's interest in further refining the *Policy on Outside Service Agreements*. Mr. Brun noted the City is particularly interested in simplifying the filing process for cities and special districts to request approval from the Commission; a process that currently requires the affected agency submit a resolution along with their completed application form. Mr. Brun added striking the resolution requirement would provide more flexibility to the affected agencies in how they choose to file landowner requests for outside municipal services. Mr. Brun also conveyed the City's interest in the Commission delegating approval authority to the Executive Officer as an additional means of expediting the review/approval process for public health and safety threats.

The Ad Hoc Committee believes the City makes a reasonable suggestion with regard to improving the implementation of the *Policy on Outside Service Agreements* by striking the resolution requirement. This added allowance would be particularly advantageous for cities and special districts seeking approval under the public health and safety provision enumerated under G.C. Section 56133(c). With this in mind, the following amendment to Section IV/B is proposed:

IV/B. Form of Request

Requests to authorize an outside service agreement shall be filed with the Executive Officer by the affected city or special district. Requests shall be made ~~by resolution of the affected agency~~ in writing with a cover letter accompanying a completed application using the form provided in Attachment A. Requests shall also include a check in the amount prescribed under the Commission's adopted fee schedule along with a copy of the proposed service agreement. The application shall be signed by an authorized representative of the city or special district.

Ad Hoc Committee also believes a second amendment is appropriate to Section IV/A/4 to clarify the Chair's delegated authority from the Commission in approving outside municipal service requests involving threats to public health or safety. Specifically, the current text limits the Chair's authority to expedite the approval process involving public health or safety threats to existing and urgent emergencies.¹The Ad Hoc Committee believes clarification is needed to empower the Chair to also address impending threats. This clarification would also address the City's desire for the Commission to fully delegate review/approval authority for public health and safety threats. The proposed amendment follows:

IV/A/4 General Statements

The Commission authorizes the Chair to approve a city or special district's request for an outside service agreement if there is an existing ~~and urgent~~ or impending public health or safety emergency. The Commission shall ratify the Chair's determination at the next regular scheduled meeting.

C. Summary

The Ad Hoc Committee believes both proposed amendments to the *Policy on Outside Service Agreements* are reasonable and would improve coordination with local agencies for reasons enumerated above. It is important to note the amendment striking the resolution requirement for cities and special districts in filing outside municipal service requests potentially reduces opportunities for public review and comment on the underlying project at the agency level prior to Commission consideration. This potential loss of public dialogue is concerning, but the Ad Hoc Committee believes it is appropriate to defer to the agencies in determining how best to internally process requests (i.e., with or without public meetings) for filing with the Commission.

D. Alternatives for Action

The following alternative actions are available to the Commission.

Option One: Adopt by motion the attached draft amendments to the *Policy on Outside Service Agreements* with or without any changes.

Option Two: Continue consideration to a future meeting and provide direction to staff regarding additional information requests as needed. This may include seeking additional agency/public comment.

Option Three: Take no action.

¹ The policy also specifies the Commission shall ratify the Chair's determination at the next regular scheduled meeting.

E. Recommendation

It is recommended the Commission take action as outlined as Option 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 the Committee;
- 2) Invite public comments (discretionary); and
- 3) Discuss item and consider action on recommendation.

Respectfully submitted on behalf of the Committee,

Keene Simonds
Executive Officer

Attachment:

- 1) Draft Amendments to Policy on Outside Service Agreements (Track Changes)



LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

Policy on Outside Service Agreements

Adopted: November 3, 2008

Amended: April 4, 2011

I. Background

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 includes provisions requiring cities and special districts to request and receive written approval from the Commission before providing new or extended services by agreements outside their jurisdictional boundaries with limited exemptions (Government Code Section 56133). The Commission may authorize a city or special district to provide new or extended service outside their jurisdictional boundary in anticipation of a subsequent change of organization, such as an annexation. The Commission may also authorize a city or special district to provide new or extended service outside their jurisdictional boundary and sphere of influence to address an existing or future threat to the public health or safety.

II. Purpose

The purpose of these policies is to guide the Commission in reviewing city and special district requests to provide new or extended services by agreement outside their jurisdictional boundaries. This includes making policy statements and establishing consistent procedures with respect to the form, review, and consideration of requests.

III. Objective

The objective of the Commission in implementing these policies is to ensure the extension of services by cities and special districts outside their jurisdictional boundaries is logical and consistent with supporting orderly growth and development in Napa County. The Commission recognizes the importance of considering local conditions and circumstances in implementing these policies.

IV. Outside Service Agreement Policies

A. General Statements

- 1) Annexations to cities and special districts involving territory located within the affected agency's sphere of influence is generally preferred to outside service agreements. The Commission recognizes, however, there may be instances when outside service agreements involving territory within the affected agency's sphere of influence is appropriate given local circumstances.
- 2) The Commission shall authorize a city or special district's request to provide new or extended services outside their jurisdictional boundary and sphere of influence only in response to either an (a) existing or (b) impending threat to public health or safety in accordance with Government Code Section 56133(c).

- 3) The Commission recognizes the importance of proactively addressing impending threats to public health and safety in considering requests for outside water and sewer services in support of existing and planned residential uses with reasonable access to existing infrastructure. Accordingly, the Commission will consider outside water and sewer service requests for purposes of addressing an impending public health or safety threat if all of the following criteria is applicable:
 - (a) The subject property is zoned for residential type uses by the affected land use authority.
 - (b) The subject property comprises a legal lot of record as of January 1, 2001.
 - (c) The subject property is adjacent to a public right-of-way in which the affected service line is located.
 - (d) The proposed service extension can be accommodated by an appropriate connection for single-family uses.
- 4) The Commission authorizes the Chair to approve a city or special district's request for an outside service agreement if there is an existing ~~and urgent or~~ impending public health or safety emergency. The Commission shall ratify the Chair's determination at the next regular scheduled meeting.
- 5) All requests for outside service agreements are subject to the applicable provisions of the California Environmental Quality Act.
- 6) Commission approval is not required for cities or special districts to provide new or extended services outside their jurisdictional boundaries if any of the following conditions apply in accordance with Government Code Section 56133(e):
 - (a) The agreement involves two or more public agencies where the contracted service is an alternative or substitute for public services already provided.
 - (b) The agreement involves the transfer of non-potable or non-treated water.
 - (c) The agreement involves the provision of surplus water to agricultural lands for conservation projects or to directly support agricultural industries.
 - (d) The agreement involves an extended service that a city or special district was providing on or before January 1, 2001.

The Commission encourages cities and special districts to work with the Executive Office in determining when the above exemptions may apply.

B. Form of Request

Requests to authorize an outside service agreement shall be filed with the Executive Officer by the affected city or special district. Requests shall be made ~~by resolution of the affected agency in writing~~ with a cover letter accompanying a completed application using the form provided in Attachment A. Requests shall also include a check in the amount prescribed under the Commission's adopted fee schedule along with a copy of the proposed service agreement. The application shall be signed by an authorized representative of the city or special district.

C. Review of Request

The Executive Officer shall review and determine within 30 days of receipt whether the request to authorize an outside service agreement is complete. If a request is deemed incomplete, the Executive Officer shall immediately notify the applicant and identify the information needed to accept the request for filing.

D. Consideration of Request

Once a request is deemed complete, the Executive Officer will prepare a written report with a recommendation. The Executive Officer will present his or her report and recommendation at a public hearing for Commission consideration. The public hearing will be scheduled for the next regular meeting of the Commission for which adequate notice can be given but no later than 90 days from the date the request is deemed complete. The Executive Officer's written report will be made available to the public for review prior to the scheduled hearing and include an evaluation of the following three factors:

- 1) The ability of the applicant to extend the subject service to the affected land.
- 2) The application's consistency with the policies and general plans of all affected local agencies.
- 3) The application's effect on growth and development within and adjacent to the affected land.

The Commission may approve the request with or without conditions. If denied, the affected city or special district can ask for reconsideration within 30 days.



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

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

June 6, 2011

Agenda Item No. 7b (Action)

May 30, 2011

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer
Brendon Freeman, Analyst

SUBJECT: Update on Island Annexation Program

The Commission will receive a report summarizing staff's activities to date in developing an island annexation program aimed at eliminating unincorporated pockets within the City of Napa. The report is being presented to the Commission for discussion and possible action with respect to providing additional staff direction.

Local Agency Formation Commissions (LAFCOs) are responsible for regulating the formation and development of local governmental agencies and their municipal services under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH"). This includes approving, with or without amendments, boundary changes proposed by local agencies, landowners, and residents. All boundary changes approved by LAFCOs must be consistent with their written policies and procedures. LAFCOs may also condition approval as long as they do not directly regulate land use.

A. Background

Legislation

On January 1, 2001, Assembly Bill 2838 (Hertzberg) was enacted and significantly expanded the objectives, powers, and procedures underlying LAFCOs and their ability to coordinate logical growth and development while preserving agricultural and open space resources. This included establishing an expedited process for cities to annex unincorporated pockets that are either entirely or substantially surrounded by their jurisdictional boundaries, which are commonly referred to as "islands." This expedited process is currently codified under Government Code Section 56375.3 and allows cities to annex unincorporated islands under certain conditions while avoiding protest proceedings. The expedited process also curtails LAFCOs' discretion by directing annexation approval if the island – among other conditions – is less than 150 acres, does not comprise prime agricultural land, and is substantially developed or developing. The sunset date for cities to make use of the expedited process is January 1, 2014 in terms of filing proposals with LAFCO; the statute does not prescribe a deadline for LAFCOs to act on island proceedings submitted by this date.

Lewis Chilton, Vice Chair
Councilmember, Town of Yountville

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

Brian J. Kelly, Commissioner
Representative of the General Public

Joan Bennett, Commissioner
Councilmember, City of American Canyon

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

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

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

Keene Simonds
Executive Officer

Islands in Napa County

There are a total of 19 islands in Napa County. This includes islands meeting LAFCO of Napa County's ("Commission") definition of "substantially surrounded," which applies to land located within the affected city's sphere of influence with at least 66.7% of its perimeter bordered by its jurisdiction. All of the islands are either entirely (ten) or substantially (nine) surrounded by the City of Napa. Staff estimates there are 2,308 residents residing within these 19 islands. This amount represents nearly 3.0% of Napa's current resident population. A map depicting the islands in Napa is attached.

B. Discussion

On December 7, 2009, the Commission conducted a biannual workshop in which it received a presentation from staff outlining a proposed island annexation program; a program predicated on educating landowners and residents with respect to the benefits, costs, and related issues tied to annexation.¹ The Commission expressed support for moving forward with implementing the initial phases of the program with direction to reduce the scale to only focus on outreach within the ten entirely surrounded islands. The Commission also directed staff to economize resources by grouping the ten islands into regions in the course of performing outreach.

To date, staff has prepared and mailed informational packets to all landowners within the ten entirely surrounded islands in Napa.² The informational packets include letters to the landowners explaining the Commission's duties and responsibilities along with outlining the governance and service inefficiencies tied to islands. The letters invite landowners to contact staff to discuss their interest in annexation and are accompanied by flyers summarizing key benefits. Packets were mailed in three distinct phases. The first mailing was sent in March 2010 to landowners in five islands in southeast Napa identified in the attached map as six though ten. The second mailing was sent in June 2010 to landowners in three islands in central Napa identified in the attached map as three through five. The third and last mailing was sent in March 2011 to landowners in two islands in westcentral Napa identified in the attached map as one and two. Results of the three mailings are summarized below.

Category	First Mailing (Islands Nos. 6-10)	Second Mailing (Islands Nos. 3-5)	Third Mailing (Islands Nos. 1-2)
Total Landowners	18	26	567
Positive Responses	0	1	5
Negative Responses	4	1	12

¹ The genesis for the presentation followed the Commission's review earlier in the year of a proposal from Napa to annex portions of an existing island entirely surrounded by the City near Silverado Trail's intersection with Soscol Avenue. In processing the proposal, staff explored the possible expansion to eliminate the entire island; a modification consistent with previous comments by Commissioners to proactively eliminate islands in Napa. The modification, however, would have triggered conducting authority proceedings and caused uncertainty as to whether annexation would be terminated as a result of sufficient protests due to a lack of earlier outreach. Upon deliberation, the Commission agreed to approve the annexation as submitted with Napa agreeing to collaborate on an island annexation program.

² These ten entirely surrounded islands include 605 total parcels with an estimated resident population of 1,573.

C. Analysis

Outreach efforts to date have generated responses from less than three percent of the contacted island landowners.³ The relatively low number of responses to the mailings seemingly indicates most island landowners contacted are indifferent towards annexation. This neutrality suggests proceeding with annexations for the islands contacted may be successful in terms of generating minimal public and political discord. Furthermore, outreach efforts to date indicate one specific island – identified on the attached map as four and located near the intersection of Easum and Matt Drives – is agreeable to going forward with an annexation now given two of the three affected landowners have expressed support with the third presumed to be neutral to the potential change.⁴

In terms of next steps, staff believes there are two specific actions warranting Commission consideration. First, as referenced, it would be appropriate to consider working with Napa and the affected landowners in initiating an island annexation for the Easum and Matt Drives area. Importantly, moving forward with the annexation of this island would potentially serve as a success story depicting the actual benefits and relatively seamless transition to City governance. Second, expanding the scope of the outreach efforts to send informational packets to the nine substantially surrounded islands would help ensure all eligible landowners are aware of the expedited annexation proceedings available to them under current LAFCO law; proceedings that will expire on January 1, 2014.⁵

Staff has communicated the next steps outlined in the preceding paragraph to Napa and has received support from the Community Development Department. The expense to the Commission in pursuing these next steps is almost entirely tied to transactional costs involving the allocation of staff resources. Processing an island annexation for the Easum and Matt Drives area would likely require 40 to 50 staff hours. Sending out informational packets to the nine substantially surrounded islands along with follow up communication would be expected to require 15 to 20 staff hours. Accordingly, based on the current composite hourly staff rate, the total transaction cost to the Commission tied to these next steps would not be expected to exceed \$7,490; an amount representing 1.8% of budgeted expenses in 2011-2012.⁶

³ Exactly one-third of the responding landowners have expressed support for annexation. The remaining two-thirds of contacted landowners oppose annexation with nearly all citing general misgivings regarding subjectivity to additional government. More specific reasons cited by these opposing landowners have included concerns regarding potential property losses tied to sidewalk construction and the long-term ability to keep animals on site.

⁴ Conversely, outreach efforts to date indicate at least one specific island – identified on the attached map as ten – would be disagreeable with annexation given two of the four landowners are “strongly” opposed.

⁵ These nine substantially surrounded islands include 283 total parcels with an estimated resident population of 736.

⁶ Actual cost to the Commission in pursuing these next steps would be generally limited to postage tied to mailing the informational packets to the 283 landowners within the nine substantially surrounded islands. Estimated postage cost is \$181.12.

D. Alternative Actions for Commission Consideration

The following alternative actions are available to the Commission.

Option One: Direct staff to (a) work with the City of Napa and interested landowners in initiating an island annexation for the Easum and Matt Drives area and (b) prepare and send informational packets to landowners within the nine substantially surrounded islands.

Option Two: Direct staff to proceed with a modification of alternative actions identified in Option One.

Option Three: Continue item to a future meeting and request additional information from staff as needed.

Option Four: Take no action.

E. Recommendation

It is recommended the Commission take action as outlined as Option One in the preceding section.

Respectfully submitted,

Keene Simonds
Executive Officer

Brendon Freeman
Analyst

F. Procedures for Consideration

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

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

Attachments:

~~1) Map of Napa Islands~~

2) Informational Packet Mailed to Island Landowners, March 2010, June 2010, and March 2011



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

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

Date

Name

Street Address

SUBJECT: Information Regarding Island Annexation Program

To Whom it May Concern:

A review of the County of Napa records indicates you are either a landowner or resident at *****. As you may know, this property is part of an unincorporated “island” entirely surrounded by the City of Napa’s jurisdictional boundary. This unincorporated designation means the property is generally dependent on the County for providing key municipal services, such as public safety, public works, and community development.

The Local Agency Formation Commission (LAFCO) of Napa County is a political subdivision of the State of California. LAFCO is responsible for coordinating the orderly formation and development of governmental agencies and municipal services within its county jurisdiction. This includes regulating all boundary changes involving local cities and special districts. Most commonly, this involves annexing unincorporated lands for purposes of accommodating orderly development and or enhanced municipal services. LAFCO’s composition includes a total of eight members; three board of supervisors, three city councilmembers, and two public representatives.

The California Legislature encourages LAFCO to work with local cities to proactively eliminate islands and the governance inefficiencies they often perpetuate. In particular, islands commonly lack equitable municipal service provision and create additional expenses for both citizens and government. For example, island properties are charged 40 percent more by Napa for an equivalent amount of water usage than neighboring incorporated properties. Island properties also create a funding inequity for Napa given several statewide tax revenues that support general services, such as roads and parks, are apportioned on a per-capita basis. As a result, Napa is not equitably compensated for providing certain municipal services enjoyed by island residents. Further, annexing islands enhances public safety service by eliminating confusion and helping to ensure first-responders are the closest to the incident site with regards to available resources.

Lewis Chilton, Vice Chair
 Councilmember, Town of Yountville

Joan Bennett, Commissioner
 Councilmember, City of American Canyon

Juliana Inman, Alternate Commissioner
 Councilmember, City of Napa

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

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

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

Brian J. Kelly, Commissioner
 Representative of the General Public

Gregory Rodeno, Alternate Commissioner
 Representative of the General Public

Keene Simonds
 Executive Officer

With the preceding comments in mind, LAFCO is interested in discussing the benefits of annexation with island landowners and residents. If you are interested, LAFCO staff would like the opportunity to meet with you and other island neighbors to discuss the annexation process in detail. Towards this end, I have prepared an informational flyer outlining key governance distinctions between island and non-island properties. This flyer is enclosed for your review.

I respectfully ask you review the enclosed information and contact me at your earliest convenience to discuss interest in participating in an island annexation. I would also be interested in hearing from you if you are not interested in participating in an island annexation to better inform our understanding of key concerns or objections. I am available by telephone at (707) 259-8645 or by e-mail at ksimonds@napa.lafco.ca.gov.

Sincerely,



Keene Simonds
Executive Officer

Enclosures: as stated



Island Annexations

Local Agency Formation Commission of Napa County

What are islands?

Islands are county lands that are surrounded by a city and are typically created as a result of leap-frog development. Islands are located throughout California and are often older communities with limited and aging public infrastructure relative to neighboring city lands. Most islands were created many decades ago, leaving the residents unaware that they're part of the county and not the city.

More information: contact LAFCO

Robert Louis Stevenson Building
1700 Second Street, Suite 268
Napa, California 94559
(707) 259-8645
www.napa.lafco.ca.gov

What's the problem with islands?

- disorderly growth (densities, connectivity)
- inefficient public service provision (police, fire)
- unfunded demands on city services (parks, roads)
- representation (non-participation in city elections)

Myths regarding annexation

A common misconception regarding annexation is that it costs more to be in the City of Napa; this is not true. Check out the annual cost comparison below between Napa and the County.

Category	Napa	County	Cost Difference Post Annexation
Paramedic Tax	\$37.50	N/A	(\$37.50)
Storm Fee	\$12.00	N/A	(\$12.00)
Water Charge	\$369.56	\$521.95	\$153.59
Sewer Charge	\$421.00	\$421.00	\$0.00
Garbage Charge	\$395.28	\$296.64	(\$98.64)
Totals	\$1,235.34	\$1,239.59	\$4.25

What's LAFCO's role in eliminating islands?

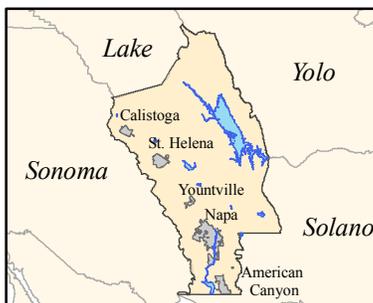
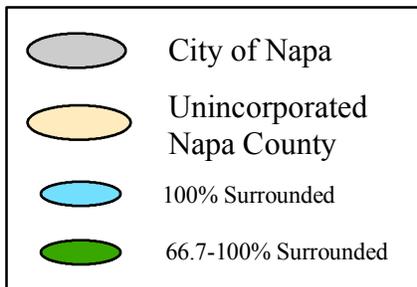
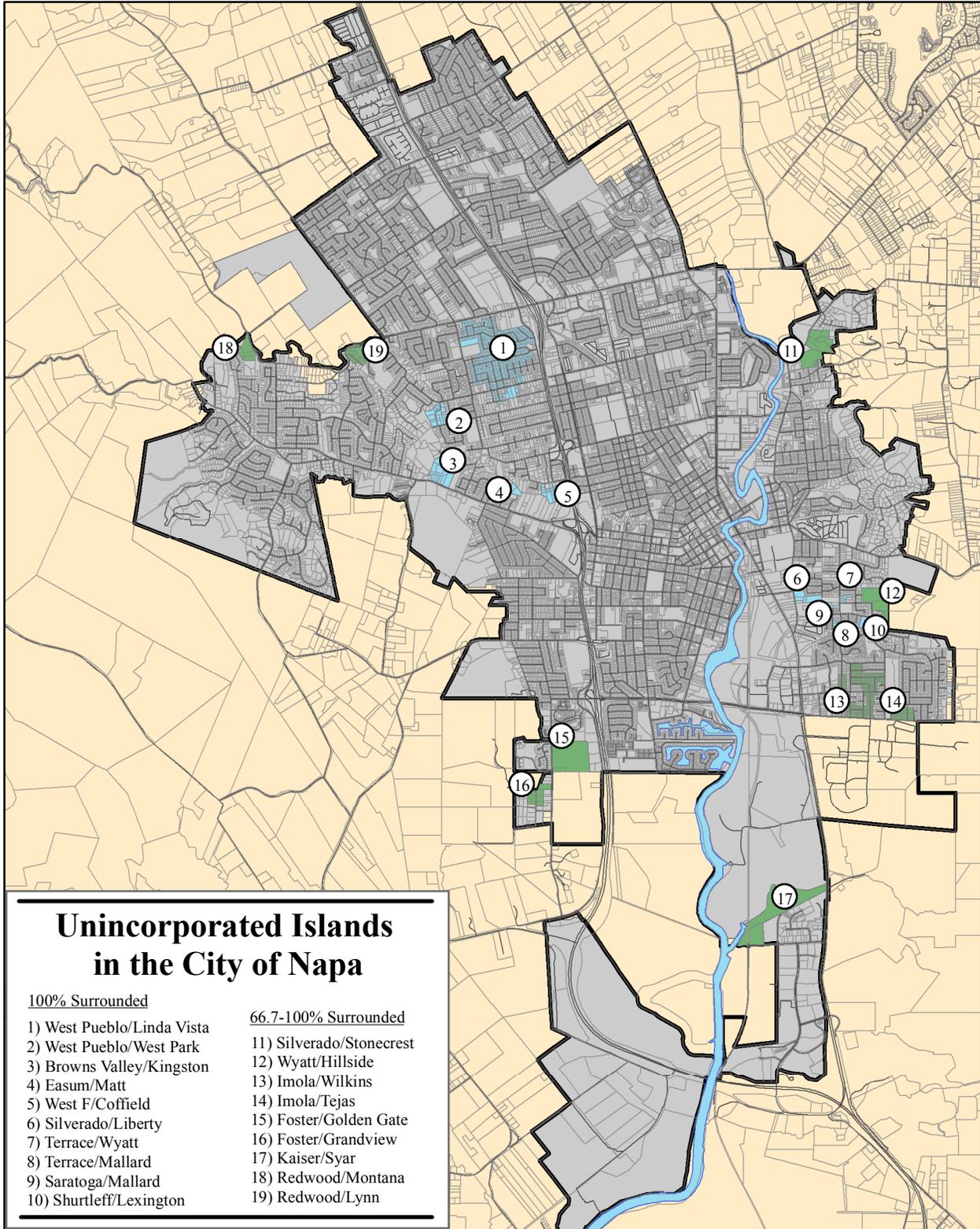
LAFCOs are political subdivisions of the State of California responsible for regulating city and special district boundaries. LAFCOs are located in all 58 California counties and tasked with coordinating the logical formation and expansion of local agencies and their services while preventing urban sprawl.

In 2000, special legislation was passed streamlining the annexation proceedings for islands. This includes establishing an expedited review process and significantly reduced application costs. The special legislation is scheduled to expire January 1, 2014.

How many islands are in the City of Napa?

There are 19 islands entirely or substantially surrounded by the City of Napa. These islands comprise 905 parcels and 339 acres and have an estimated population of over 2,300. Are you in an island? Check out the map on the other side!

City of Napa Unincorporated Islands 150 Acres or Less



*Not to Scale
March 12, 2010
Prepared by BF*



LAFCO of Napa County
1700 Second Street, Suite 268
Napa, California 94559
<http://napa.lafco.ca.gov>



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

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

June 6, 2011
Agenda Item No. 7c (Action)

May 31, 2011

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: Approval of Meeting Calendar for Second Half of 2011

The Commission will consider approving a meeting calendar for the final six months of 2011. Regular meetings are proposed for August 1st, October 3rd, and December 5th. A special meeting is also proposed for November 7th to hold the Commission's biennial workshop. The Commission will consider approving the proposed calendar along with providing direction to staff on topics for the biennial workshop.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires Local Agency Formation Commissions (LAFCOs) to adopt policies and procedures with respect to conducting meetings. Government Code Section 56375(i) specifies LAFCOs must establish regulations to ensure meetings are conducted on a regular and orderly basis.

A. Background

LAFCO of Napa County's ("Commission") *Policy on Regular Commission Meeting Calendar* calls for regular meetings to be scheduled for 4:00 P.M. on the first Monday of each month as needed. All regular meetings shall be held in the Board Chambers at the County of Napa Administration Building. The Commission is directed to review and approve a meeting calendar every six months at the June and December meetings. This includes scheduling special meetings to accommodate holidays or other unique matters, such as project-specific hearings and workshops. The first Monday of each month for the second half of the current calendar year falls on July 4th (Independence Day), August 1st, September 5th (Labor Day), October 3rd, November 7th, and December 5th.

B. Discussion/Analysis

The Commission's projected workload justifies scheduling regular meetings every other month for the second half of 2011 given the slowdown in proposal activity. As is the case currently, staff will take advantage of the slowdown in proposal activity by making needed progress on the Commission's adopted municipal service review and sphere of influence update study schedule; activities that are time-consuming and generally presented in consecutive two-month increments with respect to draft and final reports. This includes preparing a countywide municipal service review on law enforcement services and completing sphere of influence updates in the Berryessa region. Staff will

Lewis Chilton, Vice Chair
Councilmember, Town of Yountville

Joan Bennett, Commissioner
Councilmember, City of American Canyon

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

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

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

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

Brian J. Kelly, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

also take advantage on the slowdown on proposal activity to address other pertinent administrative tasks. This includes organizing CALAFCO's Annual Conference, which is scheduled for August 31 through September 2, 2011 at the Silverado Resort.

With the preceding factors in mind, staff believes it would be appropriate for the Commission to schedule regular meetings for August 1st, October 3rd, and December 5th. This would also allow the Commission to use its "open" regular meeting date for November 7th to schedule its biennial workshop assuming this date is available to the majority of Commissioners. The biennial workshop has been a practice of the Commission since 2001 and serves as an opportunity to explore specific topics of interests as well as discuss upcoming projects. The last two biennial workshops have been moderated by the Executive Officer and have included the following topics:

- Exploring Terms and Conditions
- Developing an Island Annexation Program
- Implementing G.C. Section 56133
- Refresher on LAFCO Basics
- Standards for Proposal Evaluation
- 2nd MSR/SOI Study Schedule

It has been the practice of the Commission to identify potential biennial workshop topics in June while providing direction to the Executive Officer to work with the Chair in finalizing the agenda by August. As for suggestions, given a sizeable number of Commissioners are expected to attend the CALAFCO Annual Conference later this year, the need for educational/training themed sessions may be in less demand. Accordingly, if the preceding statement proves accurate, it may be advantageous to dedicate all or a significant portion of the next biennial workshop to establishing strategic plan. This would include – as envisioned by staff – prescribing agency goals paired with implementing objectives for the following 24-month period for purposes of providing a performance measurement for review at the next biennial workshop.

C. Alternative Actions for Commission Consideration

The following alternative actions are available to the Commission.

Option One: Approve by motion regular meeting dates for August 1st, October 3rd, and December 5th along with a special meeting date for November 7th for the remaining half of 2011. Provide direction to the Executive Officer and Chair with respect to agenda topics for the biennial workshop.

Option Two: Continue item to a future meeting and request additional information from staff as needed.

E. Recommendation

It is recommended the Commission take action as outlined as Option One in the preceding section.

Respectfully submitted,

Keene Simonds
Executive Officer

F. Procedures for Consideration

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

- 1) Receive verbal report from staff; and
- 2) Discuss item and consider action on recommendation.

Attachment:

- ~~1) Commission Policy on Scheduling Meetings~~



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

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

June 6, 2011
Agenda Item No. 7d (Action)

May 31, 2011

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

**SUBJECT: California Association of Local Agency Formation Commissions:
Annual Conference Items**

The Commission will consider appointing voting delegates to represent the agency at CALAFCO's Annual Conference scheduled for August 31-September 2, 2011 at the Silverado Resort in Napa. The Commission will also consider making board and achievement award nominations.

California Association of Local Agency Formation Commissions (CALAFCO) was established in 1971 to assist members in fulfilling their duties to coordinate the orderly formation and development of governmental agencies and services. Key services include facilitating information sharing among members by organizing annual conferences and workshops as well as providing technical assistance through training classes. CALAFCO also serves as a resource to the Legislature and actively drafts and reviews new legislation. CALAFCO's membership currently includes 57 of the 58 LAFCOs.

A. Background/Discussion

LAFCO of Napa County ("Commission") is hosting the 2011 CALAFCO Annual Conference on August 31-September 2, 2011 at the Silverado Resort. Conference materials are attached. It is expected all Commissioners and staff will be in attendance for one or more of the days with the exception of Commissioner Rodeno. All LAFCOs are asked to (a) appoint voting delegates as well as consider making nominations for (b) board vacancies and (c) achievement awards.

Appointment of Voting Delegates

Each LAFCO is responsible for appointing a delegate and alternate delegate to participate in the board elections and the subsequent business meeting held on the second day of the Annual Conference. The board elections – as detailed in the succeeding section – will be conducted by regions while the business meeting provides an opportunity for members to hear from, and ask questions to, CALAFCO regarding organization activities.

Lewis Chilton, Vice Chair
Councilmember, Town of Yountville

Joan Bennett, Commissioner
Councilmember, City of American Canyon

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

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

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

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

Brian J. Kelly, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

Board Nominations

This will be the second year that CALAFCO implements its new regional voting process for electing board members. This new process was approved by mail-ballot in July 2010 for purposes of improving statewide representation within CALAFCO. Two key changes underlie the new voting process. First, the Board has been expanded from 15 to 16 seats with four seats dedicated each to county, city, district, and public members. Second, the elections have been changed from at-large to regional caucus voting. Regions are defined by geography to include northern, central, coastal, and southern. Each region elects one county, city, district, and public member from among their respective ranks. The Commission has been assigned to the coastal region.

All 16 current seats on the Board were filled at the beginning of the current calendar year with two seats in each region designated either as two-year or one-year terms. Accordingly, half of all current Board members' terms will expire at the end of the calendar year, including the coastal city seat held by Commissioner Inman. The term for the coastal public seat is also expiring at the end of this calendar year.

CALAFCO has circulated a memorandum to each LAFCO inviting nominations to serve on the Board relative to the open positions in their respective region (Attachment One). Nominations must be signed by the respective LAFCO Chair and include a completed resume form for the candidate. The deadline for submitting nominations is Friday, August 2nd. Candidates may also be nominated from the floor with the regional caucuses scheduled for the morning of Thursday, September 1st. Alternates are eligible.

Achievement Award Nominations

CALAFCO invites LAFCOs to nominate persons or projects for various achievement awards. The awards were established in 1997 and currently include 10 categories ranging from "Most Effective Commission" to "Legislator of the Year" (Attachment Two).¹ The deadline for submitting nominations is Wednesday, July 2nd. Award winners will be announced during the banquet dinner scheduled for Thursday, September 1st.

B. Analysis

It would be fitting for the Commission to appoint Chair Dodd and Vice Chair Chilton as the delegate and alternate delegate, respectively, for the Annual Conference given both are expected to attend. It would also be fitting for the Commission to nominate Commissioner Inman – if interested – to seek reelection for her coastal city seat. Markedly, in less than one year, Commissioner Inman has made significant and lasting contributions to CALAFCO highlighted by her appointment and participation on the Legislative Committee; an appointment that has served the Commission well in successfully advocating to other Board members the need for greater local flexibility in

¹ The Commission has received three achievement awards from CALAFCO. This includes "Most Effective Commission" in 2009, "Project of the Year" (Water Study) in 2004, and "Outstanding Government Leadership Award" (Formation of County Service Area No. 4) in 2002.

administering the statute governing outside service provision. If Commissioner Inman is not interested in seeking reelection, the Commission is encouraged to consider nominating another city or public member for election.

With regard to the achievement awards, staff believes the Commission has several merited options to consider with the caveat it would be prudent – as host – to make only one nomination. Staff respectfully suggests specific consideration to nominate the Lake Berryessa Municipal Service Review for “Project of the Year.”² This municipal service review was prepared entirely in-house and provides a pragmatic assessment of the level and range of governmental services provided in the affected region relative to local conditions. The municipal service review followed a concerted public outreach campaign within four distinct unincorporated communities and served as the catalyst for approving the reorganization of one of the affected special districts – Napa Berryessa Resort Improvement District – into a community services district as allowed under the recent passage of Senate Bill 1023. Markedly, the reorganization facilitated by the municipal service review positions the newly created agency to provide additional services – subject to future approval – consistent with the evolving needs of the community while facilitating the transition of governance from a dependent to an independent board.

C. Alternative Actions for Commission Consideration

The following alternative actions are available to the Commission.

- Option One:** Appoint by motion Chair Dodd and Vice Chair Chilton to serve as delegate and alternate delegate, respectively, for CALAFCO’s Annual Conference scheduled for August 31-September 2, 2011. Nominate by motion Commissioner Inman for reelection to the coastal city seat on the CALAFCO Board. Nominate by motion the Lake Berryessa Municipal Service Review for CALAFCO’s “Project of the Year” achievement award.
- Option Two:** Make appointments and nominations by motion that serves as alternatives to the actions prescribed in Option One.
- Option Three:** Continue item to a future meeting and request additional information from staff as needed.
- Option Four:** Take no action.

² This nomination could also be submitted for the “Most Effective Commission” given its overlapping nature.

D. Recommendation

It is recommended the Commission take action as outlined as Option One in the preceding section.

Respectfully submitted,

Keene Simonds
Executive Officer

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) Invite public comments, if any (discretionary); and
- 3) Discuss item and consider action on recommendation.

Attachments:

- ~~1) CALAFCO Invitation for Board Nominations~~
- ~~2) CALAFCO Initiation for Achievement Award Nominations~~



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

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

June 6, 2011
Agenda Item No. 8a (Discussion)

May 31, 2011

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: Report on California Forward

The Commission will receive a report from staff summarizing the efforts of California Forward to restructure governance relationships and duties throughout the state. This includes potential changes to the function and task of LAFCOs. The report is being presented for discussion in anticipation of staff submitting a formal comment letter.

Local Agency Formation Commissions (LAFCOs) are political subdivisions of the State of California responsible for administering a section of Government Code now known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH”). LAFCOs are located in all 58 counties and are delegated regulatory responsibilities to coordinate the logical formation and development of local governmental agencies and municipal services. Specific regulatory duties include approving or disapproving proposals involving the establishment, expansion, and reorganization of cities and special districts. LAFCOs inform their regulatory duties through a series of planning activities, namely preparing municipal service reviews and sphere of influence updates.

A. Background

California Forward (“CAFWD”) is a non-profit organization formed in 2007 dedicated to restructuring governance relationships and duties throughout the state. Funding for CAFWD is principally drawn from the California Endowment, Evelyn and Walter Haas, Jr. Fund, William and Flora Hewlett Foundation, James Irvine Foundation, and the David and Lucile Packard Foundation. CAFWD’s adopted mission is as follows:

“Work with Californians to help create a "smart" government – one that’s small enough to listen, big enough to tackle real problems, smart enough to spend our money wisely in good times and bad, and honest enough to be held accountable for results.”

B. Discussion

CAFWD’s advocacy efforts have evolved recently and the organization is now working in the direction of drafting a statewide ballot initiative with the goal of qualifying for the general election in November 2012. Underlying the initiative effort is implementing CAFWD’s “Smart Government Framework;” a cascading agenda aimed at restructuring

Lewis Chilton, Vice Chair
Councilmember, Town of Yountville

Joan Bennett, Commissioner
Councilmember, City of American Canyon

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

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

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

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

Brian J. Kelly, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

the governance relationship between the State and local agencies. This includes orienting the State's general fund expenditures to focus on achieving five priority outcomes: increased employment, improved education; decreased poverty; reduced crime; and improved health. The Smart Government Framework also takes aim at shifting more fiscal authority to local agencies with respect to certain services, such as health and human services. Accomplishing this reform is predicated on CAFWD's five draft proposals identified in short-form as 1) focusing on outcomes, 2) aligning authority with responsibility, 3) adjusting the State role, 4) fostering regional collaboration, and 5) encouraging integration and consolidation. Markedly, the latter draft proposal involves two potential implementing options, both of which would affect – directly and indirectly – LAFCOs. Option "5a" would require LAFCOs to work with their regional councils of government (COGs) in standardizing data collection in municipal service reviews with particular emphasis on exploring consolidation opportunities. Option "5b" would create a new independent commission to conduct studies on local governmental services and efficiencies with particular emphasis on exploring consolidation opportunities.

C. Analysis

There is general consensus among nearly all LAFCOs that CAFWD's Options 5a and 5b are problematic as currently drafted given – albeit to different degrees – they would significantly affect LAFCOs' authorities and responsibilities. Option 5a would potentially muddle the municipal service review process by requiring collaboration with COGs; collaboration staff believes may lead to mission conflict given LAFCOs are governmental agencies tasked with serving the interests of the general public while COGs are joint-powers tasked with serving the interests of their member agencies. Option 5a would potentially pose even greater challenges to LAFCOs given it would create a new statewide commission tasked with performing the same duties in terms of examining the merits and options for local government consolidations.

Staff attended CAFWD's recent regional workshop in San Francisco on May 20, 2011 along with representatives from several other Bay Area LAFCOs. Staff was pleased to hear CAFWD expects to drop Option 5b due to considerable stakeholder push-back and is now focusing only on Option 5a as it relates to encouraging integration and consolidation in the state. Nonetheless, as referenced, staff continues to be concerned with the potential for mission-conflict between LAFCOs and COGs tied to Option 5a.

D. Commission Review

Staff anticipates preparing a formal comment letter to CAFWD expanding on the concerns outlined in the preceding paragraphs. Staffs respectfully requests the Commission review and discuss CAFWD's draft proposals and provide any comments or suggestions in anticipation of preparing a comment letter. Additionally, please note CAFWD has accepted an invitation to present at the CALAFCO Annual Conference scheduled for August 31-September 2, 2011 at the Silverado Resort.

Attachments:

- 1) ~~CAFWD's Executive Summary~~
- 2) ~~CALAFCO Comment Letter~~



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

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

June 6, 2011
Agenda Item No. 8b (Discussion)

May 31, 2011

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: Legislative Report

The Commission will receive a report on the first year of the 2011-2012 session of the California Legislature as it relates to bills directly or indirectly effecting Local Agency Formation Commissions. The Commission will also receive an update on efforts to amend California Government Code Section 56133 to provide more flexibility to LAFCOs in authorizing new or extended services outside spheres of influence.

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

A. Discussion and Analysis

Current Bills

The Committee is currently tracking 39 bills with direct or indirect impacts on LAFCOs as part of the first year of the 2011-2012 session. Several of the bills introduced are placeholders at this time and will be amended in the next several weeks to clarify their specific purpose. A complete list of the bills under review is attached. Three bills of particular interest of the Committee are discussed and analyzed below.

Senate Bill 244 (Lois Wolk): Disadvantaged Unincorporated Communities

This legislation is sponsored by the California Rural Legal Assistance and most recently amended on May 18, 2011. The bill would require LAFCOs to consider disadvantaged unincorporated communities as part of the municipal service review and sphere of influence update process. LAFCOs' consideration would begin in July 2012 and includes making determinative statements on the infrastructure needs as well as the feasibility of annexing disadvantaged communities that lie within or adjacent to the affected agency's sphere of influence. The bill defines disadvantaged

Lewis Chilton, Vice Chair
Councilmember, Town of Yountville

Joan Bennett, Commissioner
Councilmember, City of American Canyon

Juliana Inman, Alternate Commissioner
Councilmember, City of Napa

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

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

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

Brian J. Kelly, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

unincorporated communities as areas with an annual median household income that is less than 80 percent of the statewide annual median household income. (No definition has been provided with respect to “adjacent.”) The intent of the bill is for LAFCOs to proactively address the service needs of predominately poor minority communities by facilitating annexations to nearby cities. Concurrent changes to planning law are also proposed to require cities and counties to identify and provide specific information regarding disadvantaged unincorporated communities inside or near their jurisdictions in their housing elements beginning in January 2014.

This bill, if approved, would further direct LAFCOs to focus on environmental justice issues; a focus that began in January 2008 with the requirement that LAFCOs consider the effect of boundary changes in promoting environmental justice. It is unclear at this time whether the bill would measurably impact municipal service reviews and sphere of influence updates in Napa County given the referenced definition of disadvantaged unincorporated communities. This comment appears applicable statewide as several LAFCOs have expressed concern regarding the unknown consequences tied to the bill; this includes the financial impact on LAFCOs in funding these new requirements. CALAFCO has adopted a “watch” position with the goal of working with the authority to make improvements.

Assembly Bill 54 (Jose Solorio): Mutual Water Companies

This legislation was most recently amended on May 19, 2011 and would require mutual water companies to file boundary maps with LAFCOs. The bill would also require mutual water companies to respond in writing to information requests made by LAFCOs as part of the municipal service review process with 45 days of notice.

The author’s stated objective is to make mutual water companies more accountable to the public. (Additional requirements included in the bill involve mandatory board training and establishing fund reserve minimums.) Locally, there is little information presently available regarding the extent of mutual water companies operating in Napa County. With this in mind, requiring mutual water companies to file boundary maps with LAFCOs and having to respond to information requests would be extremely beneficial. CALAFCO has adopted a “support” position.”

Assembly Bill 912 (Rich Gordon): Special District Dissolution

This legislation was most recently amended on May 2, 2011 and would establish an expedited process to dissolve special districts if the dissolution is consistent with an earlier recommendation made by LAFCO. The bill would authorize LAFCO to order the dissolution at a noticed hearing either (a) immediately if initiated by the affected district without protest or an election or (b) within 60 days of the application being deemed complete without an election if a majority protest does not exist.

The author's underlying aim of this bill is to help make it easier for dissolving special districts by creating a mechanism to avoid the uncertainty and costs tied to holding elections. CALAFCO has adopted a "support in concept" position with a request to the author that additional clarifications are made to the bill. This includes tying the expedited dissolution process for consistency with the recommendation of an earlier municipal service review.

Amending Government Code Section 56133

As directed by the Commission, the Executive Officer has worked with CALAFCO since 2008 in developing interest and consensus on amending Government Code (G.C.) Section 56133 to expand LAFCOs existing authority in approving new and extended outside services beyond agencies' spheres of influence. Markedly, LAFCOs are currently allowed to approve outside services beyond the affected agencies' spheres of influence *only* to respond to existing or impending public health or safety threats based on documentation provided by the agency (emphasis added). This existing threshold has proven problematic given LAFCOs and agencies may disagree on the constitution of a public health and safety threat. The existing threshold is also misplaced given it does not recognize there are instances when it is logical for local agencies to provide new or extended services beyond their spheres of influence simply based on local conditions, such as proximity to existing service lines coupled with appropriate land use restrictions.

Staff is pleased to note significant progress has been made over the last two months in accomplishing the Commission's interest in making G.C. Section 56133 more flexible in addressing local conditions and circumstances. Most notably, both the Committee and Board unanimously approved a proposal from a working group chaired by the Executive Officer to establish a new division – 2 – to G.C. Section 56133. This new division would authorize LAFCOs to approve new or extended services beyond agencies' spheres of influence without making a public health or safety threat finding so long as LAFCO determines at a noticed public hearing the extension was:

- (A) considered in a municipal service review;
- (B) will not result in adverse impacts on agricultural and open-space lands or growth inducement; and
- (C) a later change of organization is not expected based on local policies.

A copy of the approved proposal to amend G.C. Section 56133 – which includes other clarifying revisions – is attached. Considerable amount of work remains. This includes finding a senator and/or assemblymember to author the proposal along with working with key stakeholders to proactively address any concerns with the goal of introducing a bill by February 2012.

B. Commission Review

The Commission is invited to discuss any of the legislation outlined in this report or in the attached report prepared by CALAFCO. The Commission may also provide direction to staff with respect to returning with comment letters on any current or future legislation.

Attachments:

- 1) CALAFCO Legislative Policies
- 2) CALAFCO Status Report on Current Legislation
- 3) Board Approved Revisions to G.C. Section 56133



CALAFCO 2011 Legislative Policies

Adopted by Board of Directors on 18 February 2011

1. LAFCo Purpose and Authority

- 1.1. Support legislation which enhances LAFCo authority and powers to carry out the legislative findings and authority in Government Code §56000 et. seq.
- 1.2. Support authority for each LAFCo to establish local policies to apply Government Code §56000 et. seq. based on local needs and conditions, and oppose any limitations to that authority.
- 1.3. Oppose additional LAFCo responsibilities which require expansion of current local funding sources. Oppose unrelated responsibilities which dilute LAFCo ability to meet its primary mission.
- 1.4. Support alignment of responsibilities and authority of LAFCo and regional agencies which may have overlapping responsibilities in orderly growth, preservation, and service delivery, and oppose legislation or policies which create conflicts or hamper those responsibilities.
- 1.5. Oppose grants of special status to any individual agency or proposal to circumvent the LAFCo process.
- 1.6. Support individual commissioner responsibility that allows each commissioner to independently vote his or her conscience on issues affecting his or her own jurisdiction.

2. LAFCo Organization

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

- 2.3. Support representation of special districts on all LAFCos in counties with independent districts and oppose removal of special districts from any LAFCo.
- 2.4. Support communication and collaborative decision-making among neighboring LAFCos when growth pressures and multicounty agencies extend beyond a LAFCo's boundaries.

3. Agricultural and Open Space Protection

- 3.1. Support legislation which clarifies LAFCo authority to identify, encourage and insure the preservation of agricultural and open space lands.
- 3.2. Encourage a consistent definition of agricultural and open space lands.
- 3.3. Support policies which encourage cities, counties and special districts to direct development away from prime agricultural lands.
- 3.4. Support policies and tools which protect prime agricultural and open space lands.

4. Orderly Growth

- 4.1. Support the recognition and use of spheres of influence as the management tool to provide better planning of growth and development, and to preserve agricultural, and open space lands.
- 4.2. Support adoption of LAFCo spheres of influence by other agencies involved in determining and developing long-term growth and infrastructure plans.
- 4.3. Support orderly boundaries of local agencies and the elimination of islands within the boundaries of agencies.
- 4.4. Support communication between cities, counties, and special districts

through a collaborative process that resolves service, housing, land use, and fiscal issues prior to application to LAFCo.

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

5. Service Delivery and Local Agency Effectiveness

- 5.1. Support the use of LAFCo resources to prepare and review Regional Transportation Plans and other growth plans to ensure reliable services, orderly growth, sustainable communities, and conformity with LAFCo's legislative mandates.
- 5.2. Support LAFCo authority and tools which provide communities with local governance and efficient service delivery options, including the authority to impose conditions that assure a proposal's conformity with LAFCo's legislative mandates.
- 5.3. Support the creation or reorganization of local governments in a deliberative, open process which will fairly evaluate the proposed agency's long-term financial viability, governance structure and ability to efficiently deliver proposed services.
- 5.4. Support the availability of tools for LAFCo to insure equitable distribution of revenues to local government agencies consistent with their service delivery responsibilities.

2011 Legislative Priorities

Primary Issues

Viability of Local Governments Support legislation that maintains or enhances LAFCo's ability to review and act to assure the efficient and sustainable delivery of local services and the financial viability of agencies providing those services to meet current and future needs. Support legislation which provides LAFCo and local communities with options for local governance and service delivery, including incorporation as a city or formation as a special district. Support efforts which provide tools to local agencies to address fiscal challenges and maintain services.

Authority of LAFCo Support legislation that maintains or enhances LAFCo's authority to condition proposals to address any or all financial, growth, service delivery, and agricultural and open space preservation issues.

Agriculture and Open Space Protection Preservation of prime agriculture and open space lands that maintain the quality of life in California. Support policies that recognize LAFCo's ability to protect and mitigate the loss of prime agricultural and open space lands, and that encourage other agencies to coordinate with local LAFCos on land preservation and orderly growth.

Water Availability Promote adequate water supplies and infrastructure planning for current and planned growth. Support policies that assist LAFCo in obtaining accurate and reliable water supply information to evaluate current and cumulative water demands for service expansions and boundary changes including impacts of expanding private and mutual water company service areas on orderly growth.

Issues of Interest

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

CALAFCO Daily Legislative Report as of 6/1/2011

1

AB 54 (Solorio D) Drinking water.

Current Text: Amended: 5/31/2011 [pdf](#) [html](#)

Introduced: 12/6/2010

Last Amended: 5/31/2011

Status: 5/31/2011-From committee: Do pass as amended. (Ayes 17. Noes 0.) (May 27).
Read second time and amended. Ordered to second reading.

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

Calendar:

6/1/2011 #1 ASSEMBLY ASSEMBLY SECOND READING FILE

Summary:

Would specify that any corporation organized for or engaged in the business of selling, distributing, supplying, or delivering water for irrigation purposes, and any corporation organized for or engaged in the business of selling, distributing, supplying, or delivering water for domestic use that provides in its articles or bylaws that the water shall be sold, distributed, supplied, or delivered only to owners of its shares and that those shares are appurtenant to certain lands shall be known as a mutual water company. This bill contains other related provisions and other current laws.

Attachments:

[CALAFCO Support Letter](#)

Position: None at this time

Subject: Water

CALAFCO Comments: Requires mutual water companies to respond to LAFCo requests for information, requires Mutuals to provide a map of boundaries to LAFCo, adds authority for LAFCo to request MSR data from mutuals and include compliance with safe drinking water standards in MSRs.

AB 912 (Gordon D) Local government: organization.

Current Text: Amended: 5/27/2011 [pdf](#) [html](#)

Introduced: 2/17/2011

Last Amended: 5/27/2011

Status: 5/31/2011-Read third time. Passed. Ordered to the Senate.

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

Summary:

Would authorize the commission, where the commission is considering a change of organization that consists of the dissolution of a district that is consistent with a prior action of the commission, to immediately order the dissolution if the dissolution was initiated by the district board, or if the dissolution was initiated by an affected local agency, by the commission, or by petition, hold at least one noticed public hearing on the proposal, and order the dissolution without an election, unless a majority protest exists, as specified.

Position: None at this time

Subject: Special District Consolidations, Special District Powers

CALAFCO Comments: Allows a commission to dissolve a special district - under specific circumstances - without a vote unless there is a majority protest.

AB 1430 (Committee on Local Government) The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 omnibus bill.

Current Text: Introduced: 4/5/2011 [pdf](#) [html](#)

Introduced: 4/5/2011

Status: 5/19/2011-In Senate. Read first time. To Com. on RLS. for assignment.

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

Summary:

Current law defines various terms for purposes of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. This bill would revise various definitions within that

act, and would make other conforming and technical changes.

Position: Support

Subject: CKH General Procedures

CALAFCO Comments: CALAFCO Sponsored bill. Makes technical, non-substantive changes to Cortese-Knox-Hertzberg. Includes major definitions update.

[SB 244](#) (Wolk D) Land use: general plan: disadvantaged unincorporated communities.

Current Text: Amended: 5/18/2011 [pdf](#) [html](#)

Introduced: 2/10/2011

Last Amended: 5/18/2011

Status: 5/31/2011-Read third time. Passed. (Ayes 24. Noes 14.) Ordered to the Assembly.

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

Summary:

Would require the city or county planning agency, after the initial revision and update of the general plan, to review, and if necessary amend, the general plan to update the information, goals, and program of action relating to these communities therein. By adding to the duties of city and county officials, this bill would impose a state-mandated local program. This bill contains other related provisions and other current laws.

Attachments:

[CALAFCO Letter of Concern - 29 March 2011](#)

Position: None at this time

Subject: Disadvantaged Communities

CALAFCO Comments: Amended to require LAFCo review of disadvantaged unincorporated communities. It adds a definition for disadvantaged unincorporated communities, requires LAFCo to review water, sewer and fore services to the communities in the next SOI update, places more emphasis on LAFCo recommendations on reorganizations for efficient and effective services, requires LAFCo to identify service deficiencies to these communities in MSRs, and specifically requires LAFCo to assess alternatives for efficient and affordable infrastructure and services, including consolidations, in MSRs. Bill requires LAFCo to look at communities "in or adjacent to the sphere of influence."

2

[AB 46](#) (John A. Pérez D) Local government: cities.

Current Text: Amended: 4/4/2011 [pdf](#) [html](#)

Introduced: 12/6/2010

Last Amended: 4/4/2011

Status: 5/19/2011-In Senate. Read first time. To Com. on RLS. for assignment.

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

Summary:

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

Position: None at this time

Subject: Disincorporation/dissolution

CALAFCO Comments: As written this bill applies only to Vernon, California. It bypasses much of the C-K-H disincorporation process, leaving LAFCo only the responsibility of assigning assets and liabilities following disincorporation.

[AB 187](#) (Lara D) State Auditor: audits: high-risk local government agency audit program.

Current Text: Amended: 5/27/2011 [pdf](#) [html](#)

Introduced: 1/25/2011

Last Amended: 5/27/2011

Status: 5/31/2011-Read second time. Ordered to third reading.

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

Calendar:

6/1/2011 #115 ASSEMBLY ASSEMBLY THIRD READING FILE

Summary:

Would authorize the State Auditor to establish a high-risk local government agency audit program to identify, audit, and issue reports on any local government agency, including any city, county, or special district, or any publicly created entity that the State Auditor identifies as being at high risk for the potential of waste, fraud, abuse, or mismanagement or that has major challenges associated with its economy, efficiency, or effectiveness. The bill would also authorize the State Auditor to consult with the State Controller, Attorney General, and other state agencies in identifying local government agencies that are at high risk.

Position: None at this time

Subject: Financial Viability of Agencies, Service Reviews/Spheres

CALAFCO Comments: Would allow the State Auditor to audit and issue reports on any local agency it identifies at being at high risk for waste, fraud, abuse or mismanagement.

[AB 781](#) (John A. Pérez D) Preservation of lands: open-space subventions.

Current Text: Amended: 3/23/2011 [pdf](#) [html](#)

Introduced: 2/17/2011

Last Amended: 3/23/2011

Status: 5/19/2011-In Senate. Read first time. To Com. on RLS. for assignment.

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

Summary:

Would authorize a city, county, or city and county to accept contributions from public and private entities to offset a reduction in state subvention payments, as specified.

Position: None at this time

Subject: Ag Preservation - Williamson

CALAFCO Comments: Allows a city or county to accept private contributions to offset reductions in Williamson Act funding.

[AB 1265](#) (Nielsen R) Local government: Williamson Act.

Current Text: Amended: 4/4/2011 [pdf](#) [html](#)

Introduced: 2/18/2011

Last Amended: 4/4/2011

Status: 5/19/2011-In Senate. Read first time. To Com. on RLS. for assignment.

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

Summary:

Would, beginning January 1, 2012, and until January 1, 2015, authorize a county, in any fiscal year in which payments authorized for reimbursement to a county for lost revenue are less than 1/2 of the participating county's actual foregone general fund property tax revenue, to revise the term for newly renewed and new contracts and require the assessor to value the property, as specified, based on the revised contract term. The bill would provide that a landowner may choose to nonrenew and begin the cancellation process. The bill would also provide that any increased revenues generated by properties under a new contract shall be paid to the county.

Attachments:

[CALAFCO Support Letter](#)

Position: Support

Subject: Ag Preservation - Williamson

CALAFCO Comments: Creates an interim solution to the loss of state subventions for Williamson Act lands by giving counties and alternative landowner-funding approach.

[ACA 17](#) (Logue R) State-mandated local programs.

Current Text: Introduced: 2/15/2011 [pdf](#) [html](#)

Introduced: 2/15/2011

Status: 4/14/2011-Referred to Com. on L. GOV.

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

Summary:

Under the California Constitution, whenever the Legislature or a state agency mandates a new program or higher level of service on any local government, the state is required to provide a subvention of funds to reimburse the local government. With regard to certain mandates imposed on a city, county, city and county, or special district that have been determine to be payable, the Legislature is required either to appropriate, in the annual Budget Act, the full payable amount of the mandate, determined as specified, or to suspend the operation of the mandate for the fiscal year. The California Constitution provides that the Legislature is not required to appropriate funds for specified mandates.

Position: None at this time

Subject: LAFCo Administration

CALAFCO Comments: Changes state mandate law in a proposed constitutional amendment. Included is specific language that releases mandate responsibility if the local agency can change an individual or applicant for the cost of providing the mandated service. Would likely exempt some mandates to LAFCo from state funding.

SB 46 (Correa D) Public officials: compensation disclosure.

Current Text: Amended: 5/31/2011 [pdf](#) [html](#)

Introduced: 12/9/2010

Last Amended: 5/31/2011

Status: 5/31/2011-Read second time and amended. Ordered to third reading.

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

Calendar:

6/1/2011 #132 SENATE SENATE BILLS-THIRD READING FILE

Summary:

Would, commencing on January 1, 2013, and continuing until January 1, 2019, require every designated employee and other person, except a candidate for public office, who is required to file a statement of economic interests to include, as a part of that filing, a compensation disclosure form that provides compensation information for the preceding calendar year, as specified. This bill contains other related provisions and other current laws.

Position: Oppose

Subject: LAFCo Administration

CALAFCO Comments: Similar to a 2010 bill, this would require all those who file a Form 700 to also file an extensive compensation and reimbursement disclosure report. Would require all local agencies, including LAFCo, to annually post the forms on their website.

SB 191 (Committee on Governance and Finance) Validations.

Current Text: Amended: 5/16/2011 [pdf](#) [html](#)

Introduced: 2/8/2011

Last Amended: 5/16/2011

Status: 5/31/2011-Senate refused to concur in Assembly amendments. (Ayes 25. Noes 3.) Motion to reconsider made by Senator Volk. Reconsideration granted. (Ayes 38. Noes 0.)

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

Calendar:

6/1/2011 #10 SENATE UNFINISHED BUSINESS

Summary:

This bill would enact the First Validating Act of 2011, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill contains other related provisions.

Attachments:

[CALAFCO Support Letter](#)

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: One of three annual acts which validate the boundaries of all local agencies.

SB 192 (Committee on Governance and Finance) Validations.**Current Text:** Amended: 5/16/2011 [pdf](#) [html](#)**Introduced:** 2/8/2011**Last Amended:** 5/16/2011**Status:** 5/19/2011-Ordered to inactive file on request of Assembly Member Charles Calderon.

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

Summary:

This bill would enact the Second Validating Act of 2011, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill contains other related provisions.

Attachments:[CALAFCO Support Letter](#)**Position:** Support**Subject:** LAFCo Administration**CALAFCO Comments:** One of three annual acts which validate the boundaries of all local agencies.**SB 193 (Committee on Governance and Finance) Validations.****Current Text:** Amended: 5/16/2011 [pdf](#) [html](#)**Introduced:** 2/8/2011**Last Amended:** 5/16/2011**Status:** 5/19/2011-Ordered to inactive file on request of Assembly Member Charles Calderon.

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

Summary:

This bill would enact the Third Validating Act of 2011, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Attachments:[CALAFCO Support Letter](#)**Position:** Support**Subject:** LAFCo Administration**CALAFCO Comments:** One of three annual acts which validate the boundaries of all local agencies.**SB 436 (Kehoe D) Land use: mitigation lands: nonprofit organizations.****Current Text:** Amended: 5/31/2011 [pdf](#) [html](#)**Introduced:** 2/16/2011**Last Amended:** 5/31/2011**Status:** 5/31/2011-Read second time and amended. Ordered to third reading. Ordered to special consent calendar.

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

Calendar:

6/1/2011 #216 SENATE SPECIAL CONSENT CALENDAR #4

Summary:

Would, until January 1, 2022, authorize a state or local public agency to provide funds to a nonprofit organization to acquire land or easements that satisfy the agency's mitigation obligations, including funds that have been set aside for the long-term management of any lands or easements conveyed to a nonprofit organization if the nonprofit organization meets certain requirements. This bill would require a nonprofit organization that holds funds on behalf of the Department of Fish and Game for the long-term management of land to comply with certain requirements, including certification by the department, and oversight by the Controller. The bill would also state the findings and declarations of the Legislature with respect to the preservation of natural resources through such mitigation, and would state that it is in the best interest of the public to allow state and local public agencies and nonprofit organizations to utilize the tools and strategies they need for improving the effectiveness, cost efficiency, and durability of mitigation for California's natural resources.

Position: Support

Subject: Ag/Open Space Protection

CALAFCO Comments: Would allow a local agency to provide funds to a non profit to acquire land or easements to satisfy an agency's mitigation requirements. May be an important tool for LAFCo in agricultural and open space preservation.

SB 668 (Evans D) Local government: Williamson Act.

Current Text: Amended: 5/10/2011 [pdf](#) [html](#)

Introduced: 2/18/2011

Last Amended: 5/10/2011

Status: 5/23/2011-In Assembly. Read first time. Held at Desk.

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

Summary:

Would, until January 1, 2016, authorize a nonprofit land-trust organization, a nonprofit entity, or a public agency to enter into a contract with a landowner who has also entered into a Williamson Act contract, upon approval of the city or county that holds the Williamson Act contract, to keep that landowner's land in contract under the Williamson Act, for a period of up to 10 years in exchange for the open-space district's, land-trust organization's, or nonprofit entity's payment of all or a portion of the foregone property tax revenue to the county, where the state has failed to reimburse, or reduced the subvention to, the city or county for property tax revenues not received as a result of Williamson Act contracts.

Position: None at this time

Subject: Ag Preservation - Williamson

CALAFCO Comments: Would allow an open space district, land trust or non profit to contract with a Williamson Act landowner to keep land in Williamson Act in exchange for paying all or a portion of the foregone property tax to the county if the state has failed to provide subventions.

3

AB 148 (Smyth R) Local government: ethics training: disclosure.

Current Text: Amended: 4/14/2011 [pdf](#) [html](#)

Introduced: 1/14/2011

Last Amended: 4/14/2011

Status: 5/27/2011-In committee: Set, second hearing. Held under submission.

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

Summary:

Current law, for purposes of ethics training for officers and employees of a local government, defines the term ethics laws to include, among others, laws relating to government transparency. This bill would additionally define the term ethics laws to include compensation setting guidelines as established by specified organizations or the local agency. This bill contains other related provisions and other current laws.

Position: None at this time

Subject: Financial Disclosure Requirements, LAFCo Administration

CALAFCO Comments: Would add compensation setting guidelines to the ethics training requirements for officials.

AB 229 (Lara D) Controller: audits.

Current Text: Amended: 4/14/2011 [pdf](#) [html](#)

Introduced: 2/2/2011

Last Amended: 4/14/2011

Status: 5/31/2011-Read third time. Passed. Ordered to the Senate.

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

Summary:

Would require the audit reports prepared in this regard to be submitted to the Controller within 9 months of the end of the period audited or in accordance with applicable federal law. This bill would authorize the Controller to appoint a qualified certified public accountant to complete an audit report if it is not submitted by the local agency within the required

timeframe, with associated costs to be borne by the local agency, as specified. This bill would require the audit to comply with the Government Auditing Standards issued by the Comptroller General of the United States. This bill would require the audits to be made by a certified public accountant that is licensed by the California Board of Accountancy and selected by a local agency from a directory of accountants to be published by the Controller by December 31 of each year. The Controller would be required to use specified criteria to determine those certified public accountants that are to be included in the directory. This bill contains other related provisions.

Position: None at this time

Subject: Financial Viability of Agencies

CALAFCO Comments: Requires audits of local agencies to be sent to controller within 9 months and sets requirements for the CPA or firm which conducts the audits.

AB 253 (Smyth R) Local agencies: accounting.

Current Text: Amended: 4/14/2011 [pdf](#) [html](#)

Introduced: 2/3/2011

Last Amended: 4/14/2011

Status: 5/31/2011-Read third time. Passed. Ordered to the Senate.

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

Summary:

Current law requires the Controller to prescribe uniform accounting and reporting procedures that are applicable to specified types of local agencies, including special districts. This bill would instead require the Controller to prescribe uniform accounting procedures that are applicable only to specified types of special districts, subject to these provisions. The bill would require the Controller to prescribe uniform accounting procedures for cities, subject to specified criteria, in collaboration with the Committee on City Accounting Procedures, which would be created by the bill.

Position: None at this time

Subject: Financial Viability of Agencies

CALAFCO Comments: Establishes uniform accounting practices for special districts and cities.

AB 307 (Nestande R) Joint powers agreements: public agency: federally recognized Indian tribe.

Current Text: Amended: 5/31/2011 [pdf](#) [html](#)

Introduced: 2/9/2011

Last Amended: 5/31/2011

Status: 5/31/2011-Author's amendments.

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

Calendar:

6/8/2011 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, WOLK, Chair

Summary:

Current law authorizes 2 or more public agencies, as defined, to enter into an agreement to exercise common powers. Current law also permits certain federally recognized Indian tribes to enter into joint powers agreements with particular parties and for limited purposes. This bill would include a federally recognized Indian tribe as a public agency that may enter into a joint powers agreement. This bill would also make conforming changes by conforming related code sections. This bill contains other related provisions.

Position: None at this time

Subject: Municipal Services

CALAFCO Comments: Would allow any federally recognized Indian tribe to act as a public agency to participate in any Joint Powers Authority. Significantly expands current law on Indian tribe participation in a JPA.

AB 392 (Alejo D) Ralph M. Brown Act: posting agendas.

Current Text: Amended: 4/14/2011 [pdf](#) [html](#)

Introduced: 2/14/2011

Last Amended: 4/14/2011

Status: 5/27/2011-In committee: Set, second hearing. Held under submission.

--	--	--	--	--	--	--	--	--	--	--	--	--

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

Summary:

Would require the legislative body of a local agency to post the agenda and specified staff generated reports that relate to items on the agenda on its Internet Web site, if any, as specified. The bill would require the legislative body of the local agency, if it does not have an Internet Web site, to disclose on the posted agenda a public location where the agency would make an applicable staff generated report available for copying and inspection by a member of the public for at least 72 hours prior to the meeting. The bill would prohibit the legislative body from acting on or discussing an item on the agenda for which a related staff generated report was not properly disclosed at least 72 hours prior to the meeting, except as provided. By expanding the duties of local agencies, this bill would impose a state-mandated local program. This bill contains other related provisions and other current laws.

Position: None at this time

Subject: LAFCo Administration

CALAFCO Comments: Adds additional posting requirements to Brown Act.

AB 582 (Pan D) Open meetings: local agencies.

Current Text: Amended: 4/14/2011 [pdf](#) [html](#)

Introduced: 2/16/2011

Last Amended: 4/14/2011

Status: 5/27/2011-In committee: Set, second hearing. Held under submission.

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

Summary:

The Ralph M. Brown Act authorizes a legislative body of a local agency to hold closed sessions with the agency's designated representatives regarding the salary and compensation of represented and unrepresented employees. This bill would require that proposed compensation increases of more than 5% for specified employees be publicly noticed, as prescribed. By adding to the duties of local officials, this bill would impose a state-mandated local program. This bill contains other related provisions and other current laws.

Position: None at this time

Subject: Financial Disclosure Requirements

CALAFCO Comments: Requires public disclosure of compensation increases for unrepresented employees.

AB 779 (Fletcher R) Municipal water districts: oversight.

Current Text: Amended: 3/30/2011 [pdf](#) [html](#)

Introduced: 2/17/2011

Last Amended: 3/30/2011

Status: 5/11/2011-In committee: Set, first hearing. Hearing canceled at the request of author.

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

Summary:

Current law, the Municipal Water District Law of 1911, authorizes the formation of a municipal water district to acquire and sell water, and specifies the powers and purposes of a municipal water district. This bill would authorize a municipal water district to establish an independent oversight committee to assist in tracking and reviewing revenues of the district to advance capital improvements, operations and maintenance of district facilities, and allocation methodologies. The bill would authorize an independent oversight committee to perform specified functions for those purposes.

Position: None at this time

Subject: Water, Special District Principle Acts

CALAFCO Comments: Allows a municipal water districts to establish an oversight committee on the financial operations of the district.

AB 1266 (Nielsen R) Local government: Williamson Act: agricultural preserves: advisory board.

Current Text: Introduced: 2/18/2011 [pdf](#) [html](#)

Introduced: 2/18/2011

Status: 5/19/2011-In Senate. Read first time. To Com. on RLS. for assignment.

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

Summary:

Current law, the Williamson Act, authorizes a city or county to enter into contracts to establish agricultural preserves. Current law also authorizes the legislative body of a city or county to appoint an advisory board to advise the legislative body on agricultural preserve matters. This bill would specify matters on which the advisory board may advise the legislative body of a county or city. This bill would also state that the advisory board is not the exclusive mechanism through which the legislative body can receive advice on or address matters regarding agricultural preserves.

Position: None at this time

Subject: Ag Preservation - Williamson

CALAFCO Comments: Specifies additional responsibilities for the county or city Williamson Act advisory board. May also be a placeholder for more significant modifications to the Williamson Act.

SB 27 (Simitian D) Public retirement: final compensation: computation: retirees.

Current Text: Amended: 3/3/2011 [pdf](#) [html](#)

Introduced: 12/6/2010

Last Amended: 3/3/2011

Status: 5/27/2011-Read second time. Ordered to third reading.

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

Calendar:

6/1/2011 #41 SENATE SENATE BILLS-THIRD READING FILE

Summary:

Would revise the definition of creditable compensation for these purposes and would identify certain payments, reimbursements, and compensation that are creditable compensation to be applied to the Defined Benefit Supplement Program. The bill would prohibit one employee from being considered a class. The bill would revise the definition of compensation with respect to the Defined Benefit Supplemental Program to include remuneration earnable within a 5-year period, which includes the last year in which the member's final compensation is determined, when it is in excess of 125% of that member's compensation earnable in the year prior to that 5-year period, as specified. The bill would prohibit a member who retires on or after January 1, 2013, who elects to receive his or her retirement benefit under the Defined Benefit Supplemental Program as a lump-sum payment from receiving that sum until 180 days have elapsed following the effective date of the member's retirement. This bill contains other related provisions and other current laws.

Position: None at this time

Subject: LAFCo Administration

CALAFCO Comments:

SB 186 (Kehoe D) The Controller.

Current Text: Amended: 5/31/2011 [pdf](#) [html](#)

Introduced: 2/7/2011

Last Amended: 5/31/2011

Status: 5/31/2011-Read second time and amended. Ordered to third reading.

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

Calendar:

6/1/2011 #133 SENATE SENATE BILLS-THIRD READING FILE

Summary:

Would, until January 1, 2017, authorize the Controller to exercise discretionary authority to perform an audit or investigation of any county, city, special district, joint powers authority, or redevelopment agency, if the Controller has reason to believe, supported by documentation, that the local agency is not complying with the financial requirements in state law, grant agreements, local charters, or local ordinances. This bill would require, until January 1, 2017, the Controller to prepare a report of the results of the audit or investigation and to file a copy with the local legislative body.

Position: None at this time

Subject: Financial Viability of Agencies

CALAFCO Comments: Allows Controller to audit local agencies and determine fiscal viability.

SB 194 (Committee on Governance and Finance) Local government: omnibus bill.

Current Text: Amended: 5/31/2011 [pdf](#) [html](#)

Introduced: 2/8/2011

Last Amended: 5/31/2011

Status: 5/31/2011-From committee with author's amendments. Read second time and amended. Re-referred to Com. on L. GOV.

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

Calendar:

6/29/2011 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL GOVERNMENT, SMYTH, Chair

Summary:

Would authorize, subject to the approval of the county board of supervisors, a county to accept a payment of a donation, gift, bequest, or devise made to or in favor of a county, or to or in favor of the board of supervisors of a county, by credit card, debit card, or electronic funds transfer. This bill contains other related provisions and other current laws.

Position: None at this time

Subject:

CALAFCO Comments: This is the Senate local government Omnibus Bill. At this point CALAFCO does not have any items in the bill nor has any objections to any of the items currently in the bill.

SB 235 (Negrete McLeod D) Water conservation districts: reduction in number of directors.

Current Text: Amended: 3/14/2011 [pdf](#) [html](#)

Introduced: 2/9/2011

Last Amended: 3/14/2011

Status: 4/28/2011-Referred to Com. on L. GOV.

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

Calendar:

6/15/2011 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL GOVERNMENT, SMYTH, Chair

Summary:

The Water Conservation District Law of 1931 generally governs the formation of water conservation districts and specifies the powers and purposes of those districts. This bill would authorize a water conservation district, except districts within the County of Ventura, whose board of directors consists of 7 directors, to reduce the number of directors to 5, consistent with specified requirements.

Position: None at this time

Subject: Special District Principle Acts

CALAFCO Comments: Allows specified water districts to reorganize their board of directors to reduce the number of directors, by action of the Board.

SB 288 (Negrete McLeod D) Local government: independent special districts.

Current Text: Amended: 3/29/2011 [pdf](#) [html](#)

Introduced: 2/14/2011

Last Amended: 3/29/2011

Status: 4/28/2011-Referred to Com. on L. GOV.

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

Calendar:

6/15/2011 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL GOVERNMENT, SMYTH, Chair

Summary:

Would authorize the governing board of an independent special district, as defined, to provide, by resolution, for the establishment of a revolving fund in an amount not to exceed 110% of 1/12 of the independent special district's adopted budget for that fiscal year, and

would require the resolution establishing the fund to make specified designations relating to the purposes for which the fund may be expended, the district officer with authority and responsibility over the fund, the necessity for the fund, and the maximum amount of the fund. This bill contains other current laws.

Position: None at this time

Subject: Special District Powers, Special District Principle Acts

CALAFCO Comments: Allows special districts as defined by C-K-H to set up special revolving funds.

SB 449 (Pavley D) Controller: local agency financial review.

Current Text: Amended: 5/19/2011 [pdf](#) [html](#)

Introduced: 2/16/2011

Last Amended: 5/19/2011

Status: 5/27/2011-Read second time. Ordered to third reading.

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

Calendar:

6/1/2011 #70 SENATE SENATE BILLS-THIRD READING FILE

Summary:

Would authorize the Controller , if the Controller determines that sufficient funds are made available, to conduct a preliminary review to determine the existence of a local agency financial problem, and perform an audit upon completion of that review, subject to specified criteria. This bill contains other related provisions.

Position: None at this time

Subject: Financial Viability of Agencies

CALAFCO Comments: Allows state controller to audit local agencies.

SB 618 (Wolk D) Local government: solar-use easement.

Current Text: Amended: 5/11/2011 [pdf](#) [html](#)

Introduced: 2/18/2011

Last Amended: 5/11/2011

Status: 5/31/2011-Ordered to special consent calendar.

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

Calendar:

6/1/2011 #203 SENATE SPECIAL CONSENT CALENDAR #4

Summary:

Would authorize the parties to a Williamson Act contract to mutually agree to rescind the contract in order to simultaneously enter into a solar-use easement that would require that the land be used for solar photovoltaic facilities for a term no less than 10 years. This bill would require a county or city to include certain restrictions, conditions, or covenants in the deed or instrument granting a solar-use easement. This bill would provide that a solar-use easement would be automatically renewed annually, unless either party filed a notice of nonrenewal. This bill would provide that a solar-use easement may only be terminated by either party filing a notice of nonrenewal. This bill would require that if the landowner terminates the solar-use easement, the landowner shall restore the property to the conditions that existed before the easement by the time the easement terminates. This bill would provide that specified parties may bring an action to enforce the easement if it is violated. This bill would provide that construction of solar photovoltaic facilities on land subject to a solar-use easement that qualifies as a active solar energy system, as defined, would be excluded from classification as newly constructed. This bill contains other related provisions and other current laws.

Position: None at this time

Subject: Ag Preservation - Williamson

CALAFCO Comments: Allows renewable energy generation (wind, solar farms) as an acceptable use for Williamson Act lands.

Total Measures: 30

Total Tracking Forms: 30

6/1/2011 6:39:20 AM

**Proposed Amendments to G.C. Section 56133
(Approved by the CALAFCO Board on April 29, 2011)**

- (a) A city or district may provide new or extended services by contract or agreement outside its jurisdictional ~~boundaries-boundary~~ only if it first requests and receives written approval from the commission ~~in the affected county~~. The commission may delegate approval of requests made pursuant to subdivisions (b) and (c)(1) below to the Executive Officer.
- (b) The commission may authorize a city or district to provide new or extended services outside its jurisdictional ~~boundaries-boundary~~ but within its sphere of influence in anticipation of a later change of organization.
- (c) If consistent with adopted policy, ~~the~~ commission may authorize a city or district to provide new or extended services outside its jurisdictional ~~boundaries-boundary~~ and outside its sphere of influence under any of the following circumstances:
- (1) ~~to~~ To respond to an existing or impending threat to the public health or safety of the residents of the affected territory if both of the following requirements are met:
- (+A) The entity applying for ~~the contract~~ approval has provided the commission with documentation of a threat to the health and safety of the public or the affected residents.
- (±B) The commission has notified any alternate service provider, including any water corporation as defined in Section 241 of the Public Utilities Code, or sewer system corporation as defined in Section 230.6 of the Public Utilities Code, that has filed a map and a statement of its service capabilities with the commission.
- (2) To support existing or planned uses involving public or private properties subject to approval at a noticed public hearing that includes all of the following determinations:
- (A) The extension of service or service deficiency was identified and evaluated in a municipal service review prepared by the commission pursuant to section 56430.
- (B) The effect of the extension of service would not result in adverse impacts on open space or agricultural lands or result in adverse growth inducing impacts.
- (C) A later change of organization involving the subject property and the affected agency is not feasible or desirable based on the adopted policies of the commission.
- (d) The executive officer, within 30 days of receipt of a request for approval by a city or district ~~of a contract~~ to extend services outside its jurisdictional boundary, shall determine whether the request is complete and acceptable for filing or whether the request is incomplete. If a request is determined not to be complete, the executive officer shall immediately transmit that determination to the requester, specifying those parts of the request that are incomplete and the manner in which they can be made complete. When the request is deemed complete, the executive officer shall place the request on the agenda of the next commission meeting for which adequate notice can be given but not more than 90 days from the date that the request is deemed complete, unless the commission has delegated approval of ~~those~~ requests made under this section to the executive officer. The commission or executive officer shall approve, disapprove, or approve with conditions the ~~contract for~~ extended services. If the extended services are ~~contract is~~ disapproved or approved with conditions, the applicant may request reconsideration, citing the reasons for reconsideration.
- (e) This section does not apply to ~~contracts or agreements solely involving~~ two or more public agencies where the commission determines the public service to be provided is an alternative to, or substitute for, public services already being provided by an existing public service provider and where the level of service to be provided is consistent with the level of service contemplated by the existing service provider.
- (f) This section does not apply to ~~contracts for~~ the transfer of nonpotable or nontreated water.
- (g) This section does not apply to ~~contracts or agreements solely involving~~ the provision of surplus water to agricultural lands and facilities, including, but not limited to, incidental residential structures, for projects that serve conservation purposes or that directly support agricultural industries. However, prior to extending surplus water service to any project that will support or induce development, the city or district shall first request and receive written approval from the commission in the affected county.
- (h) This section does not apply to an extended service that a city or district was providing on or before January 1, 2001.
- (i) This section does not apply to a local publicly owned electric utility, as defined by Section 9604 of the Public Utilities Code, providing electric services that do not involve the acquisition, construction, or installation of electric distribution facilities by the local publicly owned electric utility, outside of the utility's jurisdictional boundaries.
- (j) The application of this section rests solely within the jurisdiction of the commission in the county in which the extension of service is proposed.