



Local Agency Formation Commission of Napa County
LAFCO of Napa County

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

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

REGULAR MEETING AGENDA

4:00 P.M.

Monday, February 1, 2010
County of Napa Administration Building
1195 Third Street, Board Chambers
Napa, California 94559

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

2. PLEDGE OF ALLEGIANCE

3. APPROVAL OF MINUTES

Minutes of December 7, 2009

4. PUBLIC COMMENTS

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

5. CONSENT ITEMS

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

a) Second Quarter Budget Report for 2009-2010

The Commission will receive a second quarter budget report for the 2009-2010 fiscal year. The report compares adopted and actual expenses through the first six months and projects the Commission is on course to finish the fiscal year with approximately \$107,000 in budgeted funds. The report is being presented for the Commission to receive and file.

b) New Legislation for 2010

The Commission will review a report from staff summarizing new legislation affecting LAFCOs that became effective as of January 1, 2010.

c) Current and Future Proposals

The Commission will receive a report summarizing current and future proposals. The report is being presented for information.

6. PUBLIC HEARING ITEMS

Any member of the public may address the Commission with respect to a scheduled public hearing item. Comments should be limited to no more than five minutes unless additional time is permitted by the Chair.

a) Jefferson Street No. 9 Annexation to the Napa Sanitation District

The Commission will consider an application by a landowner to annex 0.68 acres of incorporated territory in the City of Napa to the Napa Sanitation District. Staff recommends approval with standard conditions. Staff also recommends the Commission adopt a negative declaration consistent with the findings of an initial study concluding the annexation will not have any significant impacts on the environment. The County Assessor's Office identifies the parcel included in the proposal as 038-581-002.

PUBLIC HEARING ITEMS CONTINUED...

b) Linda Vista Avenue No. 20 Annexation to the Napa Sanitation District

The Commission will consider an application by a landowner to annex 0.83 acres of incorporated territory in the City of Napa to the Napa Sanitation District. Staff recommends approval of the annexation with standard terms and conditions. Staff also recommends the Commission adopt a negative declaration confirming the findings of an initial study finding the annexation will not have a significant effect on the environment. The County Assessor's Office identifies the parcel included in the proposal as 007-293-005.

c) Ratification of an Outside Service Agreement Approval for the Napa Sanitation District Involving 2047 Big Ranch Road in the City of Napa

The Commission will consider ratifying an outside service agreement approved by the Chair authorizing the Napa Sanitation District to provide temporary public sewer service to 2047 Big Ranch Road in the City of Napa to address a public health threat. Staff recommends approval along with waiving the application fee. The County Assessor's Office identifies the parcel in the proposal as 038-170-006

7. ACTION ITEMS

a) Trancas Crossing Park Annexation to the City of Napa: Continuation (4:00 P.M.)

The Commission will continue consideration of a proposal from the City of Napa to annex approximately 33 acres of unincorporated territory located adjacent to the eastern terminus of Old Trancas Street. The proposal is intended to facilitate the development of a public park. Staff has prepared a second report addressing issues raised during the initial review of the proposal at the Commission's December 7, 2009 meeting. Staff has amended its earlier recommendation to eliminate a special condition to approval requiring Napa reach an agreement with neighboring landowners on the construction of an extended fence. The County Assessor's Office identifies the parcel included in the proposal as 038-190-020.

b) Draft Proposed Budget for Fiscal Year 2010-2011

The Commission will review a draft proposed budget from the Budget Committee for 2010-2011 projecting overall operating expenses at \$413,480. The projected amount represents a 16.8% decrease over the current fiscal year. The Committee also proposes substantive changes to the budget process, including the elimination of apportioning annual reserves and contingencies in favor of establishing a policy to maintain three months of operating reserves in the fund balance. The draft proposed budget is being presented to the Commission for approval and circulation for review by the funding agencies.

c) Financial Audit for Fiscal Year Ending June 30, 2009

The Commission will review an outside consultant's report auditing the agency's financial statements for the 2008-2009 fiscal year. The report is being presented to the Commission to receive and file.

8. DISCUSSION ITEMS

a) Legislative Report

The Commission will receive a report on the second year of the 2009-2010 session of the California Legislature as it relates to bills directly or indirectly effecting Local Agency Formation Commissions.

b) Review of Disclosure Requirements

The Commission will receive a verbal report from Counsel reviewing disclosure requirements.

9. COMMISSION WORKSHOP ITEMS

The Commission will continue consideration of items originally schedule as part of its December 7, 2009 biannual workshop. No written reports are associated with any workshop item.

a) Proposal Review Factors and Imposing Terms and Conditions

The Commission will receive a presentation from staff discussing the factors required for review for all change of organization or reorganization proposals and its authority to impose terms and conditions.

b) Goals and Objectives

Commissioners will discuss their goals and objectives for the agency over the next two years.

10. EXECUTIVE OFFICER REPORT

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

- CALAFCO Proposal to Establish Voting Regions
- City of American Canyon Sphere of Influence Update

11. COMMISSIONER COMMENTS; REQUEST FOR FUTURE AGENDA ITEMS

12. ADJOURNMENT TO NEXT REGULAR SCHEDULED MEETING:

April 5, 2010

Materials relating to an item on this agenda that have been submitted to the Commission after distribution of the agenda packet are available for public inspection at the LAFCO office during normal business hours. Commissioners are disqualified from voting on any proposals involving entitlements of use if they have received campaign contributions from an interested party. The law prohibits a Commissioner from voting on any entitlement when he/she has received a campaign contribution(s) of more than \$250 within 12 months of the decision, or during the proceedings for the decision, from any interested party involved in the entitlement. An interested party includes an applicant and any person with a financial interest actively supporting or opposing a proposal. If you intend to speak on any hearing item, please indicate in your testimony if you have made campaign contributions totaling \$250 or more to any Commissioner during the past 12 months. Any member of the public requiring special assistance with respect to attending or listening to the meeting should contact LAFCO staff 24 hours in advance at (707) 259-8645.

THIS AGENDA HAS BEEN POSTED AT THE FOLLOWING LOCATIONS:

LAFCO Office
1700 Second Street
Napa, California 94559

County Administration Office
1195 Third Street
Napa, California 94559



Local Agency Formation Commission
LAFCO of Napa County

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

February 1, 2010

Agenda Item No. 5a (Consent: Action)

January 25, 2010

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: Second Quarter Budget Report for 2009-2010

The Commission will receive a second quarter budget report for the 2009-2010 fiscal year. The report compares adopted and actual expenses through the first six months and projects the Commission is on course to finish the fiscal year with approximately \$107,000 in budgeted funds. The report is being presented for the Commission to receive and file.

The Local Agency Formation Commission of Napa County's ("Commission") annual budget is funded by the County of Napa and the Cities of American Canyon, Calistoga, Napa, St. Helena, and Yountville. State law dictates the County is responsible for one-half of the Commission's annual budget with the remaining amount proportionally shared by the five cities based on a weighted calculation of population and general revenues. It is the Commission's practice to only budget expenses given its prescribed funding sources.

The Commission divides its annual budget into three units: (a) salaries/benefits; (b) services/supplies; and (c) contingencies/reserves. The Commission practices bottom-line accounting, which allows for shortfalls within individual accounts in the salaries/benefits and services/supplies units as long as the overall balance remains positive. Funds may not be drawn from the contingencies/reserves unit without Commission approval.

A. Discussion

On June 1, 2009, the Commission adopted a final budget for 2009-2010 totaling \$496,961. The Commission's actual expenses through the second quarter, including encumbrances, totals \$176,035. This amount represents 35% of the adopted budget with 50% of the fiscal year complete as summarized in the following table.

Adopted and Actual Expenses Through the Second Quarter

(July 1, 2009 through December 31, 2009)

<u>Adopted Expenses</u>	<u>Actual Expenses</u>	<u>Balance</u>	<u>% Available</u>
\$496,961	\$176,035	\$320,925	64.6

An expanded discussion of adopted and actual expenses through the second quarter within the Commission's three budget units follows.

Juliana Inman, Chair
Councilmember, City of Napa

Lewis Chilton, Commissioner
Councilmember, Town of Yountville

Joan Bennett, Alternate Commissioner
Councilmember, City of American Canyon

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

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

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

Brian J. Kelly, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

Salaries/Benefits

The Commission has budgeted \$288,265 in salaries and benefits in 2009-2010. At the end of the second quarter, the Commission's actual expenses within the eight affected accounts total \$114,468. These total expenses represent 40% of the budgeted amount. One account, other post employment benefits, finished the second quarter with a balance below 50%. A summary of expenses in this account follows.

Other Post Employment Benefits

This account covers the Commission's assigned apportionment for non pension post employment benefits, such as retiree health and dental care, for its three assigned County employees. The Commission's budgeted amount for other post employment benefits in 2009-2010 is \$8,706. The Commission has already paid three-fourths of its apportioned amount through the end of the second quarter. This prepayment results in a remaining balance of \$2,177, or 25%. The remaining balance will be used to cover the final payment in the fourth quarter.

Services/Supplies

The Commission has budgeted \$118,063 in services and supplies in 2009-2010. At the end of the second quarter, the Commission's actual expenses within the 15 affected accounts total \$61,568. These total expenses represent 52% of the budgeted amount. Six accounts, memberships, auditing services, property lease, transportation and travel, meals reimbursement, and training, finished the second quarter with balances below 50%. A summary of expenses in these six accounts follows.

Membership

This account covers the Commission's annual membership fee for the California Association of Local Agency Formation Commissions (CALAFCO). The Commission's budgeted membership fee in 2009-2010 is \$2,275 and reflects the amount approved by CALAFCO as part of an updated annual fee schedule in September 2008. CALAFCO recently suspended all fee increases due to the economy, which lowers the Commission's annual membership due to \$2,200. This reduced membership fee was collected in full by CALAFCO at the beginning of the fiscal year leaving a remaining balance of \$75, or 3%.

Auditing Services

This account covers the Commission's annual costs for financial support services provided by the County Auditor's Office. This account also covers costs to retain an outside consultant to prepare an annual audit on the Commission's financial statements for the prior completed fiscal year. The Commission budgeted \$7,883 in this account in 2009-2010. Through the end of the second quarter, expenses in the account have totaled \$5,492, leaving a remaining balance of \$2,391, or 30%. The majority of the expenses are attributed to the preparation of an independent audit for 2008-2009 by Galina, Inc., which is being presented for the Commission to receive and file as part of Agenda Item No. 7c. Staff does not expect a year-end deficit, but will continue to monitor this account closely.

Property Lease

This account covers the Commission's annual office space lease at 1700 Second Street in Napa. The Commission budgeted \$29,280 in this account in 2009-2010, reflecting its current monthly rental charge of \$2,440.¹ The County Auditor's Office has encumbered the full annual rental amount at the beginning of the fiscal year to expedite monthly rental payments to the property manager.

Transportation and Travel

This account covers annual travel costs for Commissioners and staff, such as attending out-of-area trainings or business meetings. The Commission budgeted \$4,000 for travel related expenses in 2009-2010. Following the adoption of the budget, the Auditor's Office requested a transfer of \$500 from this account to fund a new account to cover meal reimbursements. This transfer results in an adjusted budget of \$3,500. Through the end of the second quarter, expenses in this account have totaled \$4,350, leaving a remaining balance of (\$850), or (25%). Nearly all of the expenses are associated with commissioners and staff attending the 2009 Annual CALAFCO Conference in Yosemite. This shortfall is projected to increase to (\$1,400) by the end of the fiscal year, which will be covered by expected savings in other expense accounts.

Meals Reimbursement

As discussed in the preceding paragraph, this account was established after the adoption of the final budget in June at the request of the County Auditor's Office to comply with new changes involving the taxability of meal reimbursements.² The account has been budgeted at \$500. At the end of the second quarter, expenses in this account have totaled \$398, leaving a remaining balance of \$102, or 20%. Staff does not expect a year-end deficit, but will continue to monitor this account closely.

Training

This account is used for a variety of instructional activities for commissioners and staff. The Commission budgeted \$4,000 for training expenses in 2009-2010. At the end of the second quarter, expenses in this account have totaled \$3,350, leaving a remaining balance of \$650, or 16%. Nearly all of these expenses are attributed to registration costs for the 2009 CALAFCO Annual Conference. A shortfall in the amount of (\$575) is projected by the end of the fiscal year, which will be covered through expected savings in other expense accounts.

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

² This change involves the taxability of meals incurred during the same day of business travel. In short, if a meal occurs during the same day as business travel, then the reimbursement for the meal is generally taxable to the employee. This change does not affect the reimbursement of meals that occur during business travel involving an overnight stay, which will continue to be non-taxable.

Contingencies/Reserves

The Commission has budgeted \$90,633 in contingences and reserves in 2009-2010. No funds have been drawn from either of the two accounts through the second quarter.

B. Analysis

The Commission is on currently on course to finish the fiscal year with a remaining balance within its three budget units of approximately \$107,000. Nearly all of the projected remaining balance is attributed to the expected retention of all funds within the contingency/reserve unit. The projected remaining balance within three budget units is measurably less than the \$162,000 amount the Commission finished with at the end of the previous fiscal year. The anticipated decrease in remaining balances between the two fiscal years is tied to increases in actual salary and benefit costs due to the filling of the fulltime analyst position prior to the start of the current fiscal year.

C. Recommendation

It is recommended the Commission take the following action:

- 1) Receive and file the "Second Quarter Budget Report for 2009-2010."

Respectfully submitted,

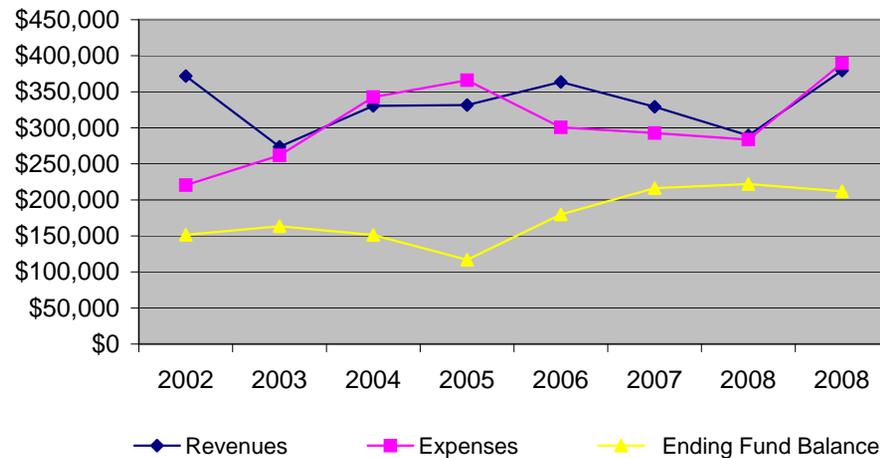
Keene Simonds
Executive Officer

Attachment:

- 1) General Ledger, July 1, 2009 to December 31, 2009

LAFCO Financial Summary For the Past 8 Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues	\$ 371,817	\$ 273,774	\$ 330,510	\$ 331,580	\$ 363,529	\$ 329,214	\$ 289,341	\$ 379,499
Expenses	220,378	261,803	342,558	366,056	300,653	292,636	283,622	389,688
Surplus/Deficit	\$ 151,439	\$ 11,971	\$ (12,048)	\$ (34,476)	\$ 62,876	\$ 36,578	\$ 5,719	\$ (10,189)
Fund Balance:								
Beginning Fund Balance	\$ -	\$ 151,439	\$ 163,410	\$ 151,362	\$ 116,886	\$ 179,762	\$ 216,340	\$ 222,059
Surplus/Deficit 6/30	151,439	11,971	(12,048)	(34,476)	62,876	36,578	5,719	(10,189)
Ending Fund Balance	\$ 151,439	\$ 163,410	\$ 151,362	\$ 116,886	\$ 179,762	\$ 216,340	\$ 222,059	\$ 211,870
Breakdown of Fund Balance:								
Professional Services	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Operating Reserve	22,462	22,462	22,462	11,983	35,174	36,978	37,879	40,594
Future Projects	-	-	-	-	-	-	55,000	-
Reserve for Encumbrances	-	-	4,000	4,803	165	-	-	-
Available Fund Balance	28,977	40,948	24,900	100	94,423	129,362	79,180	121,276
Total Fund Balance	\$ 151,439	\$ 163,410	\$ 151,362	\$ 116,886	\$ 179,762	\$ 216,340	\$ 222,059	\$ 211,870



	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues	371,817	273,774	330,510	331,580	363,529	329,214
Expenses	220,378	261,803	342,558	366,056	300,653	292,636
Ending Fund Balance	<u>151,439</u>	<u>163,410</u>	<u>151,362</u>	<u>116,886</u>	<u>179,762</u>	<u>216,340</u>

<u>2008</u>	<u>2008</u>
289,341	379,499
283,622	389,688
<u>222,059</u>	<u>211,870</u>



Local Agency Formation Commission
LAFCO of Napa County

General Ledger for 2009-2010: Expenses Through December 31, 2009

		<u>Final Budget</u>	<u>Encumbrances</u>	<u>Expenditures</u>	<u>Balance</u>	
Salaries/Benefits						<i>Percent Available</i>
<u>Account</u>	<u>Description</u>					
51100000	Regular Salaries	195,580.00	-	78,464.45	117,115.55	60%
51300500	Group Health Insurance	36,471.00	-	12,698.98	23,772.02	65%
51300100	Retirement: Pension	34,064.00	-	13,414.28	20,649.72	61%
51200500	Commissioner Per Diems	9,600.00	-	1,900.00	7,700.00	80%
51300120	Retirement: Non-Pension	8,706.00	-	6,529.50	2,176.50	25%
51300300	Medicare	2,836.00	-	1,075.32	1,760.68	62%
51301800	Cell Phone Allowance	840.00	-	343.00	497.00	59%
51301200	Workers Compensation	168.00	-	42.00	126.00	75%
	SUB TOTALS	<u>288,265.00</u>	<u>-</u>	<u>114,467.53</u>	<u>173,797.47</u>	60%
Services/Supplies						
<u>Account</u>	<u>Description</u>					
52240500	Property Lease	29,280.00	12,200.00	17,080.00	-	0%
52180500	Legal Services	24,990.00	-	-	24,990.00	100%
52180200	Information Services	22,438.00	-	8,029.80	14,408.20	64%
52170000	Office Expenses	15,000.00	3,405.06	4,014.32	7,580.62	51%
52185000	Accounting Services	7,883.00	-	5,492.42	2,390.58	30%
52250000	Transportation and Travel	3,500.00	-	4,349.88	(849.88)	-24%
52250800	Training	4,000.00	-	3,350.00	650.00	16%
52070000	Communications	3,500.00	-	413.12	3,086.88	88%
52150000	Memberships	2,275.00	-	2,200.00	75.00	3%
52190000	Publications and Notices	1,500.00	-	192.36	1,307.64	87%
52235000	Office Improvements	1,000.00	-	79.90	920.10	92%
52251200	Private Vehicle Mileage	1,000.00	-	276.10	723.90	72%
52243900	Filing Fees	850.00	-	-	850.00	100%
52250700	Meals Reimbursement	500.00	-	398.25	101.75	20%
52100300	Insurance: Liability	347.00	-	86.75	260.25	75%
	SUB TOTALS	<u>118,063.00</u>	<u>15,605.06</u>	<u>45,962.90</u>	<u>56,495.04</u>	48%
Contingencies/Reserves						
<u>Account</u>	<u>Description</u>					
54000900	Operating Reserve	40,633.00	-	-	40,633.00	100%
54001000	Consultant Contingency	50,000.00	-	-	50,000.00	100%
		<u>90,633.00</u>	<u>-</u>	<u>-</u>	<u>90,633.00</u>	100%
	GRAND TOTALS	<u>\$ 496,961.00</u>	<u>\$ 15,605.06</u>	<u>\$ 160,430.43</u>	<u>\$ 320,925.51</u>	65%



Local Agency Formation Commission
LAFCO of Napa County

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

February 1, 2010
Agenda Item No. 5b (Consent: Information)

January 25, 2010

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: New Legislation for 2010

The Commission will review a report from staff summarizing new legislation affecting LAFCOs that became effective as of January 1, 2010.

Local Agency Formation Commissions (LAFCOs) are responsible for administering the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. This includes approving or disapproving, with or without modifications, change of organization or reorganization proposals as well as outside service extension requests.

A. Information

The first year of the 2009-2010 legislative session produced a relatively small number of bills that make substantive changes to LAFCO law or the laws LAFCO helps to administer. A summary of the key bills enacted as of January 1, 2010 follows.

Assembly Bill 528 (Jim Silva)

AB 528 creates a new definition of a LAFCO proposal within the Political Reform Act. It also transfers the reporting requirements for political expenditures and contributions involving LAFCO proposals directly to the Fair Political Practices Commission.

Assembly Bill 1582 (Assembly Local Government Committee)

AB 1582 represents the Assembly's annual omnibus bill that make non-controversial changes to LAFCO law. Key changes enacted under AB 1582 include establishing a one year deadline to determine a new special district's sphere of influence as well as creating a streamline process to waive protest proceedings for boundary changes affecting land owned by railroad companies.

Senate Bill 215 (Patricia Wiggins)

SB 215 adds regional transportation plans to the existing list of factors LAFCO shall consider when approving or disapproving a proposal. SB 215 is a follow up to SB 375, which was enacted in 2009 and directs metropolitan planning organizations to adopt sustainable communities strategies or alternative planning strategies as part of their regional transportation plans for purposes of reducing greenhouse gas emissions.

Juliana Inman, Chair
Councilmember, City of Napa

Lewis Chilton, Commissioner
Councilmember, Town of Yountville

Joan Bennett, Alternate Commissioner
Councilmember, City of American Canyon

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

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

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

Brian J. Kelly, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

B. Commission Review

Staff respectfully requests the Commission review the new legislation for 2010 outlined in this report and offer any questions or comments.

Attachments: none



Local Agency Formation Commission
LAFCO of Napa County

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

February 1, 2010

Agenda Item No. 5c (Consent: Information)

January 26, 2010

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer
Brendon Freeman, Analyst

SUBJECT: Current and Future Proposals

The Commission will receive a report summarizing current and future proposals. The report is being presented for information.

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

A. Information

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

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

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

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

Juliana Inman, Chair
Councilmember, City of Napa

Lewis Chilton, Commissioner
Councilmember, Town of Yountville

Joan Bennett, Alternate Commissioner
Councilmember, City of American Canyon

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

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

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

Brian J. Kelly, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

Big Ranch Road No. 4 Annexation to Napa Sanitation District

This application has been submitted by Rosemary Hafeli to annex 1.1 acres of incorporated territory within the City of Napa to Napa Sanitation District. The affected territory comprises one parcel and an associated right-of-way portion of Big Ranch Road. The subject parcel is identified by the County Assessor as 038-170-006 and includes a single-family residence. Due to a failing septic system, the Napa Sanitation District recently requested and the Chair approved as allowed under policy an outside service agreement authorizing the agency to temporarily extend public sewer service to the affected territory while annexation proceedings are completed. The Commission is expected to consider ratifying the Chair's approval of the outside service agreement as part of today's meeting.

Status: The Commission will serve as lead agency for the annexation. Accordingly, staff will prepare an initial study assessing the effects of the annexation for public review and comment. Staff anticipates completing the environmental review in time for the Commission to consider the proposal at its April 5, 2010 regular meeting.

Formation of the Villa Berryessa Water District

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

Status: Staff is currently awaiting a response to an October 2008 request for additional information.

Staff is aware of three proposals that are expected to be submitted to the Commission in the future. A summary of these future proposals follows.

St. Regis Resort Project

The City of Napa has initiated a planning process to develop approximately 93 acres of land comprising four parcels located along Stanly Lane in the Stanly Ranch area. The proposed project is intended to accommodate a 245-room luxury resort with a commercial vineyard. Commission approval will be needed to annex the affected territory to Napa Sanitation District for the purpose of extending public sewer service.

Status: The Napa City Council is expected to consider the project within the next several weeks. If approved, staff anticipates the project applicant will file an annexation request involving the Napa Sanitation District soon after.

American Canyon Multi-Area Annexations

The City of American Canyon is expected to submit an application to the Commission seeking the annexation of three non-contiguous areas within its recently amended urban limit line. The largest area comprises 293 acres and lies immediately north of American Canyon and south of the Napa County Airport. The affected lands are commonly referred to as the Headwaters, Panattoni, and Atkins properties. The other two areas are collectively 198 acres in size and include the Eucalyptus Grove and American Canyon High School sites. Annexation proceedings would also involve concurrent annexation to American Canyon Fire Protection District and detachment from County Service Area No. 4.

Status: American Canyon recently adopted a resolution of application requesting Commission approval to annex the three areas at its December 15, 2009 meeting. The application has not been formally submitted as of date. American Canyon and LAFCO staff have discussed the timing of the annexation to correlate with the completion of the Commission's current comprehensive sphere of influence update of the City. A draft report on the sphere of influence is expected to be presented at the Commission's April 5, 2010 meeting.

American Canyon Town Center Project

The City of American Canyon has initiated a planning process to develop over 100 acres of land comprising three parcels located southeast of the intersection of Highway 29 and South Napa Junction Road. The proposed project includes the development of 600 to 650 new residential units along with a mixture of commercial, retail, and public uses. Current planning activities completed to date include the preparation of a notice of preparation for a draft environmental impact report. As part of the proposed project, Commission approval is required to annex two of the three affected parcels totaling 70 acres into American Canyon. Commission approval is also required to annex one of the three affected parcels totaling 37 acres to the American Canyon Fire Protection District. The Commission may also consider modifying the proposal to include the concurrent detachment of the affected territory from CSA No. 4.

Status: American Canyon and the underlying developer have discussed expanding the scope of the Town Center project consistent with the City's recently revised urban limit line. Staff anticipates American Canyon will wait for the completion of the comprehensive sphere of influence update before taking any action with regard to proposing annexation of the Town Center site.

B. Commission Review

The Commission is invited to review and discuss any of the current or future proposals identified in this report.

Attachments: none



Local Agency Formation Commission
LAFCO of Napa County

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

February 1, 2010
Agenda Item No. 6a (Public Hearing)

January 25, 2010

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer
Brendon Freeman, Analyst

SUBJECT: Jefferson Street No. 9 Annexation to the Napa Sanitation District

The Commission will consider an application by a landowner to annex 0.68 acres of incorporated territory in the City of Napa to the Napa Sanitation District. Staff recommends annexation approval with standard conditions. Staff also recommends the Commission adopt a negative declaration consistent with the findings of an initial study concluding the annexation will not have any significant impacts on the environment.

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

A. Proposal Summary

LAFCO of Napa County (“Commission”) has received an application from Tom and La Donna Harding, landowners, requesting the annexation of 0.68 acres of incorporated territory in the City of Napa to the Napa Sanitation District (NSD). The affected territory comprises one residential parcel located at 4220 Jefferson Street and an associated portion of the fronting right-of-way. The Commission previously authorized NSD to provide temporary outside sewer service to the affected territory given documentation of a failed septic system serving an existing 1,000 square foot residence. The outside service agreement between the Hardings and NSD expires on March 10, 2010. Annexation would provide permanent public sewer service to the affected territory. The County of Napa Assessor’s Office identifies the subject parcel as 038-581-002.

Juliana Inman, Chair
Councilmember, City of Napa

Lewis Chilton, Commissioner
Councilmember, Town of Yountville

Joan Bennett, Alternate Commissioner
Councilmember, City of American Canyon

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

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

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

Brian J. Kelly, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer



B. Discussion

Agency Profile

NSD was formed in 1945 to provide public sewer service for Napa and the surrounding unincorporated area. NSD presently provides sewer service to most of Napa along with several surrounding unincorporated developments, including the Silverado Country Club, Napa State Hospital, and the Napa County Airport. In all, NSD currently serves 31,283 residential customers with an estimated resident service population of 81,023.¹

¹ The resident service projection based on the 2008 California Department of Finance population per household estimate (2.59) assigned to Napa County and multiplied by the number of residential sewer connections within NSD (31,283). NSD also serves 4,182 non-residential customers, including industrial and commercial users.

Proposal Purpose

The underlying purpose of the application before the Commission is to provide permanent public sewer service to an existing single-family residence occupying the affected territory. As mentioned, the Commission previously authorized NSD to enter into an agreement with the Hardings to provide temporary public sewer service to the affected territory. The agreement expires on March 10, 2010.² Although the landowners have indicated interest in eventually dividing and developing the affected territory as permitted under the Napa General Plan to accommodate a total of three residential lots, no plans exist at this time.

C. Analysis

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

Required Factors for Review

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

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

The Hardings state there is one person presently residing in the approximate 1,000 square foot single-family residence occupying the affected territory. The subject parcel could be further divided to include up to two additional single-family lots under the Napa General Plan. The Hardings indicate they will likely pursue a development project within the next 10 years, but no plans currently exist. The current assessed value of the affected territory is \$325,000.

Topography within in the affected territory is relatively flat with an elevation range between 73 and 76 feet above sea-level. There are no identifiable natural boundaries or drainage basins. The affected territory lies within Napa's "Vintage" neighborhood and is entirely surrounded by relatively dense single-family

² The temporary outside service was approved by the Chair on October 9, 2009 and was ratified by the Commission on December 7, 2009. Annexation will provide permanent public sewer service to the affected territory.

residential uses. These existing uses limit the potential for significant new growth in the adjacent areas based on the Napa General Plan.

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

The proposed annexation will provide permanent public sewer service to the existing single-family residence occupying the affected territory. Temporary public sewer service was authorized by the Commission on October 9, 2009 through an outside service agreement between NSD and the landowners. The outside service agreement expires on March 10, 2010. The permanent provision of public sewer service to the affected territory is appropriate given the site's current and planned urban uses. Staff estimates the single-family residence's average dry-weather daily sewer flow is 149 gallons based on average residential uses within NSD. It is reasonable to assume the affected territory's projected daily dry-weather sewer flow would triple to 447 gallons if developed to its maximum density of three residential lots. This potential amount can be adequately accommodated by NSD given its current daily average dry-weather flow is 6.5 million gallons, which equals 42% of the agency's total available capacity.

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

The proposed annexation would formalize social and economic ties existing between NSD and the affected territory given the agency already provides public sewer service to the site through an outside service agreement.

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

The proposed annexation is consistent with the adopted policies of the Commission in facilitating the logical extension of municipal services to support orderly urban development. The affected territory does not include any open-space lands and therefore does not conflict with G.C. Section 56377.

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

The affected territory does not qualify as agricultural land as defined under G.C. Section 56016.

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

A map and geographic description have been prepared by a licensed surveyor identifying the boundaries of the affected territory in accordance with the requirements of the State Board of Equalization. These documents provide sufficient certainty with regards to the exact boundaries of the affected territory.

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

The proposed annexation would provide permanent public sewer service to the affected territory. The availability of this municipal service to the affected territory is consistent with the Napa General Plan, which designates the land for single-family residential infill. The proposed annexation involves an infill property and is consistent with the regional transportation plan adopted by the Metropolitan Transportation Commission.

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

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

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

On September 25, 2009, as required, LAFCO staff electronically circulated copies of the application materials for review and comment to affected local governmental agencies. Agency recipients and their comments, if any, are provided below.

- **Napa Sanitation District**
NSD has adopted a resolution consenting to the annexation and waiver of protest proceedings subject to the inclusion of special approval conditions. These special conditions are reflected in Exhibit "B" to the attached draft resolution of approval.
- **City of Napa**
The City's Planning Department provided written support of the proposed annexation as submitted.
- **County of Napa**
The County's Environmental Management Department has provided written support of the proposed annexation as submitted.
- **County Service Area No. 4**

No comments were received.

- **Napa County Flood Control and Water Conservation District**
No comments were received.
- **Napa County Mosquito Abatement District**
No comments were received.
- **Napa County Regional Parks and Open Space District**
No comments were received.
- **Napa County Resource Conservation District**
No comments were received.
- **Napa Valley Unified School District**
No comments were received.

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

Information collected and analyzed in the Commission's recent countywide municipal service review on sewer services indicates NSD has adequate service capacities, financial resources, and administrative controls to serve the affected territory at its designated density levels under the Napa General Plan. Notably, in terms of financial resources, NSD's ability to provide sewer services to existing and new customers is based on two principal revenue sources: (a) connection fees and (b) user charges. The connection fee is currently \$5,660 and serves as NSD's buy-in charge for new customers to contribute their fair share for existing and future facilities necessary to receive sewer service. The user fee for a single-family unit is currently \$421 annually and is intended to proportionally cover NSD's ongoing maintenance and operation expenses. The landowner for the affected territory has already paid a connection fee to NSD as a result of the earlier outside service agreement and the user fee will be pro-rated to the date of service establishment.

NSD's operating budget in 2009-2010 is \$14.0 million. NSD anticipates collecting \$18.2 million in general revenues resulting in an operating surplus of \$4.2 million. NSD's fund balance as of the beginning of the fiscal year totaled \$130.6 million with \$11.1 million categorized as unrestricted. This unrestricted fund balance is sufficient to cover over nine months of operating expenses.

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

The affected territory currently receives water from an onsite private well. Staff estimates the single-family residence's annual water demand is 0.28 acre-feet.³ It is reasonable to assume the affected territory's projected annual water demand would increase to 0.84 acre-feet if developed to its maximum density of three residential lots. Any development would require connection to Napa's potable water system. Napa reports its current annual water demand is approximately 14,900 acre-feet, which equals 50% of its current water supplies under normal conditions.⁴ The additional demands associated with the future development of the affected territory would not adversely impact Napa.

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

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

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

The landowners of the affected territory are the petitioners for the proposed annexation.

14) Any information relating to existing land use designations.

The Napa General Plan designates the affected territory as *Single Family Infill – 23*. This designation provides a density range of three to six units per acre and allows:

“[D]etached and attached single family homes, second units, planned unit and cluster developments, duplex, triplexes, mobile homes, manufactured housing, and compatible uses such as day care and residential care facilities. Non-residential uses may also be allowed in appropriate locations at the discretion of the City, including bed-and-breakfast inns and public and quasi public uses of an administrative, educational, recreational, religious, cultural, communications, or public service nature.”

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

³ The estimated current water demand assumes 250 gallons per day and based on average use information collected by staff during the inaugural round of municipal service reviews.

⁴ The current water supply figure assumes an approximate 20% reduction in contracted State Water Project supplies.

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

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

The proposed annexation will benefit current and future landowners and residents associated with the affected territory by providing permanent access to public sewer service. The provision of public sewer service will eliminate set-aside land requirements previously dedicated to the septic system, which will assist in intensifying future infill opportunities within the site.

Property Tax Agreement

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

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

Environmental Review

The Commission serves as lead agency for the proposal given it is solely responsible for approving the underlying activity: annexation. Staff has determined the activity is a project under CEQA and no existing categorical or statutory exemptions apply. Accordingly, staff has prepared an initial study to assess the environmental impacts associated with the annexation. The initial study identifies the annexation may generate future indirect impacts given it does remove an obstacle in accommodating the future division and development of the site to include up to two additional single-family lots as allowed under the Napa General Plan. None of the indirect impacts identified with the annexation, however, are deemed significant and therefore a draft negative declaration has been prepared. A copy of the initial study is attached for Commission review along with a draft resolution adopting a negative declaration.

D. Alternatives for Commission Action

Staff has identified the following alternative actions for Commission consideration with respect to (a) making an environmental determination and (b) considering the proposed annexation.

Environmental Determination

- Option 1A:** Adopt the draft resolution identified as Attachment A approving a negative declaration for the proposed annexation. If this option is selected, the Commission can consider making a determination on the proposed annexation.
- Option 1B:** Continue consideration of the negative declaration for the proposed annexation to a future meeting. If this option is selected, the Commission cannot consider making a determination on the proposed annexation.

Proposal Determination

- Option 2A:** Adopt the draft resolution identified as Attachment B approving the proposed annexation as submitted with standard terms and conditions.
- Option 2B:** Continue consideration of the proposed annexation to a future meeting if more information is required.
- Option 2C:** Disapprove the proposal. Disapproval would statutorily prohibit the initiation of a similar proposal for one year.

E. Recommendation

Staff recommends the Commission adopt draft resolutions approving the negative declaration and proposed annexation as identified in the preceding sections as Options 1A and 2A.

Respectfully submitted,

Keene Simonds
Executive Officer

Brendon Freeman
Analyst

Attachments:

- 1) ~~Draft Resolution Approving the Negative Declaration~~
- 2) ~~Draft Resolution Approving the Proposal~~
- 3) ~~Initial Study~~
- 4) ~~Application Materials~~



Local Agency Formation Commission
LAFCO of Napa County

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

February 1, 2010
Agenda Item No. 6b (Public Hearing)

January 25, 2010

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer
Brendon Freeman, Analyst

SUBJECT: Linda Vista Avenue No. 20 Annexation to the Napa Sanitation District

The Commission will consider an application by a landowner to annex 0.83 acres of incorporated territory in the City of Napa to the Napa Sanitation District. Staff recommends approval of the annexation with standard terms and conditions. Staff also recommends the Commission adopt a negative declaration confirming the findings of an initial study finding the annexation will not have a significant effect on the environment.

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

A. Proposal Summary

LAFCO of Napa County (“Commission”) has received an application from John and Karen Bradbury, landowners, proposing the annexation of approximately 0.83 acres of incorporated territory in the City of Napa to the Napa Sanitation District (NSD). The affected territory consists of one parcel developed with an approximate 1,150 square foot single-family residence. The parcel’s address is 3558 Linda Vista Avenue and is identified by the County of Napa Assessor’s Office as 007-293-005.

Juliana Inman, Chair
Councilmember, City of Napa

Lewis Chilton, Commissioner
Councilmember, Town of Yountville

Joan Bennett, Alternate Commissioner
Councilmember, City of American Canyon

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

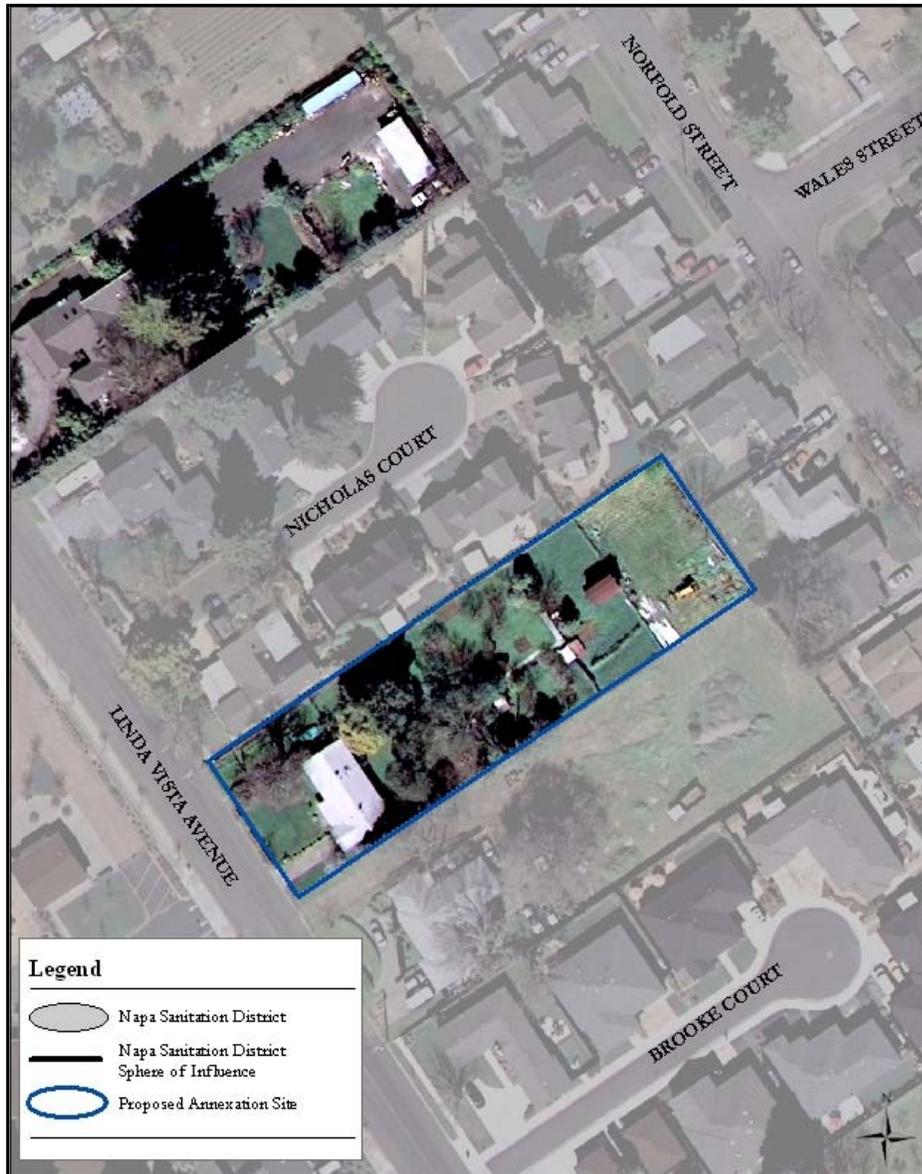
Brad Wagenknecht, Commissioner
County of Napa Supervisor, 1st District

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

Brian J. Kelly, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer



B. Discussion

Agency Profile

NSD was formed in 1945 to provide public sewer service for Napa and the surrounding unincorporated area. NSD presently provides sewer service to most of Napa along with several surrounding unincorporated developments, including the Silverado Country Club, Napa State Hospital, and the Napa County Airport. In all, NSD currently serves 31,283 residential customers with an estimated resident service population of 81,023.¹

¹ The resident service projection based on the 2008 California Department of Finance population per household estimate (2.59) assigned to Napa County and multiplied by the number of residential sewer connections within NSD (31,283). NSD also serves 4,182 non-residential customers, including industrial and commercial users.

Proposal Purpose

The underlying purpose of the proposal is to facilitate the extension of public sewer service to an existing single-family residence, which is currently served by a private septic system. The applicants have indicated an interest in eventually dividing and developing the remaining portion of the affected territory consistent with the Napa General Plan, which would allow a maximum of five residential lots. No development plans, however, exist at this time.

C. Analysis

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

Required Factors for Review

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

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

The two landowners currently reside in the approximate 1,150 square foot single-family residence occupying the affected territory. The subject parcel could be further divided to include up to four additional single-family lots under the Napa General Plan. The landowners indicate they will likely pursue a development project within the next 10 years, but no plans currently exist. The present assessed value of the affected territory is \$59,953.

Topography within in the affected territory is relatively flat with an elevation range between 95 and 97 feet above sea-level. There are no identifiable natural boundaries or drainage basins. The affected territory lies within Napa's "Linda Vista" neighborhood and is entirely surrounded by relatively dense single-family residential uses. These existing uses limit the potential for significant new growth in the adjacent areas.

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

The proposed annexation will provide permanent public sewer service to the existing single-family residence occupying the affected territory. The provision of permanent public sewer service to the affected territory is appropriate given the site's current and planned urban uses. Staff estimates the single-family residence's average dry-weather daily sewer flow is 149 gallons based on average residential flows with NSD. It is reasonable to assume the affected territory's projected daily dry-weather sewer flow would increase to 745 gallons if developed to its maximum density of five residential lots. This potential amount can be adequately accommodated by NSD given its current daily average dry-weather flow is 6.5 million gallons, which equals 42% of the agency's total available capacity.

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

The proposed annexation would strengthen social and economic ties existing between NSD and the area given the District already provides public sewer service to the majority of surrounding properties.

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

The proposed annexation is consistent with the adopted policies of the Commission in facilitating the logical extension of municipal services to support orderly urban development. The affected territory does not include any open-space lands and therefore does not conflict with G.C. Section 56377.

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

The affected territory does not qualify as agricultural land as defined under G.C. Section 56016.

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

A map and geographic description have been prepared by a licensed surveyor identifying the boundaries of the affected territory in accordance with the requirements of the State Board of Equalization. These documents provide sufficient certainty with regards to the exact boundaries of the affected territory.

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

The proposed annexation would provide permanent public sewer service to the affected territory. The availability of this municipal service to the affected territory is consistent with its present and planned urban uses under the Napa General Plan, which designates the land for single-family residential infill use. The proposed annexation involves an infill property and is consistent with the regional transportation plan adopted by the Metropolitan Transportation Commission.

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

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

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

On November 6, 2009, as required, LAFCO staff electronically circulated copies of the application materials for review and comment to affected local governmental agencies. Agency recipients and their comments, if any, are provided below.

- **City of Napa**
Planning Department has provided a letter of support with no conditions.
- **County of Napa**
No comments were received.
- **County Service Area No. 4**
No comments were received.
- **Napa County Flood Control and Water Conservation District**
No comments were received.
- **Napa County Mosquito Abatement District**
No comments were received.
- **Napa County Regional Parks and Open Space District**
No comments were received.
- **Napa County Resource Conservation District**
No comments were received.

- **Napa Sanitation District**
No comments were received.
- **Napa Valley Unified School District**
NVUSD has provided a letter of support with no conditions.

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

Information collected and analyzed in the Commission's recent countywide municipal service review on sewer services indicates NSD has adequate service capacities, financial resources, and administrative controls to serve the affected territory at its designated density levels under the Napa General Plan. Notably, in terms of financial resources, NSD's ability to provide sewer services to existing and new customers is based on two principal revenue sources: (a) connection fees and (b) user charges. The connection fee is currently \$5,660 and serves as NSD's buy-in charge for new customers to contribute their fair share for existing and future facilities necessary to receive sewer service. The user fee for a single-family unit is currently \$421 annually and is intended to proportionally cover NSD's ongoing maintenance and operation expenses.

NSD's operating budget in 2009-2010 is \$14.0 million. NSD anticipates collecting \$18.2 million in general revenues resulting in an operating surplus of \$4.2 million. NSD's fund balance as of the beginning of the fiscal year totaled \$130.6 million with \$11.1 million categorized as unrestricted. This unrestricted fund balance is sufficient to cover over nine months of operating expenses.

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

The affected territory currently receives water from an onsite well. Staff estimates the single-family residence's annual water demand is 0.18 acre-feet.² It is reasonable to assume the affected territory's projected annual water demand would increase to 0.92 acre-feet if developed to its maximum density of five residential lots. Any development would require connection to Napa's potable water system. Napa reports its current annual water demand is approximately 14,900 acre-feet, which equals 50% of its current water supplies under normal conditions.³ The additional demands associated with the future development of the affected territory would not adversely impact Napa.

² The estimated current water demand assumes 250 gallons per day and based on average use information collected by staff during the inaugural round of municipal service reviews.

³ The current water supply figure assumes an approximate 20% reduction in contracted State Water Project supplies.

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

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

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

The landowners of the affected territory are the petitioners for the proposed annexation.

- 14) Any information relating to existing land use designations.**

The Napa General Plan designates the affected territory as *Single Family Infill – 8*. This designation provides a density range of three to six units per acre and allows:

“[D]etached and attached single family homes, second units, planned unit and cluster developments, duplex, triplexes, mobile homes, manufactured housing, and compatible uses such as day care and residential care facilities. Non-residential uses may also be allowed in appropriate locations at the discretion of the City, including bed-and-breakfast inns and public and quasi public uses of an administrative, educational, recreational, religious, cultural, communications, or public service nature.”

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

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

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

The proposed annexation will benefit current and future landowners and residents associated with the affected territory by providing permanent access to public sewer service. The provision of public sewer service will eliminate set-aside land requirements previously dedicated to the septic system, which will assist in intensifying future infill opportunities within the site.

Property Tax Agreement

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

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

Environmental Review

The Commission serves as lead agency for the proposal given it is solely responsible for approving the underlying activity: annexation. Staff has determined the activity is a project under CEQA and no existing categorical or statutory exemptions apply. Accordingly, staff has prepared an initial study to assess the environmental impacts associated with the annexation. The initial study identifies the annexation may generate future indirect impacts given it does remove an obstacle in accommodating the future division and development of the site to include up to four additional single-family lots as allowed under the Napa General Plan. None of the indirect impacts identified with the annexation, however, are deemed significant and therefore a draft negative declaration has been prepared. A copy of the initial study is attached for Commission review along with a draft resolution adopting a negative declaration.

D. Alternatives for Commission Action

Staff has identified the following alternative actions for Commission consideration with respect to (a) making an environmental determination and (b) considering the proposed annexation.

Environmental Determination

- Option 1A:** Adopt the draft resolution identified as Attachment A approving a negative declaration for the proposed annexation. If this option is selected, the Commission can consider making a determination on the proposed annexation.
- Option 1B:** Continue consideration of the negative declaration for the proposed annexation to a future meeting. If this option is selected, the Commission cannot consider making a determination on the proposed annexation.

Proposal Determination

- Option 2A:** Adopt the draft resolution identified as Attachment B approving the proposed annexation as submitted with standard terms and conditions.
- Option 2B:** Continue consideration of the proposed annexation to a future meeting if more information is required.
- Option 2C:** Disapprove the proposal. Disapproval would statutorily prohibit the initiation of a similar proposal for one year.

E. Recommendation

Staff recommends the Commission adopt draft resolutions approving the negative declaration and proposed annexation as identified in the preceding sections as Options 1A and 2A.

Respectfully submitted,

Keene Simonds
Executive Officer

Brendon Freeman
Analyst

Attachments:

- 1) ~~Draft Resolution Approving the Negative Declaration~~
- 2) ~~Draft Resolution Approving the Proposal~~
- 3) ~~Initial Study~~
- 4) ~~Application Materials~~
- 5) ~~Comment Letter from Napa Valley Unified School District~~



Local Agency Formation Commission
LAFCO of Napa County

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

February 1, 2010
Agenda Item No. 6c (Public Hearing)

January 25, 2010

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer
Brendon Freeman, Analyst

SUBJECT: Ratification of an Outside Service Agreement Approval for the Napa Sanitation District Involving 2047 Big Ranch Road in the City of Napa

The Commission will consider ratifying an outside service agreement approved by the Chair authorizing the Napa Sanitation District to provide temporary public sewer service to 2047 Big Ranch Road in Napa to address a public health threat. Staff recommends ratification approval along with waiving the application fee.

Local Agency Formation Commissions (LAFCOs) are responsible under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 to regulate the formation and development of local governmental agencies and their municipal services. This includes approving or disapproving requests from cities and special districts to provide new or extended municipal services outside their jurisdictional boundaries under California Government Code (G.C.) Section 56133. LAFCOs are authorized to condition approval for outside service agreements as long as the terms do not directly regulate land uses.

A. Request Summary

LAFCO of Napa County (“Commission”) has received a written request from the Napa Sanitation District (NSD) to approve an outside service agreement to allow the agency to immediately extend new public sewer service to 2047 Big Ranch Road in the City of Napa. The affected territory is within NSD’s adopted sphere of influence. It is 1.1 acres in size and comprises an approximate 2,150 square foot single-family residence built in 1950. As allowed under policy, the Chair approved the outside service agreement request on November 18, 2009 given receipt of documentation stating the septic system serving the residence had failed, creating an urgent public health threat. The outside service agreement expires on May 1, 2010 and is intended to be succeeded through a future annexation proposal. Commission policy requires the Chair’s approval be ratified by the Commission at the next regular meeting as part of a public hearing.

Juliana Inman, Chair
Councilmember, City of Napa

Lewis Chilton, Commissioner
Councilmember, Town of Yountville

Joan Bennett, Alternate Commissioner
Councilmember, City of American Canyon

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

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

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

Brian J. Kelly, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer



B. Discussion

Agency Profile

NSD was formed in 1945 to provide public sewer service for Napa and the surrounding unincorporated area. NSD presently provides sewer service to most of Napa along with several surrounding unincorporated developments, including the Silverado Country Club, Napa State Hospital, and the Napa County Airport. In all, NSD currently serves 31,283 residential connections with an estimated resident service population of 81,023. NSD also serves 4,182 non-residential customers.¹

¹ The population estimate assumes 2.59 persons per residential connection.

Request Purpose

The purpose of the approval request before the Commission is to authorize new public sewer service to an existing single-family residence occupying the affected territory in a manner responsive to local conditions and statutory requirements. As mentioned, the septic system serving the residence failed, creating an urgent threat to public health as determined by County Environmental Management. As a temporary measure, the landowners have entered into an outside service agreement with NSD to allow immediate connection to the agency's public sewer system given annexation proceedings take a minimum of three months to process before Commission consideration. The agreement provides temporary sewer service to the affected territory through May 1, 2010. The agreement was executed on November 18, 2009 and was approved by the Chair on December 1, 2009 as allowed under Commission policy due to the existence of a public health threat. The Commission is required under policy to ratify the Chair's approval.

Permanent public sewer service for the affected territory is intended to be established through a separate annexation process. An annexation application has been submitted by the landowner and is expected to be presented to the Commission at its next regular meeting subject to completing the necessary environmental review as lead agency.

C. Analysis

Outside Service Agreement

G.C. Section 56133 requires cities and special districts to request and receive written approval from LAFCO before entering into agreements to provide new or extended services outside their jurisdictional boundaries. LAFCOs are delegated broad discretion in considering outside service extensions with the caveat of complying with two geographic requirements. First, LAFCO may only approve outside service extensions within the affected agency's sphere of influence in anticipation of a future annexation. Second, LAFCO may only approve outside service extensions beyond an agency's sphere of influence to respond to an existing or impending public health or safety threat.

Required Factors for Review

Commission policy requires it to consider three specific factors in reviewing outside service agreement approval requests. An analysis of all three factors as it relates to the outside service agreement between NSD and the landowners of the affected territory is included in Chair Kelly's letter of approval, which is attached for Commission review. This analysis is incorporated into this staff report for purposes of the Commission considering the ratification of the Chair's approval.

Environmental Review

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

NSD serves as the lead agency given it is principally responsible for approving the underlying activity: extending sewer service to the affected territory. NSD has determined this activity is a project under CEQA, but qualifies for an exemption from further review under Public Resources Code Section 21080(b)(4). The statute provides categorical exemptions for “specific actions necessary to prevent or mitigate an emergency.” The Commission serves as responsible agency. Staff believes NSD has made an adequate determination the underlying activity is categorically exempt from further review given it mitigates a public health threat.

Waiver of Application Fee

The Commission’s adopted fee schedule states the application fee for processing a request to approve an outside service agreement is \$2,417. The Commission is statutorily authorized to waive any fee if it finds the payment would be detrimental to the public interest. With this in mind, the Commission may consider waiving the fee for considering approval of the outside service agreement given the pending annexation proposal associated with the affected territory, which includes its own fee of \$4,326. The collection of the outside service agreement fee could be detrimental to the public by incentivizing future applicants to continue to use a failing septic system rather than seek an outside service agreement approval as a temporary measure until annexation proceedings can be completed due to costs.

D. Alternatives for Commission Action

Staff has identified the following alternative actions for Commission consideration with respect to considering ratification of the outside service agreement approval at the close of the public hearing.

Option A: Adopt the draft resolution identified as Attachment Four ratifying the Chair’s approval of the outside service agreement and waiving the application fee.

Option B: Adopt the draft resolution identified as Attachment Five ratifying the Chair's approval of the outside service agreement without waiving the application fee.

Option C: Continue consideration of the outside service agreement approval request to the next regular meeting.

Option D: Deny ratification approval of the outside service agreement.

E. Recommendation

Staff recommends the Commission ratify the Chair's approval of the outside service agreement authorizing NSD to immediately extend public sewer service to 2047 Big Ranch Road while waiving the application fee. This recommendation is identified in the preceding section as Option A.

Respectfully submitted,

Keene Simonds
Executive Officer

Brendon Freeman
Analyst

Attachments:

- 1) ~~NSD Application Materials~~
- 2) ~~Letter from County of Napa Environmental Management~~
- 3) ~~Chair Kelly's Letter Approving the Outside Service Agreement~~
- 4) ~~Draft Resolution Ratifying Approval While Waiving Application Fee (Option A)~~
- 5) ~~Draft Resolution Ratifying Approval Without Waiving Application Fee (Option B)~~



Local Agency Formation Commission
LAFCO of Napa County

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

February 1, 2010
Agenda Item No. 7a (Action)

January 25, 2010

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer
Brendon Freeman, Analyst

SUBJECT: Trancas Crossing Park Annexation to the City of Napa: Continuation
The Commission will continue consideration of a proposal from the City of Napa to annex approximately 33 acres of unincorporated territory located adjacent to the eastern terminus of Old Trancas Street. The proposal is intended to facilitate the development of a public park. Staff has prepared a second report addressing issues raised during the initial review of the proposal at the Commission's December 7, 2009 meeting. Staff has amended its earlier recommendation to eliminate a special condition to approval requiring Napa reach an agreement with neighboring landowners on the construction of an extended fence.

The Local Agency Formation Commission of Napa County ("Commission") is in receipt of a proposal from the City of Napa to annex 33.3 acres of unincorporated territory located adjacent to the eastern terminus of Old Trancas Street. Napa is proposing the annexation in conjunction with its plans to develop the affected territory into a passive recreational public park known as "Trancas Crossing." Napa's stated reasons for the annexation are two-fold. First, annexation would enable Napa to coordinate public safety services within the park. Second, annexation would save Napa approximately \$6,100 annually by no longer paying property taxes.

A. Background

The Commission received an initial staff report on the proposal at its December 7, 2009 meeting. The December report recommended approval of the proposal with two modifications to (a) exclude a one-fifth acre portion of the affected territory to make it non-contiguous to Napa while (b) detaching the annexed land from County Service Area (CSA) No. 4. Markedly, the former modification allows the Commission to apply a special provision codified under Government Code (G.C.) Section 56742. This provision allows the Commission to annex the affected territory, minus the excluded one-fifth acre portion, without requiring the land be added to the sphere of influence given it is owned and used by Napa for municipal purposes. It also helps to ensure annexation will not lead to unintended uses since the provision requires the affected territory be automatically

Juliana Inman, Chair
Councilmember, City of Napa

Lewis Chilton, Commissioner
Councilmember, Town of Yountville

Joan Bennett, Alternate Commissioner
Councilmember, City of American Canyon

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

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

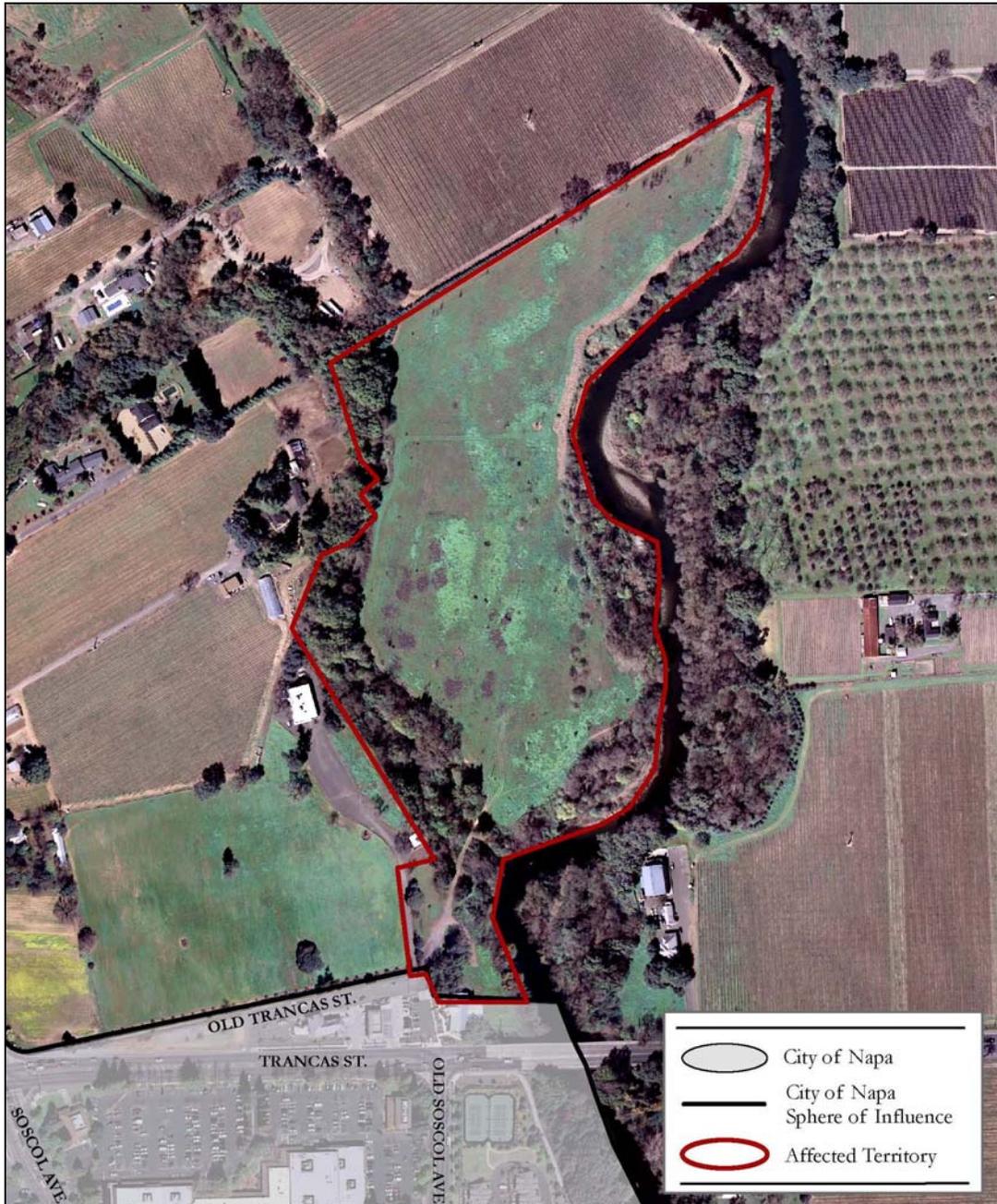
Mark Luce, Alternate Commissioner
County of Napa Supervisor, 2nd District

Brian J. Kelly, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

detached if Napa ceases to be the landowner. The Commission has utilized this provision twice before in approving the annexation of Alston Park to Napa in 1989 and the incorporation of American Canyon in 1991. The latter occurrence involving the exclusion of American Canyon's then-used wastewater ponds at the western terminus of American Canyon Road from the City's sphere of influence.



The December report also outlined options to condition approval to help address the potential effects of the proposal in maintaining the economic and physical integrity of adjacent agricultural uses to the north at 2100 Big Ranch Road. These effects were initially brought to staff's attention by the landowners of the adjacent parcel, Steven and Tina Brown, who assert they have experienced a sizeable increase in trespassers on their commercial vineyard since Napa purchased the affected territory in 2005. The Browns state trespassers routinely walk around or through openings within an existing chain-linked fence running parallel along the shared property line. The Browns add the new parallel fence Napa has agreed to construct along the shared property line would not change existing conditions. In response, staff identified four special condition options in the December report ranging from encouraging to requiring Napa reach an agreement with the Browns on constructing an extended fence to help insulate agricultural uses. Staff ultimately recommended approval be conditioned to require Napa reach an agreement with the Browns on an extended fence while providing the City the opportunity to request a waiver if good-faith negotiations are unsuccessful.

B. Discussion

In presenting the December report, staff requested and the Commission approved a continuance of the proposal to the next regular meeting. The continuance was requested to provide staff additional time to review the proposal and address, if needed, information received after the preparation and circulation of the December report. This includes reexamining the agreement between Napa and the Browns, which among other matters, provides for the construction of a new parallel fence along the shared property line. Additionally, in discussing the proposal, the Commission identified several issues requiring new or expanded analysis. Issues raised by Commissioners include potential policy implications concerning the creation of islands and designation of spheres of influence as well as providing additional review of Napa's financial capacity to assume service responsibilities for the proposed park.

C. Analysis

As discussed in the preceding section, staff has prepared the following analysis on the proposal to supplement the information presented in its December report.

- **Does annexation create an unincorporated island?**

Annexation would not create an unincorporated island based on the Commission's adopted policies. Annexation would create a 30 acre unincorporated "pocket" to the west of the affected territory bordered four-fifths on its sides by Napa. The pocket would not meet the Commission's definition of a substantially surrounded island given the land lies outside Napa's sphere of influence, and therefore ineligible for streamlined annexation proceedings. The recommended modification to exclude a one-fifth acre portion along the affected territory's southern perimeter would result in expanding the pocket lying to the west to include a panhandle; modification would not create an island.

- **Does annexation create growth pressures on adjacent lands lying outside Napa's sphere of influence?**

Staff believes annexation would not create new urban growth pressures on adjacent lands outside Napa's sphere of influence given two specific and related circumstances underlying the proposal. First, the proposal is intended to facilitate Napa's plans to develop the affected territory into a passive recreational park. Second, the affected territory is subject to a conservation easement granted to the Napa County Land Trust ensuring no urban type of development will occur. These circumstances help to distinguish the proposal before the Commission from other potential proposals involving lands outside the sphere of influence.

- **Does annexation undermine Napa's sphere of influence?**

Annexation as proposed necessitates a concurrent amendment to Napa's sphere of influence under G.C. Section 56375.5.¹ An amendment would undermine and conflict with the Commission's policy and practice in designating Napa's sphere of influence since the affected territory is planned for non-urban use and lies outside the City's rural urban limit (RUL) line. Notably, it is the policy of the Commission to designate a city sphere of influence to direct the appropriate location of urban development.² It is also the practice of the Commission to use Napa's RUL to inform its decision-making in determining the appropriate location of urban development with respect to designating the City's sphere of influence.

Given the preceding conflict, staff has recommended modifying the proposal to exclude an approximate one-fifth acre along the affected territory's southern perimeter for purposes of applying G.C. Section 56742. This modification allows the Commission to annex the affected territory without requiring a concurrent sphere of influence amendment. As noted, this modification is consistent with the established precedent of the Commission in approving the annexation of Alston Park to Napa in 1989 and the incorporation of American Canyon in 1991.

In considering the proposal, the Commission should provide direction to staff if it wishes to revisit its policy and practice in designating city spheres of influence if they are no longer consistent with Commissioner preferences. For example, the Commission may consider establishing a broader definition of urban development for purposes of designating spheres of influence to include city parks, such as Trancas Crossing. The Commission may also consider whether it desires to continue to utilize G.C. Section 56742 to accommodate city annexations of municipally owned and used lands. Notably, the Commission has a similar proposal on file from St. Helena proposing a non-contiguous annexation of their

¹ G.C. Section 56375.5 states approved changes of organization or reorganizations subject to subdivisions (a), (m), and (n) shall be consistent with the spheres of influence of local agencies. Napa's proposal is subject to subdivision (a).

² Policy Determinations II(c)(1)(a).

wastewater spray field site. The Commission's action on this proposal will guide staff's review and recommendation of St. Helena's proposal.

- **What effects do the easements associated with the affected territory have on the annexation relative to the review of the Commission?**

There are two existing easements tied to the affected territory. A review of these easements relative to the annexation follows.

Uno Fratelli Easement

This easement is granted to the neighboring land to the south of the affected territory located at 600 Trancas Street, which is currently owned by Uno Fratelli.³ The easement covers an approximate 1.3 acre portion of the affected territory along its southern boundary and includes two distinct elements. The first element grants a non-exclusive easement to 600 Trancas to use the existing gravel road within the affected territory to access all portions of the grantee's land along with overflow parking to the east of the road. Staff does not believe this element adversely affects the annexation, with or without modification, given Napa retains the right to use the gravel road for accessing the remainder of the park site as well as utilizing the land earmarked for overflow parking.

The second element grants an exclusive easement for any lawful purpose relative to outdoor activities along the rear of 600 Trancas Street, which was formerly used by the previous landowner for volleyball courts and bandstands. This component does raise a question whether the Commission can modify the proposed annexation as recommended to exclude a one-fifth acre portion along the affected territory's southern perimeter for purposes of utilizing G.C. Section 56742 to avoid amending Napa's sphere of influence. This question is born from whether the modification would continue to meet the statute's preconditions, which require eligible land be owned and used by the city for municipal purposes. Counsel has reviewed this element of the easement and believes the Commission can proceed with the modification given Napa remains the landowner and the affected territory is predominately dedicated for recreational uses, a recognized municipal purpose.⁴ A copy of the easement is attached for Commission review.

³ The easement was granted to the previous landowner of 600 Trancas Street, Daniel Campbell, in August 2001.

⁴ The portion of the exclusive easement represents 3.78% of the total 33.3 acre affected territory. The portion of the exclusive easement if the affected territory is modified to exclude a one-fifth acre along the southern boundary is reduced to 3.34%.

Napa County Land Trust Easement

This easement is granted to the Napa County Land Trust and covers the entire affected territory.⁵ The easement restricts uses within the affected territory as follows: (a) developing and managing passive recreational activities; (b) maintaining, reconstructing, and using existing roads necessary to accommodate recreational and agricultural uses; (c) clearing and restoring damaged land; (d) preventing entry by unauthorized persons; (e) restoring native wildlife; (f) constructing a recreational fish pond; and (g) engaging in commercial or non-commercial agriculture with the specific prohibition involving wine grapes. Staff does not believe the easement adversely affects the annexation. In contrast, the easement provides certainty to the Commission annexation, with or without modification, may only facilitate the development of the affected territory consistent with expressly authorized uses under the easement. A copy of the easement is attached for Commission review.

- **Expanded review of Napa's financial capacity to develop and maintain the affected territory as a public park.**

The following analysis reviews information available regarding Napa's costs to develop and maintain the affected territory as a public park. The analysis also provides updated information on Napa's agency-wide financial status.

Park Development Costs

Napa has divided the development of the park project into two phases with a total budget cost of \$3.6 million.⁶ The first phase is specific to the proposal before the Commission and involves developing the affected territory into a passive recreational park at a budgeted cost of \$2.8 million. This phase is scheduled to be fully funded through two State grants.⁷ Napa must complete construction on the first phase by a May 1, 2011 deadline for both grants to ensure the City will receive reimbursement. The second phase involves creating a path connecting the affected territory through a portion of the adjacent southern property leading under the Trancas Street Bridge to the existing Napa River Trail. This second phase is budgeted at \$0.8 million and is expected to be covered through Napa's Capital Projects Fund.⁸ There are no current deadlines associated with completing the second phase.

⁵ The easement was granted to the Napa County Land Trust by the affected territory's previous landowners, John and Linda Miller, in December 2001.

⁶ Napa fully funded the purchase of the affected territory from the Napa County Land Trust in 2005 for \$0.21 million through two grants from the State of California.

⁷ Grant funding for the first phase is provided by Propositions 40 and 50 awards.

⁸ The second phase of development will presumably include negotiations between Napa and the landowner at 600 Trancas Street with respect to accommodating a trail easement necessary to connect to the Napa River Trail. Staff is in receipt of a letter from a representative for the landowner at 600 Trancas Street raising questions regarding this aspect of the project. A copy of the letter is attached for Commission review.

Park Maintenance Costs

Napa estimates the direct ongoing maintenance costs of the park project at \$37,700. This amount represents Napa’s present labor cost to fund 60% of a new full-time maintenance employee within the Parks Division of the Parks and Recreation Department (PRD). Ongoing maintenance duties shall include removing trash and vegetation debris, plant pruning, performing basic repairs, and opening and closing the entry gate. PRD has received approval to budget the new position beginning in 2010-2011. Overall, the estimated ongoing cost to maintain the proposed park represents 0.05% of Napa’s approved budget expenditures in 2010-2011. Maintenance costs would be partially offset through annexation by providing Napa \$6,100 in annual property tax savings.

Agency-Wide Financial Status

Napa’s operating budget in 2009-2010 is \$65.7 million. Napa anticipates collecting only \$62.4 million in general operating revenues, resulting in a shortfall of \$3.3 million. If these estimates prove accurate, Napa will need to rely on unrestricted reserves to cover its operating shortfall, which would reduce its total fund balance from approximately \$18.3 to \$14.9 million. A similar operating shortfall is anticipated in 2010-2011, which would further decrease Napa’s total fund balance to \$11.7 million as summarized in the following chart.

Napa’s Fund Balance

(Source: City of Napa FY09-10/10-11 Budget)

Category	Actual 2006-2007	Actual 2007-2008	Actual 2008-2009	Estimate 2009-2010	Estimate 2010-2011
Restricted	16.555	8.897	2.127	2.127	2.127
Unrestricted	5.888	10.881	8.262	4.844	1.411
Emergency	5.900	7.000	7.934	7.934	8.175
	<u>\$28.344</u>	<u>\$26.778</u>	<u>\$18.323</u>	<u>\$14.905</u>	<u>\$11.713</u>

Dollars in Millions

Similar to most municipalities, Napa’s reliance on dynamic revenue streams, such as property, sale, and transient-occupancy taxes, has resulted in recent and projected operating shortfalls due to the downturn in the national economy. Napa did experience operating surpluses totaling \$13.5 million between 2005-2006 and 2007-2008, which allowed the City to increase its fund balance prior to the downturn in the economy. This has positioned Napa to use its operating reserve to preserve existing service levels while meeting its policy of maintaining an emergency reserve equal to two months of its annual expenses.

- **Expanded review of Napa’s ability to extend public safety services to the affected territory.**

In preparing a mitigated negative declaration for the park project, Napa concluded the development and annexation of the affected territory would result in less-than-significant impacts on the City’s fire and police services. Napa specifically found the park would not measurably increase emergency call volumes relative to current demands or require additional equipment or personnel based on input received from the two affected City departments. This information is consistent with the data collected in the Commission’s recent municipal service reviews (MSRs) that include evaluations of Napa’s fire and police services. The MSRs collectively note Napa’s response to high-priority emergency calls for both fire and police services average less than five minutes from dispatch to arrival, which satisfies national standards as well as City policies. The MSRs also did not identify any deficiencies regarding Napa’s ability to extend fire and police services to the surrounding area.

- **Does the special condition recommended in the December report requiring Napa reach agreement with neighboring landowners on the construction of an extended fence exceed the Commission’s authority?**

The Commission is within its statutory authority to condition approval to require Napa reach an agreement with the neighboring landowners on the construction of an extended fence under G.C. Section 56886(h). This subdivision specifically empowers LAFCOs to condition any change of organization or reorganization to include the “acquisition, improvement, disposition, sale, transfer, or division of any property, real or personal.” The special condition recommended in the December report addresses making an improvement to the affected territory to help protect the physical and economic integrity of adjacent agricultural lands; a factor the Commission is required to consider under G.C. Section 56668(e). The special condition does not directly regulate land use, property development, or subdivision requirements as prohibited of LAFCOs under the law.

- **What is the rationale of the special condition recommending in the December report and does it undermine Napa’s planning process?**

In evaluating the proposal ahead of the December meeting, staff became concerned with the annexation and the corresponding service plan’s potential impacts on neighboring agricultural lands owned by the Browns at 2100 Big Ranch Road. The Browns assert the new parallel fence Napa has agreed to construct along the shared property line would simply match an existing fence and does not protect against wayward park visitors from going around either end points and onto their commercial vineyard, which lies in the *Agricultural Preserve*. Staff visited the site and agrees with the Browns’ premise and recommended in the December report approval be conditioned to require Napa reach an agreement with the Browns to

construct an extended fence. This special condition included a provision to allow Napa to request a waiver if good-faith negotiations are unsuccessful. The rationale underlying the special condition is for the Commission to proactively exercise its authority to term boundary changes to effectuate public policies it is charged with implementing, namely balancing municipal growth with preservation of agricultural resources.

Napa maintains the special condition undermines its planning process. In particular, Napa asserts the special condition does not recognize an existing settlement agreement between the parties, which among other things, provides the City will construct a new parallel fence along the shared property line.⁹ Staff respectfully disagrees with the latter assertion. The special condition does not ignore the agreement. The special condition represents an independent determination informed by baseline conditions relating to the existing parallel fence that an extended fence would better help protect adjacent agricultural uses.

Notwithstanding the preceding comments, and based on additional review and input from Napa, the special condition does potentially undermine the City's planning process in terms of creating uncertainty. Most notably, Napa needs to complete construction on the portion of the park project involving the affected territory no later than May 1, 2011 to be reimbursed for its expenses through two grant awards from the State. Napa states it will need to finalize its design plans, complete a bid process, and initiate construction by summer of this year to have sufficient time to finish this phase of the project before the deadline. Any delays in initiating construction tied to negotiating with the Browns could jeopardize Napa's ability to collect its awarded funding from the State. Additionally, the waiver opportunity included in the special condition may create uncertainty for Napa since it is predicated on the City demonstrating it has negotiated in "good-faith," but is still unable to reach an agreement. The uncertainty is due to the lack of measurables in quantifying a good-faith effort.

D. Summary/Conclusion

The analysis in this report supports the December recommendation to approve the proposal as modified to exclude a one-fifth acre portion of the affected territory to make it non-contiguous to Napa while detaching the annexed land from CSA No. 4. These actions are supported by staff's review of Napa's service and fiscal capacities and would be consistent with Commission policy and practice.

⁹ The settlement agreement was signed by both parties in April 2009. It responds to a suit brought by the Browns against Napa to recover damages caused by a fire originated on the City's property in May 2007. The agreement states Napa shall, among other things, plant a row of redwood trees and construct an eight-foot chain-linked fence running parallel to the shared property line in exchange for the Brown's dropping the suit against the City.

The analysis in this report, however, does not support retaining the earlier recommendation to include a special condition requiring Napa reach an agreement with the neighboring landowners at 2100 Big Ranch Road on an extended fence with a waiver opportunity if good-faith efforts are unsuccessful. Eliminating the special condition would avoid creating uncertainties with regard to Napa's ability to meet its deadline to collect grant funding from the State to develop the affected territory into a passive recreational park. Elimination would also help avoid a scenario in which Napa chooses not to fulfill the special condition – as it has stated – and proceed with the park project without finalizing annexation. This scenario is possible because as landowner Napa enjoys immunity from County land use regulations. Staff believes this is an important factor in favor of approving annexation without the special condition given LAFCO's interest in coordinating orderly service provision in support of municipal growth.

E. Recommendation

It is recommended the Commission take the following action:

1. Adopt the attached draft resolution approving the proposal with standard conditions with the following two modifications:
 - a) Exclude a one-fifth acre portion along the southern border of the proposed annexation area to make it non-contiguous to Napa.
 - b) Detach the land annexed to Napa from CSA No. 4.

Respectfully submitted,

Keene Simonds
Executive Officer

Brendon Freeman
Analyst

Attachments:

- 1) ~~Draft Resolution of Approval~~
- 2) ~~Letter from the City of Napa~~
- 3) ~~Uno Fratelli Easement~~
- 4) ~~Napa County Land Trust Easement~~
- 5) ~~Copied Letter from Uno Fratelli~~

* A copy of the December report is available on the agency website, www.napa.lafco.ca.gov. Copies may also be obtained by contacting staff.



Local Agency Formation Commission
LAFCO of Napa County

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

February 1, 2010
Agenda Item No. 7b (Action)

January 25, 2010

TO: Local Agency Formation Commission

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

SUBJECT: Draft Proposed Budget for Fiscal Year 2010-2011

The Commission will review a draft proposed budget from the Budget Committee for 2010-2011 projecting overall operating expenses at \$413,480. The projected amount represents a 16.8% decrease over the current fiscal year. The Committee also proposes substantive changes to the budget process, including the elimination of apportioning annual reserves and contingencies in favor of establishing a policy to maintain three months of operating reserves in the fund balance. The draft proposed budget is being presented to the Commission for approval.

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

A. Background

The Commission’s annual operating expenses are funded by the County of Napa and the Cities of American Canyon, Calistoga, Napa, St. Helena, and Yountville. State law specifies the County is responsible for one half of the Commission’s operating expenses while the remaining amount is apportioned among the five cities based on a weighted calculation of population and general tax revenues. It has been the practice of the Commission to only budget operating expenses given its prescribed funding sources. It is also the practice of the Commission to return all of its unspent revenues (contributions, application fees, etc.) to the funding agencies in the form of credits towards their calculated shares of the subsequent fiscal year budget. The Commission’s adopted operating expenses along with agency credits and apportionments over the last five fiscal years follow.

Juliana Inman, Chair
Councilmember, City of Napa

Lewis Chilton, Commissioner
Councilmember, Town of Yountville

Joan Bennett, Alternate Commissioner
Councilmember, City of American Canyon

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

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

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

Brian J. Kelly, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

	<u>FY05-06</u>	<u>FY06-07</u>	<u>FY07-08</u>	<u>FY08-09</u>	<u>FY09-10</u>
Adopted Expenses	<u>\$436,915</u>	<u>\$456,758</u>	<u>\$466,672</u>	<u>\$552,168</u>	<u>\$496,961</u>
Agency Credits					
County of Napa.....	44,343	72,658	91,669	99,701	94,515
City of Napa.....	30,827	49,793	62,807	65,691	63,508
City of American Canyon...	4,974	9,126	11,909	15,558	14,631
City of St. Helena.....	3,597	5,813	7,188	7,687	6,786
City of Calistoga.....	2,967	4,737	5,612	6,034	5,391
Town of Yountville.....	1,977	3,190	4,154	4,732	4,199
	<u>88,686</u>	<u>145,317</u>	<u>183,338</u>	<u>199,402</u>	<u>189,030</u>
Agency Contributions					
County of Napa.....	174,114	155,720	141,667	176,383	153,966
City of Napa.....	118,873	106,679	90,934	119,820	105,429
City of American Canyon...	22,477	20,542	24,502	27,180	22,011
City of St. Helena.....	13,849	12,095	10,801	12,134	11,135
City of Calistoga.....	11,324	9,243	8,509	9,714	8,743
Town of Yountville.....	7,592	7,160	6,920	7,534	6,648
	<u>348,229</u>	<u>311,411</u>	<u>283,333</u>	<u>352,765</u>	<u>307,931</u>
	<u>\$436,915</u>	<u>\$456,758</u>	<u>\$466,672</u>	<u>\$552,168</u>	<u>\$496,961</u>

B. Discussion

The Committee met on January 13, 2010 to review the Commission’s operating expenses for the upcoming fiscal year. The Committee created a spending baseline to identify agency costs to maintain the current level of services at next fiscal year’s price for labor and supplies. In reviewing the spending baseline, the Committee considered actual expenses from previous fiscal years and whether adjustments in spending are appropriate to reflect anticipated changes in demand or need. The Committee also focused on whether changes to the overall budget process are warranted to improve the financial management of the agency. Proposed changes identified by the Committee are outlined below:

- Begin budgeting revenues.
- Maintain the fund balance to be equal to three months of operating expenses at the beginning of each fiscal year.
- No longer budget an annual operating reserve or consultant contingency in favor of relying on the agency’s fund balance to cover unexpected expenses.

Expenses

Overall operating expenses in 2010-2011 are projected at \$413,480. This projected amount represents a decrease of \$83,481 or 16.8% over the current fiscal year. Nearly all of the decrease is attributed to the Committee’s recommendation to eliminate the annual reserve and consultant contingency. Also attributing to the decrease is a sizeable reduction in the annual service charge by the County for providing information technology services (ITS) based on their own calculation in apportioning user costs.

Notwithstanding the overall decrease, the Committee has allocated additional funding within several expense accounts. Expenses in the salaries and benefits unit are expected to increase by 2.0% with the majority tied to accommodating recent and pending merit advances for staff consistent with the County's job classification system. Expenses in the services and supplies unit are also expected to increase primarily due to establishing a new account to provide capital replacement funding for the agency's recently purchased electronic document management system. However, the aforementioned savings in the ITS charge helps to reduce the overall increase in the services and supplies unit to 1.2%.

Expense Unit	Adopted FY09-10	Proposed Draft FY10-11	Change
Salaries/Benefits	<u>288,265</u>	<u>293,973</u>	<u>2.0</u>
Services/Supplies	<u>118,063</u>	<u>119,506</u>	<u>1.2</u>
Contingencies/Reserves	<u>90,633</u>	<u>0</u>	
	<u>\$496,961</u>	<u>\$413,480</u>	<u>(16.8%)</u>

Revenues

Agency contributions are expected to cover nearly nine-tenths of the Commission's projected operating expenses in 2010-2011. This amount represents a 20.5% increase over agency contributions collected for the current fiscal year. The expected increase in agency contributions corresponds with the anticipated decrease in unspent revenues available at the end of this fiscal year to be converted into agency credits. Notably, credits for the current fiscal year totaled \$189,030 while credits for the upcoming fiscal year are expected to total \$27,282. The cause of the expected decrease in credits is two-fold. First, actual salary and benefit costs increased due to the filling of the analyst position after nearly a two-year vacancy. Second, in conjunction with the recommendation to eliminate annual reserve and contingency appropriations, the Committee proposes to hold back \$99,620 in unspent revenues from the credit pool to set the fund balance equal to three months of operating expenses. The remaining revenues are expected to be drawn from outstanding agency credits, application fees, and interest.

Revenue Type	FY09-10	Proposed Draft FY10-11	Change
Agency Contributions			
County of Napa.....	153,966	185,599	20.5
City of Napa.....	105,429	126,185	19.7
City of American Canyon...	22,011	27,369	24.3
City of St. Helena.....	11,135	13,386	20.2
City of Calistoga.....	8,743	10,557	20.8
Town of Yountville.....	6,648	8,102	21.9
	<u>307,931</u>	<u>371,198</u>	<u>20.5</u>
Agency Credits	<u>189,030</u>	<u>27,282</u>	<u>(85.6)</u>
Application Fees	---	<u>10,000</u>	---
Interest	---	<u>5,000</u>	---
	<u>\$496,961</u>	<u>\$413,480</u>	<u>(16.8%)</u>

C. Analysis

The draft proposed budget for 2010-2011 accomplishes the Committee's core objectives to (a) provide sufficient resources to maintain current service levels while (b) minimizing impacts on the funding agencies by limiting increases in discretionary expenses. The former accomplishment allows the Commission to preserve present staffing levels, which the Committee believes is merited given the agency's increasing workload. In particular, along with processing applicant proposals and preparing municipal service reviews and sphere of influence updates, staff has assumed additional duties ranging from implementing an electronic document management system to expanding roles within the statewide association. Any reduction in staffing levels would create a corresponding decrease in fulfilling current duties. Further, while the funding agencies will experience an overall 20% rise in their contributions, the increase marks a natural readjustment given the higher-than-average credit totals received for the current fiscal year due to vacancy of the analyst position for most of 2008-2009.

Additionally, the Committee's proposed changes to the budget process will improve the financial management of the Commission. For example, budgeting revenues will provide a transparent connection between operating expenses and funding sources at the time of budget adoption rather than continuing to invoice the funding agencies their calculated contributions in August without public discussion. Eliminating annual appropriations for operating reserves and consultant contingencies in favor of establishing a fund balance policy to maintain three months of operating expenses to cover unexpected events benefits both the Commission and funding agencies. The Commission will benefit from the change by clarifying its financial position at the end of each fiscal year by reducing the amount of cash tied to agency credits remaining in the fund balance. The funding agencies will benefit from the change by enjoying more cost-certainty by receiving a more accurate appropriation charge at the beginning of each fiscal year.

D. Recommendation

It is recommended for the Commission to take the following actions:

- 1) Approve with any desired changes the draft proposed budget for 2010-2011;
- 2) Direct the Executive Officer to circulate the approved draft proposed budget for review and comment to each funding agency; and
- 3) Direct the Executive Officer to schedule a public hearing for the Commission to consider adopting a proposed budget at its April 5, 2010 meeting.

Respectfully submitted on behalf of the Committee,

Keene Simonds
Executive Officer

Attachments:

- 1) ~~Draft Proposed Budget for FY10-11~~



Local Agency Formation Commission
LAFCO of Napa County

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

February 1, 2010
Agenda Item No. 7c (Action)

January 25, 2010

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: Financial Audit for Fiscal Year Ending June 30, 2009

The Commission will review a written report from an outside consultant auditing the agency's financial statements for the 2008-2009 fiscal year. The report is being presented to the Commission to receive and file.

It is the practice of the Local Agency Formation Commission of Napa County ("Commission") to retain an outside consultant to perform an audit on the agency's financial statements for each fiscal year completed. The purpose of the audit is for a third-party to assess the reliability of the financial statements by reviewing records and testing transactions to determine their compliance with generally accepted governmental accounting standards. The audit also provides an opportunity for the third-party to identify reporting errors and omissions as well as to make suggestions for improvements.

A. Discussion

In July 2009, the Commission authorized the Executive Officer to retain Galina, LLP to conduct an independent audit of the agency's financial statements for the 2008-2009 fiscal year. Galina completed its audit in December 2009 and found no material misstatements. The audit also found no instances of significant or unusual changes in reporting practices and does not include any suggestions for improvements. A copy of Galina's audit with an accompanying cover letter addressed to the Commission is attached.

B. Analysis

Galina's audit provides an unqualified opinion the Commission's financial statements for the 2008-2009 fiscal year are reliable representations of the agency's financial position as of June 30, 2009. This clean opinion indicates the Commission maintains an effective level of internal control in managing its financial records and transactions which helps to ensure maximum accountability with respect to the agency's use of public funds.

Juliana Inman, Chair
Councilmember, City of Napa

Lewis Chilton, Commissioner
Councilmember, Town of Yountville

Joan Bennett, Alternate Commissioner
Councilmember, City of American Canyon

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

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

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

Brian J. Kelly, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

C. Recommendation

It is recommended the Commission take the following action:

- 1) Receive and file the attached “Audit Report for the Year Ending on June 30, 2009” prepared by BBR.

Respectfully submitted,

Keene Simonds
Executive Officer

Attachments:

- 1) ~~2008-2009 Audit Report, Prepared by Galina, LLP~~
- 2) ~~LAFCO Financial Summary Chart, Prepared by Auditor's Office~~



Local Agency Formation Commission
LAFCO of Napa County

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

February 1, 2010
Agenda Item No. 8a (Discussion)

January 26, 2010

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: Legislative Report

The Commission will receive a report on the second year of the 2009-2010 session of the California Legislature as it relates to bills directly or indirectly effecting Local Agency Formation Commissions.

The Executive Officer is a member of the California Association of Local Agency Formation Commissions' (CALAFCO) Legislative Committee. The Legislative Committee meets on a regular basis to review, discuss, and offer recommendations to the CALAFCO Board of Directors as it relates to new legislation that have either a direct impact on LAFCO law or the laws LAFCO helps to administer.

A. Discussion and Analysis

The Legislative Committee is currently tracking 14 bills with direct or indirect impacts on LAFCOs as part of the second year of the 2009-2010 session. A complete listing of all tracked bills is attached. Specific bills of interest to the Commission are discussed below.

Assembly Bill 853 (Juan Arambula)

This legislation would establish new procedures for county boards of supervisors to initiate proposals seeking LAFCO approval to annex unincorporated islands or "fringe communities" that lack adequate public infrastructure. The legislation defines a fringe community as any inhabited (12 or more registered voters) land located within a city's sphere of influence. The legislation would require LAFCOs to approve an annexation unless it finds the proposal will not result in a net benefit to the community's public health. The legislation would waive protest proceedings and the traditional requirement that land be rezoned by cities as a precondition to annexation. The legislation would also establish a process for LAFCO to determine a property tax agreement for the annexation. The bill has been on a two-year track and is awaiting passage through the Assembly. CALAFCO has adopted an oppose-unless-amended position on the bill.

Juliana Inman, Chair
Councilmember, City of Napa

Lewis Chilton, Commissioner
Councilmember, Town of Yountville

Joan Bennett, Alternate Commissioner
Councilmember, City of American Canyon

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

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

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

Brian J. Kelly, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

Assembly Bill 1109 (Sam Blakeslee)

This legislation would authorize LAFCOs to appoint administrators to assume control of non-performing special districts. The need for the potential legislation is drawn from the recent actions of a large special district in San Luis Obispo County in which ineffective decision-making by the board directly led to the agency becoming inoperable and insolvent. This legislation has been on a two-year track and remains in the Assembly. CALAFCO has adopted a watch position.

The Legislative Committee is also considering introducing new legislation for the second session or at a later date. This includes working with the Senate Committee on Local Government (SCLG) in establishing a streamlined process to convert resort improvement districts and municipal improvement districts into community service districts. The Commission has already adopted a support position for this legislative concept. Staff is also working on a sub-committee group tasked with reviewing and making amendment recommendations to Revenue and Tax Code as it relates to clarifying and improving the property tax negotiation process associated with proposed jurisdictional changes.

Finally, staff recently presented amendments to the Legislative Committee to make two substantive changes to the procedures regulating LAFCO approval of outside service extensions under California Government Code Section 56133. This statute was enacted in 1994 and requires cities and special districts to request and receive written approval from LAFCO before providing new or extended services outside their jurisdictional boundaries. Approval, however, must comply with one of two geographic requirements. First, LAFCO may only approve outside service extensions within the affected agency's sphere of influence in anticipation of a future change of organization. Second, LAFCO may only approve outside service extensions beyond an agency's sphere of influence to respond to an existing or impending public health or safety threat. Staff has proposed the statute be amended to give LAFCO's the ability to allow new or extended services beyond an agency's sphere of influence if consistent with local conditions and circumstances. Staff has also proposed eliminating the existing exemption involving recycled water given it is becoming an increasingly important component in supporting urban development. The Legislative Committee approved the proposed amendments on a 10 to 8 vote. The CALAFCO Board, however, has decided to take no action on the proposed amendments due to a lack of perceived consensus within the Association.

B. Commission Review

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

Attachments:

- 1) ~~CALAFCO Legislative Policies~~
- 2) ~~Status Report on Current Legislation~~