

VI. ANALYSIS

1.0 Evaluation Factors

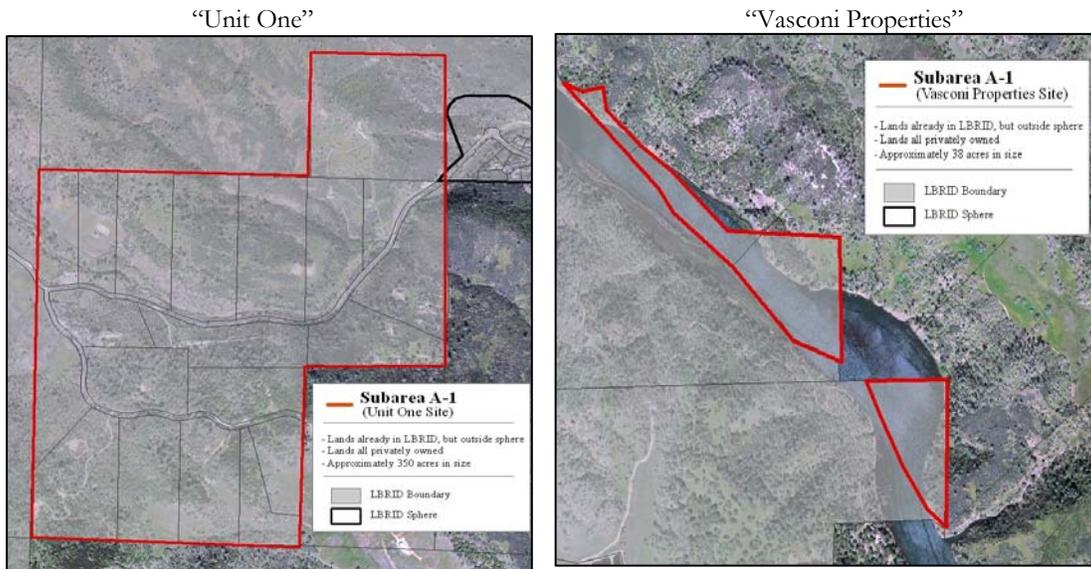
The evaluation of the study category and its three subareas selected for review as part of this report are organized to focus on addressing the five factors the Commission is required to consider anytime it makes a sphere determination under CKH. These five factors are: (a) present and planned uses; (b) present and probable need for public facilities and services; (c) present adequacy and capacity of public services; (d) existence of any social or economic communities of interest; and (e) if the agency provides water, sewer, or fire protection, present and probable need for these services for any disadvantaged unincorporated communities. Conclusions are offered for each subarea relative to evaluating the preceding factors along with incorporating the policies of the Commission in administering LAFCO law in Napa County. This includes, in particular, considering the merits of any proposed changes relative to the Commission’s four basic and interrelated policies with respect to determining the appropriate constitution of a special district sphere as summarized below.

- The location of a special district’s sphere shall serve to promote appropriate urban uses as independently determined by the Commission with limited exceptions.
- A special district’s sphere should reflect existing and planned service capacities based on information independently analyzed by the Commission.
- Lands designated for agricultural or open space uses shall not be included in a special district’s sphere for purposes of facilitating urban development unless unique and merited circumstances exist as determined by the Commission.
- A special district’s sphere shall guide annexations within a five-year planning period. Inclusion of land within a sphere, however, shall not be construed to indicate automatic approval of a subsequent annexation proposal; annexations will be considered on their own merits with deference assigned to timing.

2.0 Study Category A

2.1 Subarea A-1

A-1 comprises privately owned lands located within LBRID’s jurisdictional boundary that lie outside the District’s sphere. This subarea totals 388 approximate acres with all or portions of 24 lots. It is also divided into two non-contiguous sites. The larger of the two sites includes 20 lots comprising Unit One; one of the two planned phases of Berryessa Estates actually developed. The smaller of the two sites includes all or portions of four lots located on the eastern shoreline of Putah Creek; most of which lies underneath the waterway and are byproducts of subdivisions established prior to the creation of Lake Berryessa. This smaller site and its four lots are owned by the same family: Vasconi. These sites comprising the subarea are referred hereafter as “Unit One” and “Vasconi Properties.” Aerial maps follow.



Present and Planned Uses

The larger of the two sites – Unit One – comprising the subarea is partially developed with single-family residential estates along with other related improvements. The smaller site is – Vasconi Properties – undeveloped with no permanent structures or improvements. An expanded summary of present and planned uses in each site follows.

- The Unit One site is 350 acres in size and located immediately to the west of LBRID’s sphere. This site is primarily dedicated to large single-family residential estates with average lot sizes of 15 acres. Close to one-half of the lots have been developed with estate residences resulting in an estimated resident population of 23. Other relevant improvements within Unit One include two paved roads that provide direct ingress/egress to Unit Two: Stagecoach Canyon and Spanish Valley. It is reasonable to assume, given lot sizes and topography considerations, any future development within the remaining undeveloped lots would be limited to single-family residences as allowed under County policy and would, accordingly, produce a total buildout population of 52.
- The Vasconi Properties site is 38 acres in size and located to the east of LBRID’s sphere. This site is entirely undeveloped with no identifiable improvements. There is no direct access to the site from Unit Two. Further, given its location on the eastern shoreline of Putah Creek, no future development of the Vasconi Properties is expected due to the County’s stream setback requirements.

Present and Probable Need for Public Facilities and Services

It appears the present and probable need for public services within the subarea applies only to the Unit One site and is limited to water based on earlier reviews as well as communications with affected landowners. To this latter point, staff has been periodically contacted over the last several years with respect to receiving interest from affected landowners in Unit One in establishing water service with LBRID. (This interest, notably, was reaffirmed during the course of preparing this sphere update.) Funding the necessary infrastructure to extend water services into Unit One, however, remains an outstanding issue. All other services in Unit One appear to be adequately provided and/or are available now and into the foreseeable future to accommodate existing and probable residential estate land uses. This includes an adequate level of basic law enforcement, fire protection, and road services provided by the County as well as sufficient lot sizes to accommodate private septic systems. No public services appear needed within the Vasconi Properties site given their existing and probable future uses as noted in the preceding paragraph.

Present Adequacy and Capacity of Public Services

A detailed review of the adequacy and capacity of LBRID’s water and sewer services was performed in the Commission’s recently completed municipal service review on the Lake Berryessa region. The municipal service review indicates LBRID has adequate water supply, treatment, and storage capacities to accommodate existing and probable demands within its current service area into the foreseeable future. Providing new water service to the Unit One site – irrespective of how the actual extension would be funded – could be accommodated given these existing capacities and assuming reasonable usage requirements. The municipal service review, however, notes LBRID’s existing sewer

collection and storage capacities are already significantly overtaxed in meeting current demands during peak wet periods within the current service area and require immediate improvements. Providing new sewer service to Unit One is infeasible given these existing capacity limitations. These preceding comments also apply to the Vasconi Properties site with the added qualification the subject lands' location on the eastern side of Putah Creek would necessitate underwater piping to accommodate – if ever needed – water and sewer service.

Existence of Any Social or Economic Communities of Interest

The entire subarea has established and maintained substantive social and economic ties with LBRID given the lands' existing inclusion within the District's jurisdictional boundary. The inclusion of the subarea in the jurisdictional boundary, specifically, reflects a standing governance assumption originally established by the Commission that the affected lands, as they develop, are to be served by LBRID. Other relevant and tying factors include all of the affected lands' ongoing contribution of property tax proceeds, which help to fund LBRID's general operations. Additionally, and specific to the Unit One site, these affected lands participated in paying an earlier bond measure involving the construction of Stagecoach Canyon Road; Berryessa Estates' lone access point.

Irregardless of these comments, the County's subsequent redesignation and rezoning of the subarea for non-urban uses following LBRID's formation has changed and weakened the affected lands' social and economic ties to the District. These changes in land use policies for the subarea, in particular, have created a disconnect with respect to a special district with urban type service powers for lands now planned for non-urban uses. The Commission previously deferred to these changes in land use policies – among other factors – in choosing to exclude the subarea from LBRID's sphere.

Present and Probable Need for Water, Sewer, or Fire Protection for Any Disadvantaged Unincorporated Communities

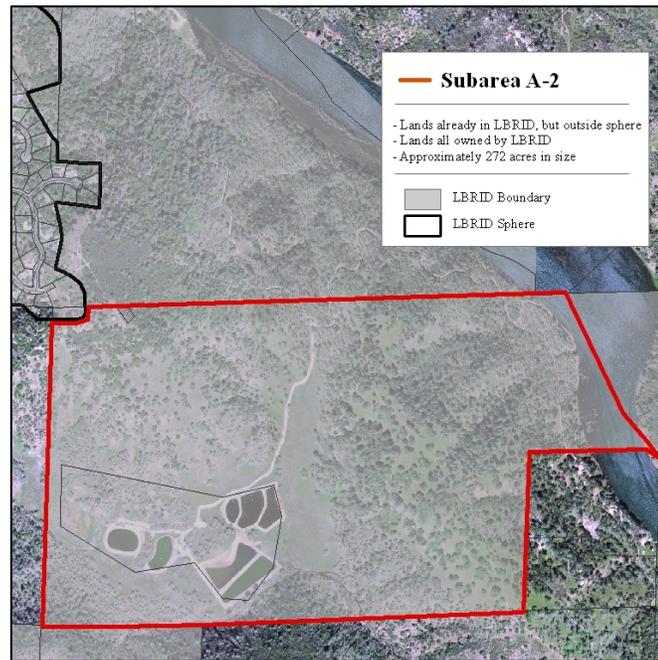
Neither of the two sites – Unit One or Vasconi Properties – qualify as disadvantaged unincorporated communities under LAFCO law. No further analysis is required.

GENERAL CONCLUSIONS

The addition of A-1 to the sphere is merited if the Commission's preference is to assign deference to the affected lands' existing social and economic ties to LBRID as a result of their standing inclusion in the District. These social and economic ties are further pronounced for the Unit One site given the landowners' earlier participation in funding the community's lone access point: Stagecoach Canyon Road. Adding Unit One would also reflect the interest of landowners to remain in LBRID for purposes of eventually establishing water service for their existing or planned single-family residential estates. It would be merited, nonetheless, to continue to exclude this subarea from the sphere if it is the preference of the Commission to assign deference to one or more of the other policy factors – such as consistency with land use factors and service plans – addressed in the accompanying analysis. An expanded discussion on these conclusions and other related issues is provided in the Executive Summary.

2.2 Subarea A-2

A-2 comprises lands owned by LBRID and located within its jurisdictional boundary, but lie outside the sphere. This subarea totals approximately 272 acres. It consists of one contiguous site made up of all or portions of three lots; one of which contains LBRID's treated wastewater ponds and adjacent spray fields while the other two are substantially undeveloped with the notable exception of a paved private road. The subarea represents the central portion of Stone Corral. An aerial map follows.



Present and Planned Uses

The entire subarea is undeveloped with no permanent structures. There are, however, several improvements located within the lots comprising the subarea. The middle sized lot is 32 acres in size and entirely dedicated to LBRID's wastewater treatment facilities. The treatment facilities are anchored by a basic aerobic/anaerobic pond system in which solids are continually suspended as wastewater is gravity-flowed between four treatment ponds before settling into one of three finishing ponds. The remaining portion of this lot is used as a spray field for the treated wastewater. The largest lot is 240 acres in size and part of Stone Corral. This larger lot includes a small number of improvements that include a paved private road along with auxiliary features tied to its previous use as a commercial/hunting site (i.e., dirt trails and staging areas). LBRID assumed ownership for the larger lot in December 2010 as part of a land donation made by Bournemouth LLC. It is expected that LBRID will eventually construct additional treatment/finishing ponds on the larger lot pending the completion of a new facilities plan. LBRID staff also states the District will transfer the portion of the larger lot that is not needed for the expansion of the District's wastewater treatment facilities to NCRPOSD.

Present and Probable Need for Public Facilities and Services

It appears the present need for public services within the subarea is limited given its existing and future land uses to include only a basic level of fire protection and law enforcement; all of which appear adequately provided at this time by the County. It is possible additional public services – such as water and sewer – will be needed in the future for the larger of the three lots comprising the subarea if, as anticipated, NCRPOSD assumes ownership and proceeds with developing a public park project.

Present Adequacy and Capacity of Public Services

A detailed review of the adequacy and capacity of LBRID's water and sewer services was performed in the Commission's recently completed municipal service review on the Lake Berryessa region. The municipal service review indicates LBRID has adequate water supply, treatment, and storage capacities to accommodate existing and probable demands within its current service area into the foreseeable future. Providing new water service to the subarea – irrespective of how the actual extension would be funded – could be accommodated given these existing capacities and assuming reasonable usage requirements. The municipal service review, however, notes LBRID's existing sewer collection and storage capacities are already significantly overtaxed in meeting existing demands during peak wet periods within the current service area and require immediate improvements. Providing new sewer service to the subarea appears infeasible given these existing capacity limitations.

Existence of Any Social or Economic Communities of Interest

The entire subarea has established substantive social and economic ties with LBRID given the lands' existing inclusion within the District's jurisdictional boundary. The inclusion of the subarea in the jurisdictional boundary, specifically, reflects a standing governance assumption originally established by the Commission that the affected lands, as they develop, are to be served by LBRID. These social and economic ties were further enhanced with LBRID recently assuming ownership of all of the affected lands as of December 2010.

Irregardless of the above comments, and similar to the other subareas reviewed in this update, the County's subsequent redesignation and rezoning of this subarea for non-urban uses following LBRID's formation has changed and weakened the affected lands' social and economic ties to the District. These changes in land use policies for the subarea, in particular, have created a disconnect with respect to a special district with urban type service powers for lands now planned for non-urban uses. The Commission previously deferred to these changes in land use policies – among other factors – in choosing to exclude the subarea from LBRID's sphere.

Present and Probable Need for Water, Sewer, or Fire Protection for Any Disadvantaged Unincorporated Communities

The subarea does not qualify as disadvantaged unincorporated communities under LAFCO law. No further analysis is required.

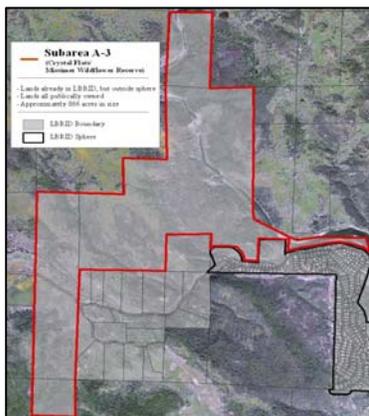
GENERAL CONCLUSIONS

The addition of A-2 to the sphere is merited if the Commission’s preference is to assign deference to the affected lands’ existing social and economic ties as a result of their standing inclusion in the District. The addition of the subarea would also recognize LBRID’s present ownership of the affected lands, which by Commission practice has served as justification in including lands in other special district sphere designations. It is also reasonable to assume – although uncertain at this time – the anticipated future landowner change for a significant portion of the subarea to NCRPOSD would be in advance of a potential public park project and may trigger the need for water and sewer services. It would be merited, nonetheless, to continue to exclude this subarea from LBRID’s sphere if it is the preference of the Commission to assign deference to one or more of the other factors – such as consistency with land use factors and service plans – addressed in the accompanying analysis. An expanded discussion on these conclusions and other related issues is provided in the Executive Summary.

2.3 Subarea A-3

A-3 comprises lands owned by either public or nonprofit agencies located within LBRID’s jurisdictional boundary, but lie outside the District’s sphere. This subarea totals approximately 1,115 acres and comprises all or portions of nine lots. It is also divided into three non-contiguous sites identified as “Crystal Flats/Missimer Wildflower Reserve,” “North Stone Corral,” and “South Stone Corral.” Aerial maps for all three sites follow.

“Crystal Flats/Wildflower Reserve”



“North Stone Corral”



“South Stone Corral”



Present and Planned Uses

All three sites comprising the subarea are undeveloped with no permanent structures. There are limited physical improvements and auxiliary facilities, however, within all three sites to accommodate past and/or current passive recreational activities. An expanded summary of present and planned uses within each site follows.

- The Crystal Flats/Missimer Wildflower Preserve site is the largest of the three sites comprising the subarea with 866 acres. The majority of the affected lands is owned by NCRPOSD and comprises the Crystal Flats area and includes limited improvements primarily tied to a locked gated camping ground located along the western shoreline of Putah Creek. The campground consists of several picnic tables and portable toilets; all of which are voluntarily managed by the Berryessa Estates Property Owners Association. It appears – although no projects are planned at this time – NCRPOSD will eventually consider additional improvements for the Crystal Flats area as part of a future public park/recreational project. The remaining lands in this site are owned by the Napa County Land Trust and have been under permanent conservation since 1999. These lands comprise the Missimer Wildflower Preserve; a gated area available for public touring by appointment that contain, according to the Land Trust, over 290 native plant species. Improvements in this area are limited to a paved driveway providing access to an adjacent residence from Snell Valley Road.
- The Northern Stone Corral site is 173 acres in size and entirely owned by NCRPOSD. The affected lands include limited improvements that are primarily tied to an unlocked gated marina located along the western shoreline of Putah Creek. The marina is managed by the Berryessa Estates Property Owners Association and includes picnic tables, portable toilets, and a boat launch. A stone corral – presumably constructed in the early 1900s – also borders a portion of the marina. It appears – although no projects are planned at this time – NCRPOSD may eventually consider additional improvements for the Northern Stone Corral site as part of a future public park/recreational project.
- The Southern Stone Corral Site is 76 acres in size and entirely owned by NCRPOSD. The affected lands include limited improvements that are primarily tied to its previous use as a commercial/hunting site (i.e., dirt trails and staging areas). NCRPOSD assumed ownership for the larger lot in December 2010 as part of a land donation made by Bournemouth LLC. It appears – although no plans exist – NCRPOSD will eventually consider additional improvements for the Southern Stone Corral site as part of a future public park/recreational project.

Present and Probable Need for Public Facilities and Services

It appears the present need for public services within the subarea is limited given its existing and future land uses to include only a basic level of fire protection and law enforcement; all of which appear adequately provided at this time by the County. It is possible additional public services – such as water and sewer – will be needed for the Corral Stone sites in the future if NCRPOSD proceeds with developing a public park/recreational project.

Present Adequacy and Capacity of Public Services

A detailed review of the adequacy and capacity of LBRID's water and sewer services was performed in the Commission's recently completed municipal service review on the Lake Berryessa region. The municipal service review indicates LBRID has adequate water supply, treatment, and storage capacities to accommodate existing and probable demands within its current service area into the foreseeable future. Providing new water service to the subarea – irrespective of how the actual extension would be funded – could be accommodated given these existing capacities and assuming reasonable usage requirements. The municipal service review, however, notes LBRID's existing sewer collection and storage capacities are already significantly overtaxed in meeting existing demands during peak wet periods within the current service area and require immediate improvements. Providing new sewer service to the subarea appears infeasible given these existing capacity limitations.

Existence of Any Social or Economic Communities of Interest

The entire subarea has established substantive social and economic ties with LBRID given the lands' existing inclusion within the District's jurisdictional boundary. The inclusion of the subarea in the jurisdictional boundary, specifically, reflects a standing governance assumption originally established by the Commission that the affected lands, as they develop, are to be served by LBRID. Irregardless of these comments, and similar to the other subareas reviewed in this update, the County's subsequent redesignation and rezoning of this subarea for non-urban uses following LBRID's formation has changed and lessened the affected lands' social and economic ties to the District. These changes in land use policies for the subarea, in particular, have created a disconnect with respect to a special district with urban type service powers for lands now planned for non-urban uses. The Commission previously deferred to these changes in land use policies, among other factors, in excluding the subarea from the sphere.

Present and Probable Need for Water, Sewer, or Fire Protection for Any Disadvantaged Unincorporated Communities

The subarea does not qualify as disadvantaged unincorporated communities under LAFCO law. No further analysis is required.

GENERAL CONCLUSIONS

The addition of A-3 to the sphere appears merited if the Commission's preference is to assign deference to the affected lands' existing social and economic ties to LBRID as a result of their standing inclusion in the District. This deference appears particularly applicable to the Stone Corral sites given it is reasonable to assume – although uncertain at this time – the future development of a public park/recreational project within these lands may trigger the need for LBRID's water and sewer services. It would be merited, nonetheless, to continue to exclude this subarea from LBRID's sphere if it is the preference of the Commission to assign deference to one or more of the other policy factors – such as consistency with land use factors and service plans – addressed in the accompanying analysis. An expanded discussion on these conclusions and other related issues is provided in the Executive Summary.

II. EXECUTIVE SUMMARY

A. Overview

The Lake Berryessa region is home to close to 10% of the total unincorporated population in Napa County. Nearly all of this population resides within one of four distinct unincorporated communities: Berryessa Estates; Berryessa Highlands; Berryessa Pines; and Spanish Flat. All four communities began developing subdivided lots in the early 1960s with the expectation they would eventually and collectively result in roughly 7,000 residential units with a permanent population of over 15,000. The development of these communities, however, currently stands at one-tenth relative to initial expectations with approximately 700 residential units and an estimated population of 1,800.

Governmental services in the region are principally limited to public water and sewer provided by LBRID (Berryessa Estates), NBRID (Berryessa Highlands), and SFWD (Berryessa Pines and Spanish Flat); other pertinent public services available in the region, including public safety, roads, and waste disposal, are provided at a basic level by the County of Napa. The lack of planned development in the region has resulted in significant diseconomies of scale for LBRID, NBRID, and SFWD in which they must spread out their increasing service costs among relatively small customer bases. Markedly, the diseconomies of scale coupled with past policy decisions to limit user charges have directly contributed to all three Districts developing structural deficits with no operating reserves while deferring needed capital improvements – especially to the sewer systems. These financial challenges appear most pressing for LBRID and NBRID as they have become entirely dependent on the County over the last two years for emergency loans to maintain cash flow. The pending redevelopment of the United States Bureau of Reclamation’s seven concession sites in the region has also created additional financial constraints on NBRID and SFWD with respect to losses in past and future operating revenues. Specifically, the two concession sites served by NBRID and SFWD were closed in 2008 and are not expected to be fully operational until 2021. Uses within these two concession sites are also expected to be developed at significantly lower densities indicating a measurable decline in associated revenues.

In step with the financial and service challenges permeating the region, there appears to be a growing desire among landowners and residents within both LBRID and NBRID to reorganize the respective agencies to become independent from the County. The desire for independence appears most strong among NBRID constituents based on ongoing communication with the Commission. This includes support from the new concessionaire contracted to develop and operate the former Steele Park Resort site, the Pensus Group. The County Board of Supervisors – serving as the NBRID Board – agrees with this sentiment and has formerly requested the Commission expeditiously reorganize the District into a community services district as allowed under Senate Bill 1023.⁴ The County’s request includes allowing the Supervisors to continue to serve as the District Board as part of a transition plan negotiated with community stakeholders with the goal of calling for an election to seat new board members on or before November 2012. Importantly, though it will not in and of itself improve solvency, reorganizing NBRID into a community services

⁴ Senate Bill 1023 became effective January 1, 2011 and authorizes LAFCOs to reorganize resort improvement districts into CSDs with the same powers, duties, and boundaries while waiving protest proceedings. The legislation also authorizes LAFCOs to condition approval to include the election of five resident voters to serve as board members.

district with the same powers and jurisdiction is merited. Reorganization would position the community to become more responsive to changes in constituent needs by having the power to provide additional municipal services in support of Berryessa Highlands' continued development. This statement is particularly pertinent given State law restricts NBRID to only provide water and sewer services due to a 1971 amendment to its principal act. In contrast, State law would allow the new community services district – subject to future Commission approval – to provide a full range of municipal services, such as roads, parks, and fire protection. Reorganization would also improve public accountability by presumably facilitating the delegation of responsibilities in planning for the present and future service needs of the community from the County to local residents.

B. Determinations

As mentioned, as part of the municipal service review process, the Commission must prepare written determinations addressing the service factors enumerated under G.C. Section 56430. The service factors range in scope from considering infrastructure needs and deficiencies to relationships with growth management policies. The determinations serve as statements or conclusions and are based on information collected, analyzed, and presented in the individual agency reviews.

1. Growth and population projections for the affected area.

Regional Statements

- a) LBRID, NBRID, and SFWD are the governmental agencies solely responsible for providing public water and sewer services in support of the four unincorporated communities located within the region: Berryessa Estates; Berryessa Highlands; Berryessa Pines; and Spanish Flat. The current and future welfare of these communities is dependent on the solvent operations of these three agencies.
- b) The combined estimated resident service population within LBRID, NBRID, and SFWD totals 1,804 and represents 6.3% of the overall unincorporated population.
- c) It is estimated LBRID, NBRID, and SFWD have experienced a combined 1.9% annual growth rate over the last five years resulting in 153 new residents within their respective jurisdictional boundaries. This combined growth rate exceeded growth in the remaining unincorporated areas over the last five years by a ratio of six to one.
- d) It is reasonable to assume the rate of population growth within LBRID, NBRID, and SFWD relative to the last five years will decrease by nearly one-half from its current annual estimate of 1.9% to 1.0% based on demographic information recently issued by the Association of Bay Area Governments. If this assumption proves accurate, the combined resident population in all three districts will be 1,896 by 2015.

- e) Current non-residential growth within the Lake Berryessa region is primarily limited to relatively small commercial and local-serving sites predominantly located within SFWD's Spanish Flat service area. Limited public recreational uses also currently exist throughout the region and are tied to private concessionaire arrangements managed by the United States Bureau of Reclamation. These existing non-residential uses have relatively minimal impact on public water and sewer service demands.
- f) It is reasonable to assume public recreational uses in the Lake Berryessa region will significantly expand in the timeframe of this review in conjunction with the United States Bureau of Reclamation's redevelopment plans for the seven concessionaire sites located along the shoreline. Two of the seven concessionaire sites, Lupine Shores and Foothill Pines Resorts, are located within NBRID and SFWD's respective jurisdictional boundaries and will – based on the development plans recently approved by the Bureau – measurably impact these agencies' water and sewer systems.
- g) The planned uses for the remaining five concessionaire sites in the Lake Berryessa region suggest it would be appropriate to consider including the affected lands within the spheres of influence of existing or new special districts to help support their orderly growth and uses given the Commission's policies and objectives. Consideration should incorporate and defer, as appropriate, to the input and preferences of the United States Bureau of Reclamation.

Agency Specific Statements

- a) Residential uses comprise nearly all development within LBRID and currently include 188 developed single-family lots with an estimated resident population of 483. Buildout would presumably involve the development of the remaining 193 privately-owned lots in Berryessa Estates' Unit One and Unit Two and result in the District's resident population more than doubling to 979.
- b) Residential uses in NBRID currently comprise 358 developed single-family lots with an estimated resident population of 920. Buildout would presumably involve the development of the remaining 267 privately-owned lots in Berryessa Highlands' Unit One and Unit Two and result in the District's resident population increasing by over one-half to 1,606.
- c) NBRID's buildout is also expected to include the opening of Lupine Shores Resort with demands equivalent to 88 lots or users; an amount measurably less than the 228 equivalent lots associated with the former Steele Park Resort.
- d) Residential uses in SFWD currently comprise 167 single-family and mobile home residences with an estimated population of 401. Buildout would presumably involve the development of the remaining 62 privately-owned lots within Berryessa Pines and Spanish Flat and result in the District's resident population increasing by over one-third to 560.

- e) SFWD's buildout is also expected to include the opening of Foothill Pines Resort with demands equivalent to 36 lots or users; an amount measurably less than the 221 equivalent lots associated with the former Spanish Flat Resort.

2. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.

Regional Statements

- a) LBRID, NBRID, and SFWD's infrastructure systems – particularly relating to sewer – are becoming increasingly inefficient in meeting current demands as a result of antiquated facilities coupled with new regulatory standards.
- b) Contracted water supplies with the Napa County Flood Control and Water Conservation District are sufficient with respect to accommodating current and projected annual demands at buildout within LBRID, NBRID, and SFWD's respective jurisdictional boundaries. These supplies are a byproduct of the United States Bureau of Reclamation's Solano Project and considered reliable during single and multiple-dry year conditions based on historical levels at Lake Berryessa.
- c) LBRID, NBRID, and SFWD's water treatment and storage capacities are adequately sized to meet current and projected peak day demands within the timeframe of this review. These existing capacities help to ensure adequate reserves are available during an emergency or interruption in service as required under State law.
- d) Moderate to significant water treatment and storage capacity expansions will be needed to meet projected peak day demands at buildout within LBRID, NBRID, and SFWD's Spanish Flat service area.
- e) Other pertinent public services in the region, including law enforcement, fire protection, street maintenance, and waste disposal, are provided directly or indirectly by the County of Napa and appear to have sufficient capacities relative to existing community needs. Community preferences to elevate the range and level of these County-provided services would require local funding and presumably need to delegate to an existing or new special district.

Agency Specific Statements

- a) The buildout of LBRID's jurisdictional boundary is expected to more than double its annual water demand from 29.5 to 65.7 acre-feet. This projected buildout demand can be reliably accommodated by the District given the total would represent only 33% of its contracted water supply.
- b) LBRID's water treatment and storage facilities have surplus capacity in meeting the current peak day demand total of 0.40 acre-feet. This total represents 52% and 32% of the District's available treatment and storage capacities, respectively, and is expected to accommodate peak day demands through the timeframe of this review.

- c) A moderate expansion to LBRID's water treatment capacity in the amount of 0.08 acre-feet would be needed for the District to meet its projected peak day demand of 0.85 acre-feet at buildout within Berryessa Estates.
- d) LBRID's sewer system is designed with sufficient capacity to meet average day demands within its jurisdictional boundary through the timeframe of this review. Current peak day wet-weather demands, however, substantially exceed existing capacities by over 40%. These excessive totals are attributed to increasing infiltration into the collection system and have directly resulted in a series of unauthorized spills leading to two substantial fines by the Regional Water Quality Control Board.
- e) Excessive peak day wet-weather demands for LBRID are expected to continue without significant improvements to the collection system to reduce infiltration, and therefore subject the District to additional fines and related sanctions.
- f) The buildout of NBRID's jurisdictional boundary – including the planned development of Lupine Shores Resort – is expected to nearly double the District's current annual water demand from 71.4 to 132.6 acre-feet. This projected buildout demand can be reliably accommodated by the District given the total would represent only 44% of its contracted water supply.
- g) NBRID's water treatment and storage facilities have surplus capacity in meeting the current peak day demand total of 1.5 acre-feet. This total represents 79% and 98% of the District's available treatment and storage capacities, respectively, and is expected to accommodate peak day demands through the timeframe of this review.
- h) Significant improvements would be needed to increase NBRID's water treatment and storage capacities to meet the projected peak day demand of 2.6 acre-feet at buildout within Berryessa Highlands.
- i) NBRID's sewer system is designed with sufficient capacity to meet current average day demands within its jurisdictional boundary through the timeframe of this review. Current peak day wet-weather demands, however, substantially exceed the District's existing capacity by over 50% due to pervasive infiltration into the collection system as well as poor drainage at its spray field site.
- j) Excessive demands on the sewer system during extended storm events have directly resulted in NBRID receiving multiple violation notices from the Regional Water Quality Control Board as well as a recent Cease and Desist Order directing the District to limit its average day sewer flows to 50,000 gallons; an amount the District will continue to exceed without significant improvements to its collection system.
- k) The need for substantial improvements to NBRID's sewer collection system to reduce infiltration is evident given current average day demands during dry weather equal close to 100% of the District's daily water demands.

- l) The buildout of SFWD's entire jurisdictional boundary – including the planned development of Foothill Pines Resort – is expected to raise the District's annual water demand by over three-fifths from 59.0 to 94.5 acre-feet. This projected buildout demand can be reliably accommodated by the District given the total would represent only 47% of its contracted water supply.
- m) SFWD's water treatment and storage facilities within the Berryessa Pines service area have surplus capacities in meeting the current peak day demand total of 0.17 acre-feet. This total represents 39% and 55% of the District's available treatment and storage capacities, respectively, in the service area and is expected to accommodate peak day demands through the timeframe of this review.
- n) No additional capacity expansions would be needed to SFWD's water treatment and storage facilities within the Berryessa Pines service area to meet the projected peak day demand of 0.22 acre-feet at buildout.
- o) SFWD's sewer system in the Berryessa Pines service area appears to be adequately designed to accommodate current average and peak day demands, although specific capacity levels are not documented. The lack of documentation creates uncertainty in assessing the ability of the District to sufficiently accommodate additional sewer demands within Berryessa Pines.
- p) SFWD's water treatment capacity within the Spanish Flat service area has surplus capacity in meeting the projected peak day demand total of 0.31 acre-feet. This total represents 58% of SFWD's available treatment capacity and is expected to accommodate peak day demands through buildout.
- q) Overall storage capacities within SFWD's Spanish Flat service area are presently operating beyond capacity relative to accommodating the current peak day demand total of 0.31 acre-feet. This existing constraint is specifically tied to deficient storage within the initial pressure zone, which currently serves close to three-fourths of the customer base and is undersized by one-fifth in meeting its proportional share of the peak day water demand.
- r) Significant improvements would be needed to nearly double SFWD's overall water storage capacities within the Spanish Flat service area to meet the projected peak day demand of 0.52 acre-feet at buildout.
- s) SFWD's sewer system in the Spanish Flat service area is designed with sufficient capacity to meet current and projected average as well as peak day demands through the timeframe of this review. Improvements would be needed to increase capacity during wet-weather conditions at buildout.

3. Financial ability of agencies to provide services.

Regional Statements

- a) The ability of LBRID, NBRID, and SFWD to generate adequate operating revenues in the absence of high user charges is difficult given the lack of planned development within their respective jurisdictional boundaries. The diseconomies of scale associated with the lack of planned development coupled with past policy decisions to limit user charges have directly contributed to all three agencies developing structural deficits with no operating reserves.

Agency Specific Statements

- a) Solvency for LBRID and NBRID remains a critical issue as both districts have experienced precipitous declines in their unrestricted reserves due to persistent operating shortfalls resulting in negative balances.
- b) LBRID has experienced over a 400% decline in its unrestricted fund balance over the last five years from \$0.14 to \$(0.72) million. This decrease is attributed to \$1.01 million in net income losses since 2006.
- c) NBRID has experienced over a 300% decline in its unrestricted fund balance over the last five years from \$0.25 to \$(0.58) million. This decrease is attributed to \$0.96 million in net income losses since 2006.
- d) Due to their structural deficits in which expenses have been consistently exceeding revenues, LBRID and NBRID have become entirely dependent on discretionary loans from the County of Napa to maintain positive cash flows.
- e) The ability and consent of LBRID and NBRID constituents to assume additional costs is uncertain since they currently pay on average \$304 and \$217 per month, respectively, for water and sewer related services; totals believed to be the highest in Napa County.
- f) The current financial position of SFWD is uncertain given no audit has been prepared on the District's financial statements since the 2006-2007 fiscal year; a year in which the District finished with an unrestricted fund balance of (\$0.26 million).

4. Status and opportunities for shared facilities.

Regional Statements

- a) LBRID, NBRID, and SFWD serve unincorporated communities with common social and economic interests directly tied to residential, commercial, and recreational activity at Lake Berryessa. These common interests suggest all three districts continue to pursue existing and new opportunities to share resources for the collective benefit of their respective constituents.

- b) LBRID, NBRID, and SFWD should explore opportunities to contract with a single vendor to provide administrative and operational support services. This type of arrangement may help economize limited resources while establishing more uniform levels of management services. This type of arrangement may also serve as a litmus test in considering the merits of other resource-sharing alternatives in the region.

Agency Specific Statements

- a) LBRID and NBRID's organizational dependency to the County of Napa provides continual cost-savings with respect to the districts sharing staff, equipment, and materials. It is reasonable to assume separating one or both of the districts from the County would result in moderate to significant cost increases to the agencies.
- b) SFWD reports it has made a concerted effort to no avail in the past to explore mutually beneficial opportunities to share resources with other districts in the greater area, including NBRID and Circle Oaks County Water District. The Commission commends these efforts and encourages SFWD to continue pursuing cost sharing efficiencies with other neighboring agencies.
- c) A significant portion of SFWD's potable water system is located on federal property under an easement with the United States Bureau of Reclamation that expired in 1999. It is imperative SFWD renew its easement with the Bureau to ensure the District has immediate and timely access to its service infrastructure.

5. Accountability for community service needs, including governmental structure and operational efficiencies.

Regional Statements

- a) LBRID, NBRID, and SFWD are governed and managed by responsive and dedicated public servants operating under challenging circumstances with respect to maximizing the use and benefit of limited resources on behalf of their respective constituents.
- b) LBRID and NBRID have made concerted efforts over the last several years to improve outreach with their respective constituents. These efforts have helped clarify the roles and responsibilities of the Districts apart from the County of Napa and contributed to strengthening the social and economic interests within the communities.
- c) It would be advantageous for LBRID, NBRID, and SFWD to each develop and maintain agency websites for purposes of posting pertinent service and financial information for public viewing. These actions will strengthen the Districts' accountability to their respective constituents while helping to foster needed civic engagement regarding the current and planned services of the agencies.

Agency Specific Statements

- a) LBRID and NBRID were formed to provide a broad range of municipal services for the Berryessa Estates and Berryessa Highlands communities. However, due to an amendment to their principal act, the Districts are limited to providing only water and sewer services with all other pertinent public services generally provided at a basic level by the County of Napa.
- b) It is reasonable to assume the continued development of the Berryessa Estates and Berryessa Highlands communities will eventually necessitate the need for other elevated public services to support existing development; services that would require either expanding LBRID and NBRID's powers through reorganizations or creating new special districts.
- c) LBRID and NBRID are governed by the County of Napa Board of Supervisors who are elected by, and accountable to, registered voters residing in their assigned ward. This governance system diminishes local accountability given constituents are limited to voting for only one of the five District board members.
- d) There is increasing acrimony among LBRID and NBRID constituents with respect to the County of Napa's management of the two Districts. This acrimony has led to growing desire among landowners and residents within both Districts to reorganize their respective agencies to become independent. The desire for reorganization appears strongest among NBRID constituents based on communication with the Commission.
- e) Given underlying governance and service challenges, it would be appropriate to expedite NBRID's reorganization into a community services district with the same powers and jurisdiction as authorized under Senate Bill 1023. Reorganization would position the community to become more responsive to changes in constituent needs by having the power – subject to subsequent Commission approval – to provide additional municipal services in support of Berryessa Highlands' continued development. Reorganization would also improve public accountability by presumably facilitating the delegation of responsibilities in planning for the present and future service needs of the community from the County to local residents.
- f) Reorganization of NBRID into a community services district can serve as a model for LBRID and its constituents in assessing preferences and objectives as it relates to the governance of public services in the community.
- g) Reorganization of SFWD is not a priority given the constituents' apparent satisfaction of the District's governance and management. Nonetheless, given the potential future need for additional public services that are outside SFWD's existing powers, reorganization may be appropriate at a later time.

6. Relationship with regional growth goals and policies.

Regional Statements

- a) LBRID, NBRID, and SFWD serve vital roles in supporting the County of Napa's land use policies with regard to providing necessary public water and sewer services to four of the largest planned unincorporated communities in Napa County.