



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

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

SPHERE OF INFLUENCE REVIEW AND UPDATE:
Lake Berryessa Resort Improvement District

Final Report
December 2012

Pending Commission Approval



LAFCO of Napa County
Overseeing the
logical formation and development
of cities and special districts.

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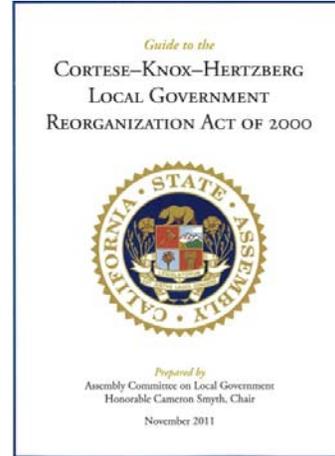
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I. INTRODUCTION

1.0 Local Agency Formation Commissions

1.1 Authority and Objectives

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



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

1.2 Regulatory Responsibilities

LAFCOs’ principal regulatory responsibility includes approving or disapproving all jurisdictional changes involving the establishment, expansion, and reorganization of cities and special districts within their jurisdictions.² LAFCOs are also provided broad discretion to condition jurisdictional changes as long as they do not directly regulate land use, property development, or subdivision requirements. LAFCOs generally exercise their regulatory authority in response to applications submitted by local agencies, landowners, or registered voters. Recent amendments to CKH, however, now empower and encourage LAFCOs to initiate on their own jurisdictional changes to form, merge, and dissolve special districts consistent with current and future community needs. The following table provides a complete list of LAFCOs’ regulatory authority as of January 1, 2012.

LAFCOs’ Regulatory Authority

- City Incorporations and Disincorporations
- District Formations and Dissolutions
- City and District Consolidations
- City and District Outside Service Extensions
- City and District Annexations
- City and District Detachments
- Merge/Establish Subsidiary Districts
- District Service Activations or Divestitures

¹ Reference California Government Code Section 56000 et seq.

² CKH defines “city” to mean any incorporated chartered or general law city. This includes any city the name of which includes the word “town”. CKH defines “special district” to mean any agency of the State formed pursuant to general law or special act for the local performance of governmental or proprietary functions within limited boundaries. All special districts in California are subject to LAFCO with the following exceptions: school districts; community college districts; assessment districts; improvement districts; community facilities districts; and air pollution control districts.

1.3 Planning Responsibilities

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

Sphere Determinations

LAFCOs establish, amend, and update spheres for all cities and special districts to designate the territory it independently believes represents the appropriate and probable future service area and jurisdictional boundary of the affected agency. Importantly, all jurisdictional changes, such as annexations and detachments, must be consistent with the spheres of the affected local agencies with limited exceptions.³ Further, an increasingly important role involving sphere determinations relates to their use by regional councils of governments as planning areas in allocating housing need assignments for counties and cities, which must be addressed by the agencies in their housing elements. LAFCO must review and update each local agency’s sphere every five years as necessary. In making a sphere determination, LAFCO is required to prepare written statements addressing five specific planning factors listed under G.C. Section 56425. These mandatory factors range from evaluating current and future land uses to the existence of pertinent communities of interest. The intent in preparing the written statements is to focus LAFCO in addressing the core principles underlying the sensible development of each local agency consistent with the anticipated needs of the affected community. The five planning factors are summarized in the following table.

Sphere Determinations: Mandatory Written Statements

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

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

Municipal Service Reviews

Municipal service reviews are comprehensive studies of the availability and sufficiency of governmental services provided within a defined geographic area. LAFCOs generally prepare municipal service reviews to inform subsequent sphere determinations. LAFCOs also prepare municipal service reviews irrespective of making any specific sphere determinations in order to obtain and furnish information to contribute to the overall orderly development of local communities. Municipal service reviews vary in scope and can focus on a particular agency or governmental service. LAFCOs may use the information generated from municipal service reviews to initiate other actions under their authority, such as forming, consolidating, or dissolving one or more local agencies. Municipal service reviews culminate with LAFCOs preparing written statements addressing seven specific service factors listed under G.C. Section 56430. This includes, most notably, infrastructure needs or deficiencies, growth and population trends, and financial standing. The seven service factors are summarized in the following table.

Municipal Service Reviews: Mandatory Written Statements

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

1.4 Composition

LAFCOs are generally governed by an eight-member board comprising three county supervisors, three city councilmembers, and two representatives of the general public.⁵ Members are divided between “regulars” and “alternates” and must exercise their independent judgment on behalf of the interests of residents, landowners, and the public as a whole. LAFCO members are subject to standard disclosure requirements for California public officials and must file annual statements of economic interests. LAFCOs have sole authority in administering its legislative responsibilities and its decisions are not subject to an outside appeal process.

All LAFCOs are independent of local government with the majority employing their own staff; an increasingly smaller portion of LAFCOs choose to contract with their local county government for staff support services. All LAFCOs, nevertheless, must appoint their own Executive Officers to manage agency activities and provide written recommendations on all regulatory and planning actions before the members.

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

⁵ Several LAFCOs also have two members from independent special districts within their county.

1.5 Funding

CKH prescribes local agencies fund LAFCOs' annual operating costs. Counties are generally responsible for one-half of LAFCO's annual operating costs with the remainder proportionally allocated among cities based on a calculation of tax revenues and population.⁶ LAFCOs are also authorized to collect fees to offset local agency contributions.

2.0 LAFCO of Napa County

LAFCO of Napa County ("Commission") was first established in 1963 as a department within the County of Napa. Consistent with pre CKH provisions, the County was entirely responsible for funding the Commission's annual operating costs over the first three decades. Further, the duties of the Executive Officer were first performed by the County Administrator and later the County Planning Director.

CKH's enactment in 2001 changed the Commission's funding to assign one-half of its operating costs to the County with the other one-half assigned to the Cities of American Canyon, Calistoga, Napa, St. Helena, and the Town of Yountville. CKH's enactment also facilitated a number of organizational changes highlighted by the Commission entering into a staff support services agreement with the County; an agreement allowing the Commission, among other things, to appoint its own Executive Officer. The Commission's current member roster is provided below.

Napa LAFCO's Commission Roster		
Appointing Agency	Regular Members	Alternative Members
County of Napa: Supervisors	Bill Dodd Brad Wagenknecht	Mark Luce
City Selection Committee: Mayors	Joan Bennett Lewis Chilton	Juliana Inman
Commissioners: City and County	Brian J. Kelly	Gregory Rodeno

Staffing for the Commission currently consists of 2.5 full-time equivalent employees. This includes a full-time Executive Officer and Analyst along with a part-time Secretary.⁷ Legal services are provided by the County Counsel's Office. All other staffing related services, such as accounting, human resources, information technology, are provided by the County as needed. The Commission's adopted budget for 2012-2013 totals \$0.432 million with an audited unreserved/undesignated fund balance of \$0.119 million as of June 30, 2012.

⁶ The funding formula for LAFCOs with special district representation provides that all three appointing authorities (county, cities, and special districts) are responsible for one-third of LAFCOs' annual operating costs.

⁷ The Commission contracts with the County for staff support services. The Executive Officer and all support personnel are County employees. The Commission, however, appoints and removes the Executive Officer on its own discretion.

II. EXECUTIVE SUMMARY

1.0 Overview

This report represents the Commission's scheduled sphere update for Lake Berryessa Resort Improvement District (LBRID). The underlying objective of the report is to review LBRID's existing sphere relative to current legislative directives, local policies, and member preferences in justifying whether to (a) change or (b) maintain the designation. This report supersedes the last sphere update on LBRID adopted in December 2007. The report draws on information collected and analyzed in the Commission's recently completed municipal service review on the Lake Berryessa region, which includes the evaluation of availability, adequacy, and capacity of services provided by LBRID.

2.0 Conclusions and Recommendations

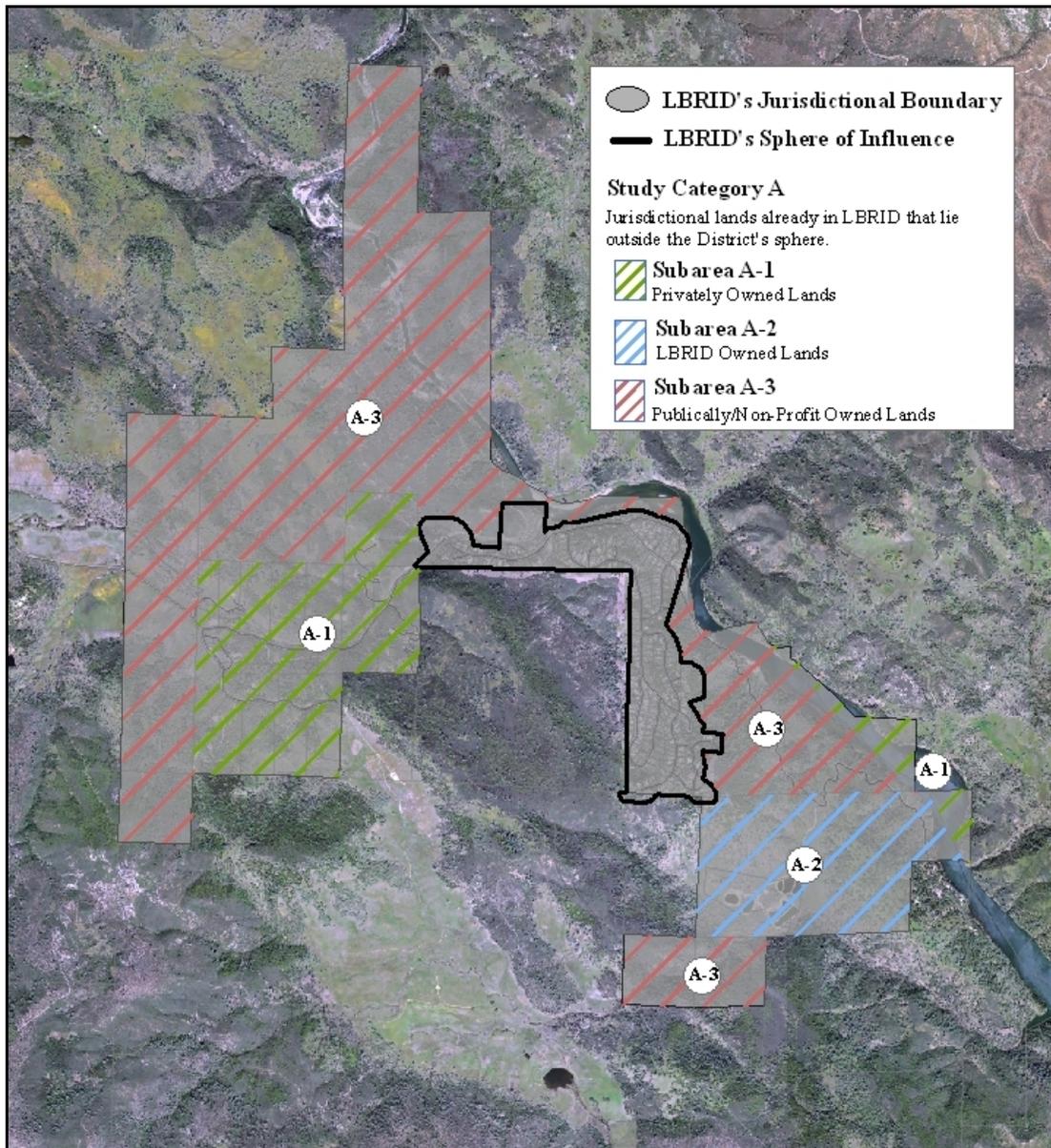
2.1 Role of LBRID

LBRID continues to serve an integral role in supporting existing and planned development within the Berryessa Estates community by providing public water and sewer services otherwise unavailable to the community given the lack of alternative providers in the region. LBRID has also assumed an important and expanded governance role as the community's primary conduit with the County's Board of Supervisors. LBRID's effectiveness in meeting current and future community needs, however, has been challenged given, among other factors, the District's ongoing financial distress; a dynamic highlighted by the District currently operating with a negative fund balance and depending on the County for emergency loans to maintain positive cash flow. This situation has also resulted in increasing acrimony among LBRID residents with respect to the County's management of the District leading to a growing desire to assume local control. To this end, the Commission independently concluded in its recent municipal service review there appears increasing merit to reorganize LBRID into an independent community services district under the expedited proceedings available under G.C. Code Section 56853.5.⁸ The Commission, nonetheless, tabled taking any further action on reorganizing LBRID until first completing the same proceedings for the Napa Berryessa Resort Improvement District.

⁸ The specific benefits cited by the Commission in reorganizing LBRID into a community services district are two-fold. First, reorganization would position the agency to become more responsive to changes in constituent needs by having the power to provide additional municipal services in support of Berryessa Estates' continued development. This statement is particularly pertinent given State law restricts the agency as a resort improvement district to only provide water and sewer services due to a 1971 amendment to its principal act. In contrast, State law would allow the agency as a community services district – subject to future Commission approval – to provide a full range of municipal services, such as roads, parks, and fire protection. Second, reorganization to a community services district would improve public accountability by facilitating the delegation of responsibilities in planning for the present and future service needs of the community from the County of Napa to local residents. Furthermore, G.C. Section 56853.5 allows LAFCOs to expedite the reorganization of resort improvement districts into community services districts with the same powers, boundaries, and assets/liabilities while waiving protest proceedings so long as the action is consistent with the findings of a municipal service review and the affected resort improvement district does not file a written objection.

2.2 Policy Focus

The report and its analysis has been oriented to focus on one central policy question as to whether it is appropriate to expand LBRID’s current sphere to include the District’s entire jurisdictional boundary. This central consideration is drawn from the Commission’s previous action to include only 10 percent of LBRID’s jurisdictional boundary in establishing the sphere in 1985 for reasons detailed in this report and summarized in the succeeding paragraphs. The report, accordingly, evaluates the merits of adding this lone study category consisting of approximately 1,850 acres of remaining jurisdictional land to the sphere relative to current considerations (i.e., legislative directives, adopted policies, and member preferences). The report further divides this lone study category into three distinct subareas labeled “A-1,” “A-2,” and “A-3” based on ownership factors.



2.3 Conclusions

The report concludes there is *equal* merit for the Commission to either change or maintain LBRID's existing sphere designation depending on the collective preferences of members (emphasis added). The principal justification to change and expand LBRID's sphere to include all three subareas, A-1, A-2, and A-3, applies if it is the preference of the Commission to assign deference to the affected lands' social and economic ties with the District. These ties apply – albeit to different degrees – to all three subareas and are borne from their standing inclusion in LBRID's jurisdictional boundary. These ties are particularly pronounced for A-1's Unit One given the landowners' continued interest in establishing water service for their existing or planned single-family residential estates. Further, adding the subareas to the sphere would also serve to delete a decade old policy statement that has proven ineffective in encouraging LBRID to initiate detachment proceedings for the affected lands.⁹ Moreover, adding the subareas to the sphere may prove advantageous in engaging the affected landowners with respect to their current and future needs in anticipation of the Commission returning to its tabled discussion on reorganizing LBRID.

In contrast to the preceding considerations, the principal justification to maintain LBRID's existing sphere is drawn from the three subareas' limited land use and service planning compatibilities with the District. This includes, in particular, recognizing the addition of the three subareas to the sphere would be inconsistent with a Commission policy given it would serve to support the location of urban uses within agricultural/open space designated lands as defined under the County General Plan.¹⁰ It is also reasonable to presume adding the subareas does not provide new assurances services would be established by LBRID within the affected lands in the next 10 years; a potential outcome that is explicitly discouraged under Commission policy with respect to designating spheres.¹¹ Finally, it would be reasonable for the Commission to defer consideration of making any changes to the sphere to the next update if members believe more information is needed in aligning the sphere with the needs of the community.

Given the referenced conclusions, the following three distinct options have been identified for consideration by the Commission in updating LBRID's sphere at this time.

- **Option One: Expand the Sphere to Match the Jurisdictional Boundary**
This option would be appropriate if it is the Commission's preference to assign overriding deference to the affected lands' existing social and economic ties with LBRID in choosing to add the subareas to the sphere.

⁹ The affected lands comprising A-1, A-2, and A-3 remain in LBRID despite having been excluded from the sphere for the last thirty years with no indication the landowners are interested in detachment proceedings. This latter point is a particularly pertinent consideration going forward given any detachment proceeding initiated by LBRID and approved by the Commission would ultimately require the consent of a majority of landowners. Adding the subareas to the sphere, accordingly, would create continuity between LBRID's sphere and existing jurisdictional authority while eliminating the inherent confusion for the public in maintaining the current designation given the preceding assumptions. This deference to match spheres with jurisdictional boundaries has precedence given it was prioritized in recent updates for the Cities of Napa and St. Helena and resulted in expansions involving the Stanly Ranch and Howell Mountain areas, respectively

¹⁰ Reference Policy Determination III/D/(3).

¹¹ Reference Policy Determination III/B/(5)/(b).

- **Option Two: Retain Current Sphere and Pursue Detachment Alternatives**

This option would be appropriate if it is the Commission’s preference to emphasize the affected lands’ limited land use and service planning compatibilities with LBRID in choosing to continue to exclude the subareas from the sphere. This option would, notably, serve to reaffirm the Commission’s policy statement the affected lands be detached and memorialized by taking one or both of the following actions.

 - (a) Formally request the LBRID Board take action to initiate a proposal for Commission consideration to detach the subareas; and/or
 - (b) Formally direct the Executive Officer to initiate a proposal for Commission consideration to reorganize LBRID to establish a new community services district with a jurisdictional boundary that excludes the subareas.
- **Option Three: Retain Current Sphere and Table Considerations**

This option would be appropriate if it is the Commission’s preference to maintain the status quo on the sphere and table all related policy considerations to the next update. This option would be appropriate if the Commission believes more information is warranted with regards to future LBRID operations and community needs before taking any new action.

2.4 Recommendation and Determinative Statements

It is recommended the Commission retain LBRID’s current sphere designation and table all related policy considerations to the next scheduled update; actions identified in the preceding section as Option Three. These actions – most notably – would be consistent with the preferences initially provided by Commissioners during the draft review of the report at the October 1, 2012 meeting. These actions would also follow a request by LBRID for more time before the Commission makes a decision on the outstanding policy considerations given the existing flux permeating the District’s operations and highlighted by the current construction of new facilities. Accordingly, the following written statements support the recommendation and address the five specific factors the Commission must prepare anytime it makes a sphere determinations under G.C. Section 56425.

- **Present and Planned Land Uses in the Area**

The County of Napa’s adopted land use policies provide for the current and future residential uses characterizing the majority of the recommended sphere. These present and planned uses are compatible with LBRID’s water and sewer services. There are no agricultural lands and limited open-space lands within the recommended sphere as defined under LAFCO law.
- **Present and Probable Need for Public Services in the Area**

There is a present need for LBRID’s water and sewer services throughout the recommended sphere to support the existing and continued development of the Berryessa Estates community and its estimated 485 residents.

- **Present Capacity and Adequacy of Public Services Provided by the Agency**
The Commission’s recently completed municipal service review on the Lake Berryessa region indicates LBRID’s water services are sufficiently capacitated to meet both existing and projected needs in the recommended sphere. The municipal service review indicates sewer services, however, are not adequately capacitated and require immediate and substantial improvements to meet existing needs in the recommended sphere. The ability of LBRID to address these and other improvements are constrained by the District’s ongoing fiscal distress tied – among other reasons – to operating aging infrastructure in a confined and economically depressed area.

- **Existence of Relevant Social or Economic Communities of Interest**
The affected territory within the recommended sphere has established strong social and economic interdependencies with LBRID distinct from neighboring areas and agencies. These ties are affirmed and strengthened by this update.

- **Present and Probable Need for Water, Sewer, or Fire Protection for Any Disadvantaged Unincorporated Communities in the Area**
Lands within the recommended sphere do not qualify as disadvantaged unincorporated communities under LAFCO law.

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III. AGENCY PROFILE

1.0 Background

LBRID was formed in 1965 as a dependent special district governed by the County of Napa Board of Supervisors. LBRID’s formation was approved by the Commission at the request of the principal landowner, Labry Corporation, and with the support of the County to help facilitate the development of “Berryessa Estates,” a planned residential/commercial community located in mountainous terrain along Putah Creek in northeast Napa County.¹² It was initially expected – and similar to other approved projects in the region – Berryessa Estates would develop over several phases to accommodate both permanent and seasonal uses and serve an expected fulltime resident population of 5,000 along with 40,000 annual visitors.

Lake Berryessa Resort Improvement District	
Date Formed:	1965
Enabling Legislation:	Government Code 25210.1-25217.4
Services Provided:	Water and Sewer
Estimated Population	485

Actual development within Berryessa Estates has been limited to date to include only two phases referred to as “Unit One” and “Unit Two.” Unit One involved the construction of Stagecoach Canyon Road to connect the community to the nearest paved road, Snell Valley.¹³ Unit Two involved the creation of 351 single-family residential lots ranging in size from 15,000 to 18,000 square feet with close to one-half remaining undeveloped.¹⁴ Reasons for the lack of actual development within Berryessa Estates appear to be attributed to three related factors. First, the demand for primary and secondary homes has not materialized as expected. Second, the County amended its land use policies, among other factors, to discourage further development along Lake Berryessa’s shoreline beginning with the adoption of its first General Plan in 1975. Third, LBRID has been prohibited from providing any services other than water and sewer as a result of an amendment to its principal act taking effect in 1971.¹⁵

The limited amount of actual development within LBRID serves as the focal point of its current financial distress; a dynamic highlighted now by the District’s dependency on the County for emergency loans to maintain positive cash flow. Multiple recent fines from the State Regional Water Quality Control Board for unauthorized and repeated sewage discharges into Lake Berryessa have exacerbated LBRID’s financial distress and cumulatively contributed to the District depleting its fund balance. This financial distress has also impacted residents as ratepayers are now paying on average an estimated \$260 per month for water and sewer related services; one of the highest monthly totals in Napa County.



¹² Actual slope within LBRID is identified to have a range of 440 to 1,300 feet above sea level.
¹³ Stagecoach Canyon Road was immediately dedicated for public use/maintenance to the County of Napa. The construction of Stagecoach Canyon Road also facilitated/accommodated the development of eight single-family ranchettes which appear to be occupied year-round although not connected to either LBRID’s water or sewer systems.
¹⁴ LBRID also authorized \$0.875 million in general obligation bonds to finance the construction of water and sewer systems for Unit Two, including the installation of lateral connections for all 351 lots. Water supplies were initially secured through an informal agreement with the Napa County Flood Control and Water Conservation District (NCFWCWD) for an annual raw water entitlement of 200 acre-feet from Lake Berryessa. This water supply agreement was formalized in 1975 and currently extends through 2024.
¹⁵ Other municipal services directly provided within Berryessa Estates are limited and include a basic level of fire, law enforcement, and road maintenance from the County as well as interment from the Pope Valley Cemetery District. Berryessa Estates also receives mosquito abatement, soil conservation, and flood control services from various countywide special districts.

2.0 Current Activities

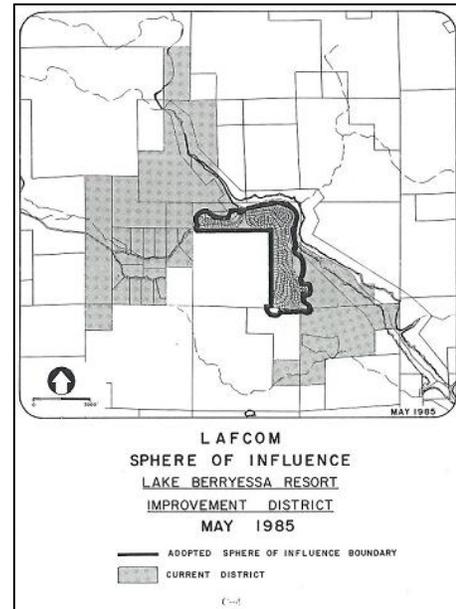
LBRID has a current operating budget of \$1.53 million. This amount covers all approved operating expenses for both the water and sewer systems. An approximate (\$0.646 million) operating deficit has been budgeted with close to four-fifths of the shortfall tied to repaying an earlier emergency loan provided by the County. LBRID's audited undesignated/unreserved fund balance at the beginning of the current fiscal year totals approximately (\$1.041 million) and tied to outstanding loans from the County. The majority of administrative services are provided directly by the County Public Works Department with operations & maintenance services provided by a contractor, Phillips and Associates.¹⁶

LBRID's jurisdictional boundary covers approximately 3.2 square miles or 2,033 acres.¹⁷ Water and sewer services, however, are provided only within less than a tenth of the jurisdictional boundary and specifically within Unit Two in which there are 180 connected single-family residences along with one commercial establishment (Stagecoach Market).¹⁸ The estimated resident population within Unit Two is 463. The total estimated population within LBRID – including Unit One – is 485.

3.0 Sphere of Influence

3.1 Establishment

LBRID's sphere was established by the Commission in May 1985. This action was prompted by earlier legislation requiring LAFCOs to establish spheres for all cities and special districts within their jurisdictions by December 1985.¹⁹ Pertinently, in considering the establishment of a sphere, the Commission formally noted its concerns regarding LBRID's long-term financial viability given the lack of actual development as well as undercharged user rates; the Commission specifically noted the District's ongoing delinquencies involving the collection of availability charges. The Commission, given these considerations, established LBRID's sphere to include only parcels lying in Unit Two along with a limited number of adjacent lands expected to be developed for residential or public recreational uses over the next 10 year period; an action resulting in a sphere designation of 0.2 square miles or 176 acres.²⁰ The Commission also directed future



resources to create a subcommittee to explore reorganizing LBRID into a community services district in order for the District to also provide garbage, fire, and street services. Further, the Commission directed LBRID to take action to initiate detachment proceedings involving the jurisdictional lands excluded from the sphere.

¹⁶ LBRID also receives legal and accounting services from County Counsel and the Auditor's Office, respectively.

¹⁷ There are approximately 400 parcels lying in LBRID with an overall assessed value of \$33.1 million. A review of the database maintained by the County Assessor's Office indicates only one-half of the parcels have been developed as measured by the assignment of situs addresses. Developed assessor parcels with situs addresses in LBRID represent only 14% of the total land acres within the District.

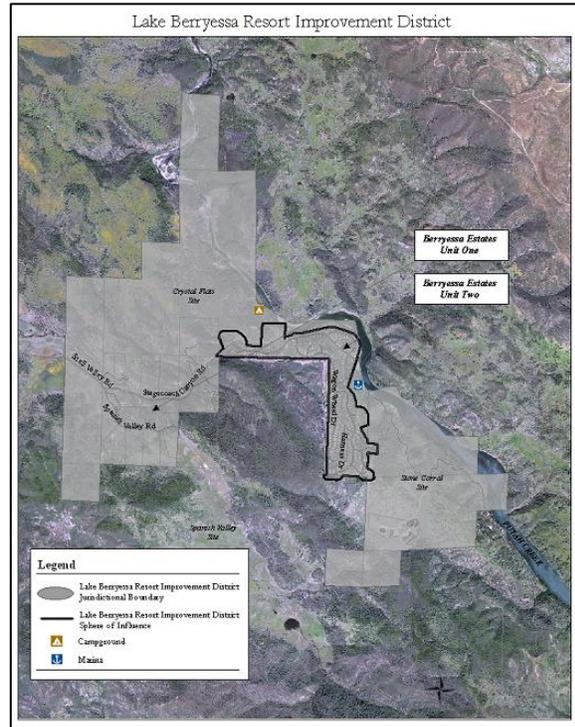
¹⁸ LBRID does not provide water or sewer services outside its jurisdictional boundary.

¹⁹ Assembly Bill 498 (Cortese); Signed, Chapter 27, Statutes of 1983.

²⁰ There are a total of 1,857 jurisdictional acres encompassing 48 parcels in LBRID lying outside the sphere.

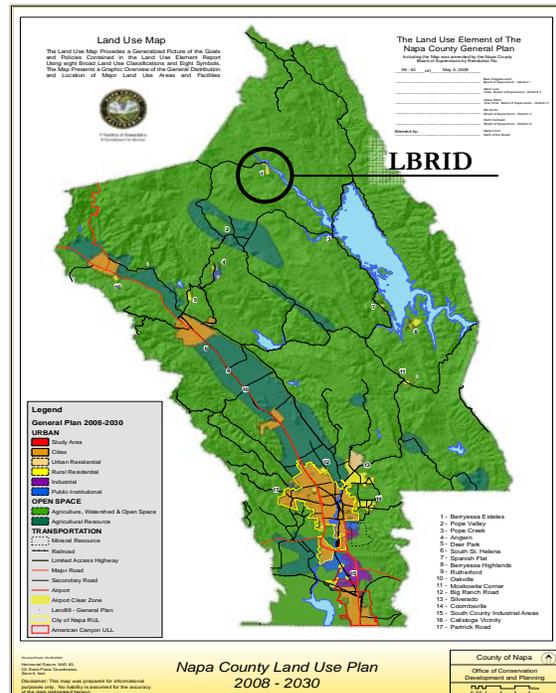
3.2 Amendments and Updates

The Commission affirmed LBRID’s existing sphere designation with no changes as part of a scheduled update in 2007.²¹ The update was prepared in conjunction with two earlier municipal service reviews examining countywide water and sewer provision. The earlier municipal service reviews both included determinations noting the need for LBRID to make a number of immediate improvements to its water and sewer systems along with, and tied to, stabilizing its financial solvency. The Commission also noted in both municipal service reviews the need to explore regional reorganization and or consolidation opportunities given pervasive service challenges among all three special districts serving the Lake Berryessa shoreline. To this end, the Commission deferred considering any sphere changes for the affected agencies in the region – including LBRID – until completion of additional analysis regarding reorganization/consolidation opportunities.



4.0 Planning Factors

LBRID operates entirely under the land use authority of the County. Its jurisdictional boundary anchor – Berryessa Estates – is one of 15 distinct unincorporated communities identified under the County General Plan. It is estimated the resident population within Berryessa Estates (485) accounts for less two percent of the overall unincorporated population (26,381) in Napa County. The nearest unincorporated community to Berryessa Estates is Pope Valley, which is approximately 10 miles to the southwest and accessible by way of Snell Valley Road/Pope Valley Road. St. Helena (Napa County) and Clearlake (Lake County) are the nearest incorporated communities at 25 miles to the west and north, respectively.

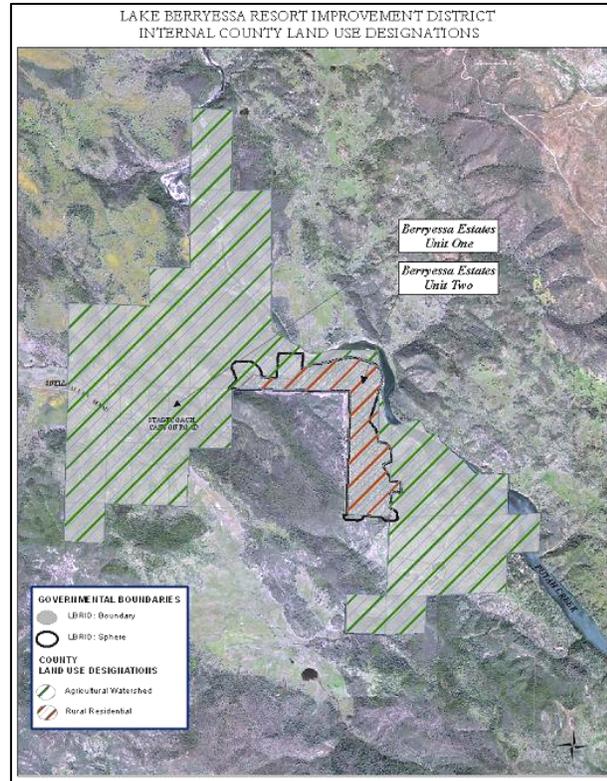


²¹ The referenced update was preceded by new legislation requiring LAFCOs to review and update all city and special district spheres by 2008 and every five years thereafter.

4.1 Internal to Jurisdictional Boundary

All lands within LBRID are divided between two distinct designations under the County General Plan: *Rural Residential* and *Agriculture, Watershed, and Open Space*.

- Jurisdictional lands designated as *Rural Residential* lie entirely within Unit Two and are intended to accommodate low density residential uses that are in proximity to existing urbanized areas that are either in agriculture or where further parcelization shall be discouraged. The minimum lot density is 10 acres and precludes any further subdivision development based on existing lot sizes.
- Jurisdictional lands designated as *Agriculture, Watershed, and Open Space* apply to the majority of the affected areas lying outside of Unit Two and are intended to support the preservation of existing agricultural and open space uses. The minimum lot density is 160 acres and precludes any new subdivision development with the exception of a single existing lot near the northern perimeter.²²



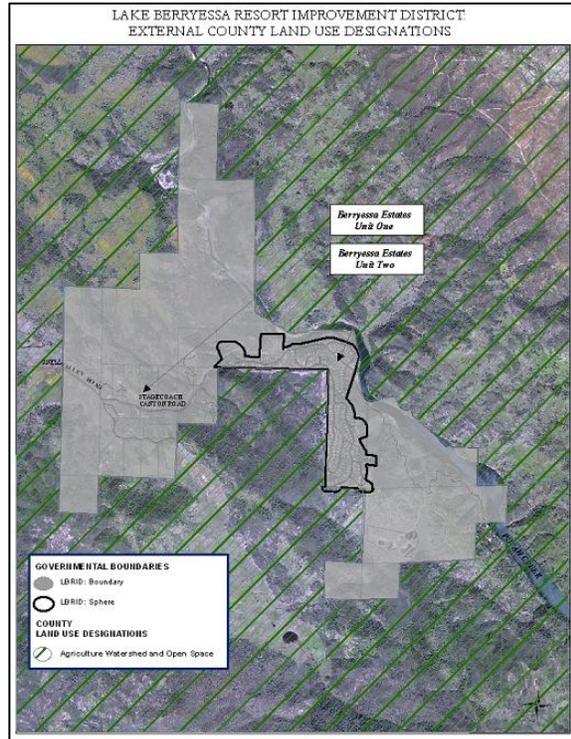
It is estimated over four-fifths of land within LBRID's jurisdictional boundary is currently undeveloped and mostly comprises natural chaparral or types of native vegetation. The remaining one-fifth of jurisdictional lands are principally developed with single-family residences in Units One (nine) and Two (180). There are also two separate community recreational sites within the jurisdiction and include marina and campground sites.

It is pertinent to note there has been a significant change in property ownership within LBRID in the last several years as a considerable amount of jurisdictional land is now owned by the Napa County Regional Park and Open Space District (NCRPOSD). Notably, in December 2010, Bournemouth LLC – a private entity that leased the affected lands to third party contactors to provide commercial camping and hunting activities – transferred at no cost the ownership of several properties within and adjacent to LBRID to NCRPOSD. The affected properties in LBRID now under the ownership of NCRPOSD are referred to as “Crystal Flats” and “Stone Corral” and include the referenced marina and campground sites. NCRPOSD anticipates developing these properties for public recreational activities although no specific projects are under consideration at this time.

²² All jurisdictional lands within LBRID are zoned by the County as *Agriculture Watershed*, an application that reinforces the County's land use policy to discourage intensified urban uses in the area.

4.2 External to Jurisdictional Boundary

All external lands immediately adjacent to LBRID’s jurisdictional boundary are designated for non-urban uses under the County General Plan as *Agriculture, Watershed, and Open Space* and subject to the referenced 160 acre minimum lot density. The pervasive land uses within these adjacent lands involve undeveloped open space characterized mostly by chaparral and other types of natural vegetation. The lone prominent exception involves a property to the south known as “Spanish Valley,” which until recently was passively developed for commercial use as camping and hunting site before the previous owner – Bournemouth LLC – transferred ownership to NCRPOSD. Additionally, and to the west, there are a limited number of rural residences located along Stagecoach Canyon Road.²³



IV. DISCUSSION

1.0 Objectives

The basic objective of this report is to identify and evaluate areas warranting consideration for inclusion or removal from LBRID’s sphere as part of a scheduled update. Underlying this effort is to designate the spheres in a manner the Commission *independently* believes will facilitate the sensible and timely development of the District consistent with the objectives of the Legislature codified in CKH (emphasis added). Specific goals under this legislation include discouraging urban sprawl, preserving open space and prime agricultural lands, and providing for the efficient extension of governmental services.

The Commission’s “Policy Determinations” were comprehensively updated in 2011 and provide general prescription in fulfilling its legislative objectives paired with responding appropriately to local conditions and circumstances. The Policy Determinations highlight the Commission’s commitment to avoid the premature conversion of important agricultural or open space lands for urban uses through a series of restrictive allowances. This includes a broad prescription to exclude lands designated as agricultural or open space from city and special district spheres for purposes of accommodating urban development with limited exceptions. An additional determination states the Commission’s support for Measure “P” by assigning deference to the County General Plan as it relates to determining agricultural and open space land use designations.²⁴

²³ There are three prominent private landowners with properties immediately adjacent to LBRID: Vasconi to the north and east; Renati to the northwest; and Smeding to the immediate west. The Bureau of Reclamation also owns the majority of lands immediately to the south of LBRID’s jurisdictional boundary.

²⁴ Measure P – formerly Measure J – was initially enacted by Napa County voters in 1990 and prohibits the County from amending agricultural or open space land use designations for urban uses without electorate approval through 2050. Measure P only applies to unincorporated lands.

2.0 Timeframe

State law requires LAFCOs review and update each local agency's sphere by January 1, 2008 and every five years thereafter as needed. Accordingly, it has been the practice of the Commission to update each local agency's sphere in a manner emphasizing a probable five-year boundary/service area; actual annexation approval, however, is dependent on the Commission determining whether the specific timing of a proposed boundary change is appropriate.²⁵ This update's analysis is consistent with this practiced timeframe.

V. STUDY CATEGORIES

1.0 Criteria

This report and its analysis on potential sphere modifications for LBRID is predicated on the core policy interest of the Commission to consider the District's existing prescribed role in providing public water and sewer services in support of the Berryessa Estates community.²⁶ This involves, most pertinently, considering the community's need for LBRID's services relative to the District's ability to provide these services consistent with the Commission's interests. Information collected and analyzed in the Commission's recent municipal service review on the Lake Berryessa region is incorporated herein.

2.0 Selection

Based on the criteria outlined in the preceding paragraph, one study category – “A” – has been selected for evaluation in this report for possible inclusion into LBRID's existing sphere. This study category has been selected for review given it represents lands totaling 1,857 acres that are all existing jurisdictional lands lying outside the current sphere. Further, based on ownership factors, this study category is divided into three distinct subareas labeled “A-1,” “A-2,” and “A-3.” A map depicting the study category and its three subareas follows.

It is important to note the report does not identify any areas lying outside LBRID's current jurisdictional boundary for possible inclusion into the District's sphere. The decision not to consider expanding the sphere beyond LBRID's jurisdiction appears appropriate at this time given the lack of perceived need for public water or sewer services coupled with the County's land use policies discouraging urban development. Irrespective of these comments, and for purposes of serving as a placeholder for a future review, there may be merit to a future sphere amendment outside the current jurisdictional boundary involving a portion of land owned by the United States' Bureau of Land Management (BLM) located immediately adjacent to Unit Two and opposite to the intersection of Harness Drive and Mustang Court. The affected land, notably, is subject to a current application by NCRPOSD to assume ownership given BLM has listed it as “surplus” and has been identified as a plausible site for a County fire station if/when funding becomes available.

²⁵ LAFCOs are directed to consider 15 specific factors under G.C. Section 56668 anytime it reviews a proposed boundary change for purposes of informing the appropriateness of the action. Additionally, it is Commission policy to discourage annexations to cities and districts involving undeveloped or underdeveloped lands without a known project or development plan.

²⁶ The recent municipal service review noted there may be need/benefit for reorganizing LBRID into a community services district (CSD) to, among other things, provide additional elevated governmental services within the Berryessa Estates community; most specifically public fire protection, roads, and recreation services. The municipal service review concluded it would be appropriate to defer taking any reorganization action on LBRID in deference to prioritizing – and then using as a model – the reorganization of Napa Berryessa Resort Improvement District (NBRID) into a CSD.