



# **LAFCO MEETING AGENDA**

## **Monday, April 7, 2008**

**Board Chambers, County Administration Building**  
**1195 Third Street, Room 305**  
**Napa, California 94559**

Brad Wagenknecht, Chair  
Brian J. Kelly, Vice-Chair  
Bill Dodd, Commissioner  
Jack Gingles, Commissioner  
Juliana Inman, Commissioner  
Cindy Coffey, Alternate Commissioner  
Mark Luce, Alternate Commissioner  
Gregory Rodeno, Alternate Commissioner

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Keene Simonds, Executive Officer  
Jacqueline Gong, Commission Counsel  
Kathy Mabry, Secretary

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

**2. PLEDGE OF ALLEGIANCE**

**3. APPROVAL OF MINUTES**

Minutes of December 3, 2007  
Minutes of February 4, 2008

**4. PUBLIC COMMENT**

In this time period, anyone may comment to the Commission regarding any subject over which the Commission has jurisdiction, or request consideration to place an item on a future agenda. No comments will be allowed involving any subject matter that is scheduled for hearing or discussion as part of this 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 CALENDAR**

With the concurrence of the Chair, a Commissioner or member of the public may request discussion of an item on the consent calendar.

**a) Proposed Second Amendment to Support Services Agreement with County of Napa (Action)**

The Commission will consider approving a proposed second amendment to its support services agreement with the County of Napa. The proposed amendment establishes the Commission's 2008-2009 annual fee for information technology services in the amount of \$17,768.

**b) Third Quarter Budget Report for Fiscal Year 2007-2008 (Action)**

The Commission will receive a third quarter budget report for the 2007-2008 fiscal year. The budget report summarizes overall expenses through the third quarter and is being presented to the Commission to receive and file.

**6. PUBLIC HEARING ITEMS**

**a) 1) Proposed Policy Amendments Concerning the Appointment of a Public Member and Alternate Public Member and 2) Reappointment of Gregory Rodeno as Alternate Public Member to a New Four-Year Term**

The Commission will consider adopting policy amendments concerning the appointment of a public member and alternate public member. The proposed amendments include a new provision allowing the Commission to reappoint incumbents to new four-year terms without recruiting other applicants under certain conditions. The Commission will also consider reappointing Gregory Rodeno to a new four-year term as alternate public member.

**b) Proposed Budget for Fiscal Year 2008-2009**

The Commission will receive a proposed budget from the 2008-2009 Budget Committee. The proposed budget projects a total increase in operating costs of 6.5% (\$30,496) over the current fiscal year and is being presented to the Commission for adoption as part of a draft resolution.

**7. COMMISSION ACTION ITEMS**

None

## 8. COMMISSION DISCUSSION ITEMS

### a) City of Calistoga – Municipal Service Review

The Commission will receive a municipal service review report on the City of Calistoga. The report is in draft-form and is being presented for discussion.

### b) City of St. Helena – Municipal Service Review

The Commission will receive a municipal service review report on the City of St. Helena. The report is in draft-form and is being presented for discussion.

### c) Legislative Report

The Commission will receive a report on the legislative activities of the California Association of Local Agency Formation Commissions. The report summarizes the bills under consideration in the current legislative session relevant to the Commission and is being presented for discussion.

### d) Financial Audit for Fiscal Year Ending June 30, 2007

The Commission will receive a final audit report from Bartig, Basler & Ray for the fiscal year ending June 30, 2007. The report is being presented to the Commission to review and file.

## 9. EXECUTIVE OFFICER REPORT

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

- Report from the 2008 CALAFCO Workshop
- Report from Recent Bay Area LAFCO Meeting
- California Government Code Section 56133
- Initiate Analyst Recruitment

## 10. INFORMATION ITEMS

Information items are provided for the Commission to receive and file. The Commission may choose to discuss individual items or to receive and file the entire calendar.

### a) 2008 Staff Work Plan

The Commission will receive a written report outlining a staff work plan for the current year.

### b) Current and Future Proposals

The Commission will receive a written report summarizing current and future proposals.

## 11. CLOSED SESSION

None

## 12. COMMISSIONER COMMENTS; REQUEST FOR FUTURE AGENDA ITEMS

## 13. ADJOURNMENT TO NEXT REGULAR SCHEDULED MEETING:

May 5, 2008

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Commissioners are disqualified from voting on any proposals involving entitlements of use (such as annexations) 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, and, if so, to which Commissioner(s) you have contributed and the amount(s). Please consult with LAFCO Counsel if you have any questions about the laws that pertain to campaign contributions or conflicts of interest. Contact LAFCO staff if you have any other questions or require special accommodations at (707) 259-8645.

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**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>

**April 7, 2008**  
**Agenda Item No. 5a**

March 31, 2008

**TO:** Local Agency Formation Commission

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: Proposed Second Amendment to Support Services Agreement with County of Napa (Consent: Action)**

The Commission will consider approving a proposed second amendment to its support services agreement with the County of Napa. The proposed amendment establishes the Commission's 2008-2009 annual fee for information technology services from the County in the amount of \$17,768.

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

### **Background**

In July 2003, LAFCO of Napa County entered into a support services agreement (SSA) with the County of Napa. The SSA establishes terms and conditions for the County to provide personnel and related services necessary for LAFCO to fulfill its responsibilities. The SSA was amended in September 2007 to incorporate a new billing methodology involving the provision of information technology services (ITS).

### **Discussion**

The County proposes a second amendment to the SSA to establish LAFCO's 2008-2009 annual fee for ITS in the amount of \$17,768. The proposed rate has been calculated based on the previously approved billing methodology and represents an approximate 8.4% increase over the current fiscal year.

### **Analysis**

LAFCO's annual fee for ITS covers all network administration and monitoring costs. This includes providing e-mail, technical support services, database maintenance for accounting and payroll, and access to the County's geographic information system. The level and range of these services are exceptional.

Jack Gingles, Commissioner  
Mayor, City of Calistoga

Juliana Inman, Commissioner  
Councilmember, City of Napa

Cindy Coffey, Alternate Commissioner  
Councilmember, City of American Canyon

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

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

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

Brian J. Kelly, Vice Chair  
Representative of the General Public

Gregory Rodeno, Alternate Commissioner  
Representative of the General Public

Keene Simonds  
Executive Officer

**Recommendation**

It is recommended that the Commission take the following actions:

- 1) Approve and direct the Chair to sign the proposed second amendment to LAFCO's Support Services Agreement with the County (LAFCO Agreement No. 03-02); and
- 2) Direct staff to forward the approved second amendment to the County for approval by the Board of Supervisors.

Respectfully submitted,

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Keene Simonds  
Executive Officer

Attachment:

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

**AMENDMENT NO. 2 OF**

**NAPA COUNTY AGREEMENT NO. 4433  
LOCAL AGENCY FORMATION COMMISSION OF  
NAPA COUNTY AGREEMENT NO. 03-02**

**SUPPORT SERVICES BY THE COUNTY OF NAPA TO THE LOCAL AGENCY  
FORMATION COMMISSION OF NAPA COUNTY**

**THIS AMENDMENT NO. 2 OF NAPA COUNTY AGREEMENT NO. 4433** is made and entered into as of this 1st day of September, 2008 by and between the COUNTY OF NAPA, a political subdivision of the State of California, hereinafter referred to as "County", and the LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY (hereinafter "LAFCO"), a local public agency formed pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act (Government Code Section 56000 et. seq.);

**RECITALS**

**WHEREAS**, on or about July 1, 2003, County and LAFCO entered into Napa County Agreement No. 4433 (hereinafter referred to as "MA"), subsequently amended on or about September 1, 2007, for the provision by County of support services needed for LAFCO's performance of its functions and responsibilities, including information technology services; and

**WHEREAS**, the parties now desire to amend the MA to modify the annual rates of compensation to County for services provided by its Information Technology Services Department ("ITS") to reflect changes in the costs to County to provide such services;

**TERMS**

**NOW, THEREFORE**, County and LAFCO hereby amend the Agreement as follows:

1. The portion entitled "Services of Information Technology (annual rate)" of Attachment AA of the Agreement is hereby amended to read in full as follows:

1. **Services of Information Technology (annual rate):**
  - a. Calculation of Annual Fee and Method of Payment. The parties acknowledge that reimbursement of County by LAFCO for the costs of providing the information technology services required of County under Section 4 of Attachment D of this Agreement are calculated utilizing the ITS Cost Allocation Method for County's own departments and agencies which was approved by the Napa County Board of Supervisors on June 19, 2001, a copy of which is attached to Amendment No. 1 of the Agreement as Attachment "BB". At the option of LAFCO, the Annual Fee shall be payable either in advance in a single payment due on or before July 1 of the applicable fiscal year or in monthly payments in arrears, each payment due on

or before the first of the month succeeding the month of service, with the payable monthly rate being 1/12 of the Annual Fee then in effect.

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

<u>Fiscal Year</u>	<u>Annual Rate</u>
2003-2004	\$12,900.00
2004-2005	\$12,999.96
2005-2006	\$13,377.96
2006-2007	\$17,799.00
2007-2008	\$16,387.00
Beginning 2008-2009*	\$17,768.00

\* Future Modifications. Notwithstanding the foregoing, it is anticipated that County and LAFCO may amend this Agreement, beginning with Fiscal Year 2009-2010, to conform subsequent fiscal year compensation amounts to the above-referenced Cost Allocation Method or such other Method as the parties may subsequently agree to by amendment, or may amend this Agreement within Fiscal Year 2008-2009 or any subsequent fiscal year during the term of this Agreement or extension thereof to reflect additional services requested by LAFCO.

2. This Amendment No. 2 of the MA shall be effective as of September 1, 2008.
3. Except as provided in (1) through (2), above, the terms and provisions of the MA shall remain in full force and effect as originally approved.

**IN WITNESS WHEREOF**, this Amendment No. 2 of Napa County Agreement No.

/////

4433 as of the date first above written.

LOCAL AGENCY FORMATION COMMISSION OF  
NAPA COUNTY

By \_\_\_\_\_  
\_\_\_\_\_, Chair of the Local Agency  
Formation Commission of Napa County

ATTEST: KEENE SIMONDS,  
Executive Director/Clerk of LAFCO

"LAFCO"

By: \_\_\_\_\_

APPROVED AS TO FORM:

Commission Counsel

By: Jacqueline M. Gong  
(By e-signature)

Date: 2/5/08

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

By \_\_\_\_\_  
BRAD WAGENKNECHT, Chair of the Board of  
Supervisors

"COUNTY"

ATTEST: GLADYS I. COIL  
Clerk of the Board of Supervisors

By: \_\_\_\_\_

**APPROVED AS TO FORM**  
Office of County Counsel  
  
By: *Margaret L. Woodbury*,  
Chief Deputy  
(by e-signature)  
  
Date: March 4, 2008

**APPROVED BY THE NAPA COUNTY  
BOARD OF SUPERVISORS**  
  
Date: \_\_\_\_\_  
  
Processed by: \_\_\_\_\_  
Deputy Clerk of the Board



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

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**April 7, 2008**  
**Agenda Item No. 5b**

April 1, 2008

**TO:** Local Agency Formation Commission

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: Third Quarter Budget Report for Fiscal Year 2007-2008**  
**(Consent: Action)**

The Commission will receive a third quarter budget report for the 2007-2008 fiscal year. The budget report summarizes overall expenses through the third quarter and is being presented to the Commission to receive and file.

The Commission's annual operating costs are funded by the County of Napa and the Cities of American Canyon, Calistoga, Napa, St. Helena, and the Town of Yountville. State law provides that the County is responsible for 50% of the Commission's operating costs with the remaining amount proportionally shared by the five cities based on a weighted calculation of population and general tax revenues. Each agency is responsible for paying their share of the Commission's adopted budget at the beginning of each fiscal year. It is the practice of the Commission to only budget operating costs.

The Commission's annual budget is divided into three units: 1) salaries and benefits; 2) services and supplies; and 3) contingencies. The Commission practices bottom-line accounting. This allows for shortfalls within individual accounts in the salaries and benefits and services and supplies units as long as the overall balance remains positive. Funds may not be drawn from the contingencies unit without Commission approval.

**Discussion**

The third quarter of the Commission's 2007-2008 fiscal year ended on March 31, 2008. Overall expenses (expenditures and encumbrances) through the third quarter totaled \$194,861. This amount represents close to half of the adopted budget (not including contingencies) with three-fourths of the fiscal year complete.

**2007-2008 Adopted Budget**

<b>Operating Budget</b>	<b>Expenses 7/1/07 to 3/31/2008</b>	<b>Remaining Balance</b>
\$378,793	\$194,861 (51%)	\$183,932 (49%)

Jack Gingles, Commissioner  
Mayor, City of Calistoga

Juliana Inman, Commissioner  
Councilmember, City of Napa

Cindy Coffey, Alternate Commissioner  
Councilmember, City of American Canyon

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

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

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

Brian J. Kelly, Vice Chair  
Representative of the General Public

Gregory Rodeno, Alternate Commissioner  
Representative of the General Public

Keene Simonds  
Executive Officer

An overview of total expenses through the third quarter within the Commission's three budget units follows.

### **Salaries and Benefits**

At the end of the third quarter the Commission spent \$119,041 on salaries and benefits. This amount represents 47% of the total amount budgeted, as amended, in the seven affected accounts for the fiscal year. Savings have been accumulating in several of the accounts due to the vacancy of the analyst position. All accounts finished the third quarter with balances at or above 25%.

### **Services and Supplies**

At the end of the third quarter the Commission spent \$75,820 on services and supplies. This amount represents 61% of the total amount budgeted, as amended, in the 14 affected accounts for the fiscal year. Five accounts – memberships, publications and notices, property lease, training, and private vehicle miles – finished the third quarter with balances below 25%. A summary of expenses in these five accounts follows.

#### ***Memberships***

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The membership account covers the Commission's annual due for the California Association of Local Agency Formation Commissions (CALAFCO). The Commission's budgeted membership due for CALAFCO in 2007-2008 is \$2,000, which was paid in full during the first quarter.

#### ***Publications and Notices***

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The publications and notices account covers the Commission's legal noticing requirements for all public hearings. Through the third quarter the Commission has spent \$1,387 in this account, which represents approximately 92% percent of the total amount budgeted for the fiscal year. A modest shortfall is expected to occur in this account. Expected savings in the salaries and benefits unit will be used to cover this anticipated shortfall.

#### ***Property Lease***

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The property lease account covers the Commission's lease for office space at 1700 Second Street, Suite 268 in Napa. The Commission's current lease provides a fixed monthly rate of \$2,250 through June 2009. The total lease amount for the fiscal year (\$27,000) has been encumbered by the County Auditor's Office for the purpose of simplifying payment to the landlord.

### ***Training***

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The training account is used for a variety of instructional activities for staff and Commissioners. Through the third quarter the Commission has spent \$3,019 in this account, which represents approximately 76% of the total amount budgeted for the fiscal year. The majority of expenses in this account occurred in the first quarter from registration costs for the 2007 CALAFCO Annual Conference, which was held in Sacramento and attended by two staff and four Commissioners. Recent transactions involving this account include registration payments for the Executive Officer and Commission Counsel to attend the CALAFCO Workshop, which is scheduled for April 2-4 in San Jose. No other training activities are currently planned.

### ***Private Vehicle Miles***

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This account provides reimbursement to staff and Commissioners for automobile travel associated with official LAFCO business. Through the third quarter the Commission has spent \$999 in this account, which represents approximately 99% percent of the total amount budgeted for the fiscal year. A modest shortfall is expected to occur in this account. Expected savings in the salaries and benefits unit will be used to cover this anticipated shortfall.

### **Contingencies**

Through the third quarter the Commission has not drawn funds from its two budgeted contingency accounts, professional services reserve (\$50,000) and operating reserve (\$37,879). It is not expected that the Commission will draw funds from either contingency account during the remainder of the fiscal year.

### **Summary**

The Commission is currently on course to finish the 2007-2008 fiscal year with excess operating funds in all three of its budget units. Unexpended funds will be returned to the agencies along with any other revenues, such as application fees, in the form of credits towards their calculated share of the Commission's operating costs in 2008-2009.

### **Recommendation**

It is recommended that the Commission take the following action:

- 1) Receive and file the "Third Quarter Budget Report for Fiscal Year 2007-2008."

Respectfully submitted,

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Keene Simonds  
Executive Officer

Attachment:

- 1) Third Quarter General Ledger Report



Report ID: GLC8020W  
 Fund: 2910 NAPA CO LOCAL AGENCY FORMATION  
 Dept: 02910 NAPA LAFCO

County of Napa  
 General Ledger Organization Budget Status  
 For Periods: 1 To: 9 FY: 2008

4/1/2008

Account	Account Description	Final Budget	Adjustments	Encumbrances	Expenditures	Remaining Balance	Percent Available
51100000	S/W:REGULAR SALARIES	185,527	-18,500.00	0.00	84,726.83	82,299.96	49.27
51200500	S/W:PER DIEM	9,600	0.00	0.00	3,800.00	5,800.00	60.42
51300100	E/B:RETIREMENT	31,583	0.00	0.00	14,439.23	17,144.21	54.28
51300300	E/B:MEDICARE	2,650	0.00	0.00	1,136.48	1,513.44	57.11
51300500	E/B:GROUP INSURANCE	43,168	0.00	0.00	14,202.56	28,965.76	67.10
51301200	E/B:INS:WORKERS COMP	185	0.00	0.00	138.75	46.25	25.00
51301800	E/B:CELL PHONE ALLOWANCE	840	0.00	0.00	597.38	242.62	28.88
	<b>Total Salaries &amp; Employee Benefits</b>	<b>273,553</b>	<b>-18,500.00</b>	<b>0.00</b>	<b>119,041.23</b>	<b>136,012.24</b>	<b>53.33</b>
52070000	COMMUNICATIONS	3,500	0.00	0.00	1,081.59	2,418.41	69.10
52100300	INSURANCE:LIABILITY	352	0.00	0.00	264.00	88.00	25.00
52150000	MEMBERSHIPS	2,000	0.00	0.00	2,000.00	0.00	0.00
52170000	OFFICE EXPENSE	15,000	0.00	1,748.80	5,196.89	8,054.31	53.70
52180200	PSS:MGMT INFO SVCS	16,387	0.00	0.00	12,290.22	4,096.78	25.00
52180500	PSS:LEGAL EXPENSE	21,500	0.00	0.00	12,981.83	8,518.17	39.62
52185000	PSS:OTHER	7,150	18,500.00	0.00	5,638.26	20,011.74	78.02
52190000	PSS:PUBLICATIONS/LGL NOTICE	1,500	0.00	0.00	1,386.81	113.19	7.55
52235000	SDE:OTHER	1,000	0.00	0.00	356.78	643.22	64.32
52240500	SDE:PROPERTY LEASE	27,000	0.00	4,500.00	22,500.00	0.00	0.00
52243900	SDE:FILING FEE	850	0.00	0.00	450.00	400.00	47.06
52250000	TRANSPORTATION & TRAV	4,000	0.00	0.00	1,406.84	2,593.16	64.83
52250800	T/T:TRAINING	4,000	0.00	0.00	3,019.00	981.00	24.53
52251200	T/T:PRIVATE VEH MILE	1,000	0.00	0.00	999.06	0.94	0.09
	<b>Total Services &amp; Supplies</b>	<b>105,239</b>	<b>18,500.00</b>	<b>6,248.80</b>	<b>69,571.28</b>	<b>47,918.92</b>	<b>38.73</b>
54000900	OPERATING RESERVE	37,879	0.00	0.00	0.00	37,879.25	100.00
54001000	PROFESSIONAL SERVICES RESERVE	50,000	0.00	0.00	0.00	50,000.00	100.00
	<b>Total Contingencies &amp; Reserves</b>	<b>87,879</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>87,879.25</b>	<b>100.00</b>
02910	NAPA LAFCO	466,672	0.00	6,248.80	188,612.51	271,810.41	58.24
2910	NAPA CO LOCAL AGENCY FORMATION	466,672	0.00	6,248.80	188,612.51	271,810.41	58.24



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**April 7, 2008**  
**Agenda Item No. 6a**

March 17, 2008

**TO:** Local Agency Formation Commission

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: 1) Proposed Policy Amendments Concerning the Appointment of a Public Member and Alternate Public Member and 2) Reappointment of Gregory Rodeno as Alternate Public Member to a New Four-Year Term**

The Commission will consider adopting policy amendments concerning the appointment of a public member and alternate public member. The proposed amendments include a new provision allowing the Commission to reappoint incumbents to new four-year terms without recruiting other applicants under certain conditions. The Commission will also consider reappointing Gregory Rodeno to a new four-year term as alternate public member.

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California Government Code §56325(d) states the composition of Local Agency Formation Commissions (LAFCOs) shall include one member representing the general public, referred to as the “public member.” This code section also states that LAFCOs may designate one alternate public member. The public member and alternate public member are appointed to separate four-year terms and cannot be officers or employees with a local governmental agency. Additionally, in order to be appointed, a public member and alternate public member must receive at least one affirmative vote from a county and city member.

### **Background**

LAFCO of Napa County’s (“Commission”) current policies regarding the appointment of a public member and alternate public member were adopted in October 2001. These policies are attached and outline several procedures involving recruitment, qualification, and selection. Markedly, this includes a provision for the Commission to solicit applications before making a new four-year appointment for either position.

On December 3, 2007, as directed under the current policies, staff notified the Commission that Commissioner Rodeno’s term as alternate public member is scheduled to expire on Monday, May 5<sup>th</sup>. (The Commission appointed Commissioner Rodeno at its April 2, 2007 meeting to fill the unexpired term of the alternate public member position vacated by Commissioner Kelly.) In providing notice, staff sought Commission approval to implement certain policy procedures in scheduling the appointment of an alternate public member to a new four-year term, including issuing a news release inviting applications from interested

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Jack Gingles, Commissioner  
Mayor, City of Calistoga

Juliana Inman, Commissioner  
Councilmember, City of Napa

Cindy Coffey, Alternate Commissioner  
Councilmember, City of American Canyon

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County of Napa Supervisor, 1st District

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County of Napa Supervisor, 4th District

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Representative of the General Public

Keene Simonds  
Executive Officer

individuals. However, upon discussion, the Commission expressed interest in foregoing the recruitment process in support of reappointing Commissioner Rodeno. The Commission formalized this interest by approving a motion directing to staff to schedule the reappointment of the alternate public member with a 21-day public notice as part of the April 7, 2008 meeting. In receiving this direction, staff stated it would also present policy amendments to provide permanent support of the Commission's interest in streamlining the reappointment of public members and alternate public members under certain conditions.

## **Discussion**

Drawing from the discussion and direction of the Commission at its December 3<sup>rd</sup> meeting, staff has prepared proposed policy amendments regarding the procedures for appointing public members and alternate public members. These proposed amendments have been codified as part of the attached *Policies on the Appointment of a Regular Public Member and Alternate Public Member*. Most notably, the proposed amendments include a new provision allowing the Commission to reappoint public members and alternate public members to new four-year terms without recruiting other applicants under certain conditions. These conditions are limited to instances in which the incumbent has served no more than all or portions of one four-year term. Staff believes these conditions are appropriate to help ensure the Commission does not disenfranchise other members of the public from having an open opportunity to serve on LAFCO. Other proposed amendments to the existing policies generally involve non-substantive format and narrative changes.

## **Analysis**

The proposed policy amendments simplify the reappointment processes for incumbent public members and alternate public members that are in good standing and have served less than one term on the Commission. Key advantages in simplifying the reappointment process for relatively new incumbents are two-fold. First, the Commission avoids expending resources on candidate recruitment when a qualified incumbent is available. Second, the Commission provides itself an incentive to further invest in the learning and expertise of the incumbent as it relates to LAFCO. In terms of disadvantages, even with the limitations proposed, simplifying the reappointment process for incumbents by bypassing an open recruitment process establishes the potential that other members of the public may not have an opportunity to serve on LAFCO for up to eight years.

## **Recommendation**

Staff believes the proposed policy amendments establish an appropriate balance between 1) simplifying the reappointment process for public members and alternate public members that are in good standing while 2) ensuring an open recruitment for both positions will occur at least once every eight years. With this in mind, and drawing from your earlier direction, staff recommends the Commission take the following two actions:

*Proposed Policy Amendments Concerning the Appointment of a Public Member and Alternate Public Member  
and Reappointment of Gregory Rodeno as Alternate Public Member to a New Four-Year Term*

*April 7, 2008*

*Page 3 of 3*

- 1) Approve the attached *Policies on the Appointment of a Public Member and Alternate Public Member* with any desired changes; and
- 2) Reappoint Gregory Rodeno as alternate public member to a new four-year term beginning May 5, 2008.

Respectfully submitted,

---

Keene Simonds  
Executive Officer

Attachments:

- 1) Current Policy: *Policies Regarding the Positions of Public Member and Alternate Public Member*
- 2) Proposed Policy: *Policies on the Appointment of the Public Member and Alternate Public Member*

## **LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY**

### **APPOINTMENT OF THE PUBLIC MEMBER FOR A FULL-TERM**

Adopted: October 11, 2001;  
Amended: December 5, 2005

#### ***Policies Regarding the Positions of Public Member and Alternate Public Member***

California Government Code §56334 establishes that the term of members of LAFCO shall be four years and shall commence on the first Monday in May.

Pursuant to California Government Code §56325(d), which provides that a representative of the general public shall be appointed to LAFCO, upon the expiration of a four-year term of the public member of the Commission, it is the policy of the Commission that:

1. At a regular Commission meeting no less than 120 days prior to the expiration of the public member's term, the Executive Officer shall inform the Commission of the impending vacancy and whether the incumbent is eligible to seek reappointment. The Executive Officer shall also recommend and seek approval for a list of publications to which a news release concerning the vacancy shall be sent. The Commission shall determine the date of the hearing at which it shall consider applications and make its appointment.
2. No less than 60 days prior to the date of the hearing, the Executive Officer shall issue a news release announcing the existence of a vacancy on the Commission. The news release shall outline the function and purpose of the Commission, indicate the application filing period and invite interested persons to contact the Executive Officer for an application and information concerning the general duties and responsibilities of the public member. The announcement shall indicate if the incumbent is eligible to seek reappointment.
3. The application filing period shall be determined by the Executive Officer, and shall be such that the applications can be made available to the city and county regular members of LAFCO no less than 7 days prior to the hearing at which the appointment of the public member is scheduled to be considered.
4. If it becomes necessary for the Commission to cancel or reschedule the date of the meeting at which it has scheduled the hearing on the appointment of the public member, the hearing shall be conducted at the next meeting of the Commission.
5. Selection Criteria - The public member shall be a resident of Napa County. No person may serve as the public member of the Commission who at the same time is an officer or employee of a local public agency or who is a member of a public board, commission, or committee that has the authority to make advisory or final decisions relative to the use of land or the provision of services thereto. Such persons shall be eligible for appointment but upon appointment, shall resign any conflicting position specified above. In selecting the public member, the Commission shall consider the applicant's qualifications as described in his

or her application and the reasons listed for wanting to serve as a member of the Commission.

**APPOINTMENT OF THE PUBLIC MEMBER UPON MID-TERM VACANCY**

(Adopted: October 11, 2001)

Should the position of public member become vacant prior to the expiration of the term, it is the policy of the Commission that it may fill the unexpired term through one of the following:

1. Choose from among the remaining applicants for the position if no more than 12 months have passed since the appointment of the public member.
  2. Appoint the alternate public member.
  3. Fill the position in the manner prescribed for the appointment of a public member to a full term.
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**APPOINTMENT OF THE ALTERNATE PUBLIC MEMBER**

(Adopted: October 11, 2001)

It is the policy of the Commission that appointments to the position of alternate public member, for either a full-term or to fill a mid-term vacancy, shall be conducted in the same manner established for the regular public member.

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**CONDUCTING OF PUBLIC HEARINGS FOR THE APPOINTMENT OF  
REGULAR AND ALTERNATE PUBLIC MEMBERS**

(Adopted: December 5, 2005)

It is the policy of the Commission that a public hearing to appoint either the regular or alternate public member shall be conducted as follows:

- 1) The Chair shall open the public hearing and invite public comment. Candidates are encouraged to address the Commission during public comment.
- 2) Upon the close of the public comment period, the Chair shall ask each commissioner to make one nomination and shall ask all commissioners to refrain from offering a second for any nomination. Commissioners may nominate anyone from the applicant pool, and an applicant may receive more than one nomination.
- 3) After each commissioner has made a nomination, the Chair shall ask if there is a second to any of the nominations. If there is a second, the Chair shall call for a vote on that nomination. If the vote is in the affirmative, the appointment is made. If the vote is not in the affirmative, the Chair shall call for a second to another of the nominations. This process shall continue until an appointment is made or all of the nominations are exhausted.

- 4) If all of the nominations are exhausted, the Chair may begin the entire procedure again – calling for one nomination from each commissioner – or call for the use of the ballot system as described in Paragraph 5.
- 5) If the Chair calls for use of a ballot system, then the Clerk shall provide each commissioner with a ballot upon which shall be written the commissioner's name. Each commissioner shall mark the ballot with the name of a candidate from among the applicants. The ballots are then submitted to the Clerk for tabulation. The Clerk determines the number of votes for each candidate. If a candidate receives at least three votes, the Clerk announces the name of the candidate and the number votes. The Commission then formally votes to appoint that candidate.

If no candidate receives at least three votes, the Clerk shall announce which candidates received votes and shall provide each commissioner with a second ballot upon which shall be written the commissioner's name. Each commissioner shall mark the ballot with the name of candidate from among those candidates that received votes in the previous round of voting. The ballots are then submitted to the Clerk for tabulation. The Clerk determines the number of votes for each candidate. If a candidate receives at least three votes, the Clerk announces the name of the candidate and the number votes. The Commission then formally votes to appoint that candidate. If no candidate receives at least three votes, the Clerk shall announce which candidates received votes and the Commission shall engage in another round of voting. This shall continue until a candidate is selected.

NOTE: California Government Code §56325(d) requires that appointment of a public or alternate public member requires the vote of at least one commissioner appointed by the Board of Supervisors and one commissioner appointed by the City Selection Committee. If a candidate receives at least three votes, this requirement is fulfilled.



**LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY**  
***Policy on the Appointment of a Public Member and Alternate Public Member***

Adopted: October 11, 2001

Amended: December 5, 2005; April \_\_\_\_, 2008

**Authority**

California Government Code Section 56325(d) states the composition of the Commission shall include one member representing the general public, hereinafter referred to as “public member.” This code section also states that the Commission may designate one alternate public member. The selection of the public member and alternate public member shall be subject to the affirmative vote of at least one of the members appointed by each of the Board of Supervisors and City Selection Committee.

**Eligibility**

The public member and alternate public member shall be a resident of Napa County. No person may serve as public member or alternate public member if at the same time he or she is an officer or employee of a local public agency. No person may also serve as public member or alternate public member if he or she is member of a local public board, commission, or committee with the authority to make advisory or final decisions relative to land use or the provision of municipal services.

**Term of Office**

The term of office for public member and alternate public member shall be four years and shall end on the first Monday in May of the year in which the term expires. The public member and alternate public member shall continue to serve until his or her successor is appointed.

**Appointment Procedures**

**New Term for Public Member or Alternate Public Member**

It is the policy of the Commission that in anticipation of the expiration of a four-year term for the public member or alternate public member, the following procedures will be taken:

1. At a regular meeting no less than 120 days prior to the scheduled expiration of public member or alternate public member’s term, the Executive Officer shall inform the Commission of the impending vacancy and whether the incumbent is eligible to seek reappointment. The Commission shall take either of the following two actions set forth in 1.a) or 1.b).

- a) Direct the Executive Officer to recruit candidates and schedule a hearing date to consider making an appointment to the position. Tasks of Executive Officer shall include the following:
  - i) Issue a notice announcing the vacancy and that the Commission is accepting applications for the position no less than 60 days prior to the scheduled hearing for the appointment. The notice shall be posted at the LAFCO office and on its website, sent to all local agencies, and published in the Napa Valley Register.<sup>1</sup> The notice shall indicate if the incumbent is eligible for reappointment.
  - ii) Determine the filing period to receive applications for the position. All applications shall be made available to each city and county member on the Commission no less than 14 days prior to the scheduled hearing for the appointment.
  - iii) If it becomes necessary for the Commission to cancel or reschedule the meeting at which the hearing for the appointment has been scheduled, the Executive Officer shall reschedule the hearing for the next regular meeting.
  
- b) If the incumbent is eligible and has served no more than all or a portion of one term, the Commission may direct the Executive Officer to schedule a public hearing to consider approving reappointment. Tasks of Executive Officer shall include the following:
  - i) Issue a notice announcing the scheduled reappointment of the incumbent. The notice shall be posted at the LAFCO office and on its website and sent to all local agencies. The notice shall be posted no less than 21 days prior to the hearing for which the reappointment has been scheduled.
  - ii) If it becomes necessary for the Commission to cancel or reschedule the meeting at which the hearing for the reappointment has been scheduled, the Executive Officer shall reschedule the hearing for the next regular meeting.

### **Mid-Term Vacancy for Public Member**

If the position of public member becomes vacant prior to the expiration of the term, it is the policy of the Commission that it may fill the unexpired term through one of the following:

1. Choose from among the remaining applicants for the position if no more than 12 months have passed since the appointment of the public member.
2. Appoint the alternate public member.
3. Fill the position in the manner prescribed for the appointment for a public member to a new term.

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<sup>1</sup> For purposes of this policy, notice to local agencies is fulfilled by sending a copy of the notice to the clerk or secretary of the legislative body of each local agency in Napa County.

An appointment to fill an unexpired term shall be preceded by posting a notice of vacancy. The notice will be posted at the LAFCO office and on its website and sent to all local agencies. The notice will be posted no less than 21 days prior to the meeting at which time the Commission will consider taking action to fill the unexpired term.

### **Mid-Term Vacancy for Alternate Public Member**

If the position of alternate public member becomes vacant prior to the expiration of the term, it is the policy of the Commission that it may fill the unexpired term through one of the following:

1. Choose from among the remaining applicants for the position if no more than 12 months have passed since the appointment of the alternate public member.
2. Fill the position in the manner prescribed for the appointment of an alternate public member to a new term.

An appointment to fill an unexpired term shall be preceded by posting a notice of vacancy. The notice will be posted at the LAFCO office and on its website and sent to all local agencies. The notice will be posted no less than 21 days prior to the meeting at which time the Commission will consider taking action to fill the unexpired term.

### **Conducting Public Hearings for Appointing a Public Member or Alternate Public Member**

It is the policy of the Commission that a public hearing to appoint either the public member or alternate public member shall be conducted as follows:

1. The Chair shall open the public hearing and first invite candidates to address the Commission. The Chair shall then invite public comments from the audience.
2. Upon the close of the public comment period, the Chair shall ask each commissioner to make one nomination. Commissioners may nominate anyone from the applicant pool, and an applicant may receive more than one nomination.
3. After each commissioner has made a nomination, the Chair shall ask if there is a second to any of the nominations. If there is a second, the Chair shall call for a vote on that nomination. If the vote is in the affirmative, the appointment is made. If the vote is not in the affirmative, the Chair shall call for a second to another of the nominations. This process shall continue until an appointment is made or all of the nominations are exhausted.
4. If all of the nominations are exhausted, the Chair may 1) begin the entire procedure again by calling for one nomination from each commissioner or 2) call for the use of the ballot system as described in Paragraph 5.

5. If the Chair calls for use of a ballot system, then the Clerk shall provide each commissioner with a ballot that has been preformatted to label their printed name. Each commissioner shall mark the ballot with the name of a candidate from among the applicants. The ballots are then submitted to the Clerk for tabulation. The Clerk determines the number of votes for each candidate. If a candidate receives at least three votes, the Clerk announces the name of the candidate and the number votes. The Commission then formally votes to appoint that candidate. If no candidate receives at least three votes, the Clerk shall announce which candidates received votes and shall provide each commissioner with a second ballot that has been preformatted to label their printed name. Each commissioner shall mark the ballot with the name of candidate from among those candidates that received votes in the previous round of voting. The ballots are then submitted to the Clerk for tabulation. The Clerk determines the number of votes for each candidate. If a candidate receives at least three votes, the Clerk announces the name of the candidate and the number votes. The Commission then formally votes to appoint that candidate. If no candidate receives at least three votes, the Clerk shall announce which candidates received votes and the Commission shall engage in another round of voting. This shall continue until a candidate is selected.

As mentioned, California Government Code Section 56325(d) specifies that the appointment of a public or alternate public member requires the vote of at least one commissioner appointed by the Board of Supervisors and one commissioner appointed by the City Selection Committee. If a candidate receives at least three votes, this requirement is fulfilled.



**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>

**April 7, 2008**  
**Agenda Item No. 6b**

March 28, 2008

**TO:** Local Agency Formation Commission

**FROM:** 2008-2009 Budget Committee

**SUBJECT: Proposed Budget for Fiscal Year 2008-2009 (Public Hearing)**

The Commission will receive a proposed budget from the 2008-2009 Budget Committee. The proposed budget projects a total increase in operating costs of 6.5% (\$30,496) over the current fiscal year and is being presented to the Commission for adoption as part of a draft resolution.

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California Government Code §56381 directs the Commission to annually prepare and adopt a proposed budget by May 1<sup>st</sup> and a final budget by June 15<sup>th</sup>. In preparing for its own provisions, it is the policy of the Commission to establish a budget committee that includes two appointed Commissioners and the Executive Officer. The budget 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 budget committee for adoption at its April and June meetings, respectively.

As provided under the law, the Commission's annual operating costs are entirely funded by the County of Napa and the Cities of American Canyon, Calistoga, Napa, St. Helena, and the Town of Yountville. The County is responsible for 50% of the Commission's operating costs while the remaining portion is shared by the five cities based on a weighted calculation involving population and general tax revenues. Each agency is responsible for paying their share of the Commission's adopted budget at the beginning of each fiscal year. As a result of this prescribed funding relationship with local agencies, it is the practice of the Commission to only budget costs.

### **Background**

At its December 3, 2007 meeting, the Commission appointed Commissioners Gingles and Kelly to serve on the 2008-2009 Budget Committee, hereafter identified as the "Committee." The Committee met on January 7, 2008 to review the Commission's operating costs for the upcoming fiscal year. A spending baseline was constructed to estimate how much it would cost to continue the Commission's current level of services and activities at next fiscal year's price for labor and supplies. In reviewing these estimates, the Committee considered actual costs from previous fiscal years and whether increases or decreases in spending was appropriate to reflect anticipated changes in demand

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Jack Gingles, Commissioner  
Mayor, City of Calistoga

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

Brian J. Kelly, Vice Chair  
Representative of the General Public

Juliana Inman, Commissioner  
Councilmember, City of Napa

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

Gregory Rodeno, Alternate Commissioner  
Representative of the General Public

Cindy Coffey, Alternate Commissioner  
Councilmember, City of American Canyon

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

Keene Simonds  
Executive Officer

or need. Based on this initial review, the Committee presented a draft proposed budget projecting an overall increase in operating costs of 6.4% to the Commission at its February 4, 2008 meeting. Following its discussion, the Commission approved the draft proposed budget as submitted and directed staff to seek comments from the funding agencies in anticipation of holding a public hearing to adopt the proposed budget at the April 7<sup>th</sup> meeting. On February 7<sup>th</sup>, staff circulated the approved draft proposed budget to the funding agencies for review and comment. No substantive comments were received.

## **Discussion**

The Committee's proposed budget for 2008-2009 is nearly identical to the draft approved by the Commission at its February meeting and projects an overall increase in total operating costs over the current fiscal year of 6.5% or \$30,496. The only change made by the Committee involves a small increase (\$567) in the expense account for management information services. This change reflects the County's most recent and final calculation to provide information technology services to the Commission, which covers all network administration and monitoring costs.

The majority of the projected cost increase is attributed to contractual obligations associated with the Commission's support services agreement with the County. This includes establishing a new expense account to begin funding for other post-employment benefits (OPEB), which covers retiree health and dental care costs. OPEB costs are calculated by the County based on the total number of budgeted employees and represent over one-third of the projected increase. Other key factors contributing to the projected increase includes an anticipated 3.2% cost-of-living adjustment for all employees and a scheduled salary step advancement for the Executive Officer.

The Committee has also made two substantive changes in budgeting legal service costs contributing to a \$4,800, or 24%, increase in the affected expense account in 2008-2009. First, the Committee has revised the methodology used in calculating legal service costs by budgeting for an actual number of billable hours, which in 2008-2009 is 160. Second, in making the calculation, the Committee has divided the 160 hours budgeted for legal services between the anticipated hourly rates of County Counsel at \$156 and an outside counsel at \$190, which is the current median amount charged by three private law firms that work for other LAFCOs in California.<sup>1</sup> The Committee has weighted the calculation to anticipate 75% of legal services in 2008-2009 will continued to be provided by County Counsel with the remaining 25% provided by an outside counsel.

A copy of the proposed budget for 2008-2009 is attached. A draft allocation identifying each funding agency's anticipated budget contribution is also attached. Actual allocations will not be determined until a final budget is adopted and unexpended revenues, which includes agency contributions, application fees, and investment earnings, are totaled at the end of the fiscal year and converted into agency credits.

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<sup>1</sup> The median rate identified for outside counsel is based on the current hourly rates of Scott Browne and Associates (\$175), Colantuono and Levin (\$190), and Best Best & Krieger (\$195).

## **Analysis**

The proposed budget for 2008-2009 provides sufficient resources for the Commission to continue to provide the current level and range of services. This includes budgeting two full time (Executive Officer and Analyst) and one part time (Secretary) positions, which will help the Commission continue to build its organizational capacity in effectively fulfilling its regulatory and planning responsibilities. In particular, the analyst position allows the Commission to continue to use its own staff in preparing municipal service reviews and sphere of influence reviews involving each local agency every five years. The proposed increases for legal services will also help the Commission build its organization capacity by making available funds to use outside counsel at its discretion without adversely impacting the budget.

Finally, the Committee did identify and consider the merits of budgeting for two office improvements in 2008-2009. These improvements include implementing an electronic document management system and designing a new website. Based on staff's discussions with potential vendors, reasonable cost estimates for these two improvements are \$15,000 and \$30,000, respectively. Although both improvements are warranted, given the other increases in the proposed budget, the Committee has decided not to incorporate additional funds for these projects to limit the fiscal impact to the funding agencies. The Committee does support, however, funding one or both of these projects using unexpended revenues from the current fiscal year if available. With this in mind, staff will return at the May meeting to discuss the possibility of carrying over unexpended revenues from the current fiscal year to fund one or both the projects in 2008-2009.

## **Recommendation**

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

- 1) Adopt with any desired changes the attached draft resolution approving the proposed budget for 2008-2009;
- 2) Direct the Executive Officer to circulate the adopted 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 final budget at its June 2, 2008 meeting.

Respectfully submitted on behalf of the Budget Committee,

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Keene Simonds  
Executive Officer

### Attachments:

1. 2008-2009 Proposed Budget
2. 2008-2009 Draft Allocation
3. Draft Resolution



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

**2008-2009 Draft Proposed Budget: Operating Costs**

	Final FY05-06	Final FY06-07	Final FY07-08	Draft Proposed FY08-09	Difference (Dollars)	Difference (Percentage)
<b>Salaries and Benefits</b>						
<u>Account No. Account Name</u>						
51100000	\$ 187,206.00	\$ 190,230.92	\$ 185,526.79	\$ 194,915.43 <sup>1,2</sup>	\$ 9,388.64	5.06%
51200100	\$ 2,206.26	\$ -	\$ -	\$ -		
51200200	\$ -	\$ -	\$ -	\$ -		
51200500	\$ 4,050.00	\$ 3,600.00	\$ 9,600.00	\$ 9,600.00		
51300100	\$ 32,235.20	\$ 32,953.28	\$ 31,583.44	\$ 34,550.93	\$ 2,967.49	9.40%
TBD	-	-	-	\$ 11,295.00 <sup>3</sup>	\$ 11,295.00	100%
51300300	\$ 2,674.13	\$ 2,849.46	\$ 2,649.92	\$ 2,826.27	\$ 176.35	6.66%
51300500	\$ 26,875.92	\$ 36,030.00	\$ 43,168.32	\$ 40,148.04	\$ (3,020.28)	-7.00%
51301200	\$ 749.00	\$ 685.00	\$ 185.00	\$ 149.00	\$ (36.00)	-19.46%
51301700	\$ 1,500.00	\$ 1,500.00	\$ -	\$ -		
51301800	\$ 840.00	\$ 840.00	\$ 840.00	\$ 840.00		
	\$ 258,336.51	\$ 268,688.66	\$ 273,553.47	\$ 294,324.68	\$ 20,771.21	7.59%
<b>Services and Supplies</b>						
<u>Account No. Account Name</u>						
52243900	-	-	\$ 850.00	\$ 850.00		
52070000	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00		
52100300	\$ 335.00	\$ 534.00	\$ 352.00	\$ 546.00	\$ 194.00	55.11%
52150000	\$ 1,400.00	\$ 2,200.00	\$ 2,000.00	\$ 2,200.00 <sup>4</sup>	\$ 200.00	10.00%
52170000	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00		
52180200	\$ 13,378.27	\$ 17,799.91	\$ 16,387.00	\$ 17,201.00 <sup>5</sup>	\$ 814.00	4.97%
52180500	\$ 18,750.00	\$ 18,750.00	\$ 21,500.00	\$ 26,320.00 <sup>6</sup>	\$ 4,820.00	22.42%
52190000	\$ 1,000.00	\$ 1,000.00	\$ 1,500.00	\$ 1,500.00		
52185000	\$ 5,000.00	\$ 6,500.00	\$ 7,150.00	\$ 7,507.50 <sup>7</sup>	\$ 357.50	5.00%
52235000	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00		
52240500	\$ 25,540.80	\$ 26,307.02	\$ 27,000.00	\$ 27,000.00		
52250000	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00		
52250800	\$ 3,000.00	\$ 3,000.00	\$ 4,000.00	\$ 4,000.00		
52251200	\$ 1,500.00	\$ 1,500.00	\$ 1,000.00	\$ 1,000.00		
	\$ 93,404.07	\$ 101,090.93	\$ 105,239.00	\$ 111,624.50	\$ 6,385.50	6.07%
<b>Sub Total Expenses</b>	\$ 351,740.58	\$ 369,779.59	\$ 378,792.47	\$ 405,949.18		
<b>Contingencies and Reserves</b>						
<u>Account No. Account</u>						
54000900	\$ 35,174.06	\$ 36,977.96	\$ 37,879.25	\$ 40,594.92		
54001000	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00		
	\$ 85,174.06	\$ 86,977.96	\$ 87,879.25	\$ 90,594.92	\$ 2,715.67	3.09%
<b>TOTAL</b>	\$ 436,914.64	\$ 456,757.55	\$ 466,671.72	\$ 496,544.10	\$ 29,872.38	6.40%

**Notes**

- 1) This account budgets two fulltime (Executive Officer and Analyst II) and one partime (Secretary) employee and anticipates scheduled salary step increases.
- 2) Assumes approval of a 3.2% cost-of-living adjustment for all employees. The County MOU with represented employees requires a cost-of-living adjustment to be determined by an agreed formula. The adjustment could be as low as 2.5% and as high as 5.0%. County CAO advises using a 3.2% factor at this time.
- 3) At its April 10, 2007 meeting, the County Board of Supervisors approved a payment plan to begin prefunding its current unfunded liability involving Other Post Employment Benefits (OPEB) over the next 14 years. OPEB involves non-pension benefits, such as retiree health care coverage. It has been the practice of the County to fund these benefits at the time they are due (pay-as-you-go). In 2008-2009, the County's OPEB payment is \$6.0 million. LAFCO's portion of the 2008-2009 payment is based on its total number of budgeted fulltime employees. The County's 2009-2010 payment is tentatively scheduled at \$6.2 million.
- 4) Current membership dues are limited to CALAFCO. CALAFCO has scheduled an approximate 10% increase in all member dues for 2008-2009.
- 5) This account is for administration costs associated with the County's Information Technology Information Department (ITS) and includes network maintenance for payroll, purchasing, accounting, and geographic information services. ITS costs, which are calculated by the County, are apportioned to all of its "customers" by a series of formulae that consider the number of computers and the number of employees in a each department and agency.
- 6) This account budgets a total of 160 hours for legal services. It is expected that 120 hours will be provided by County Counsel at the hourly rate of \$156, with the remaining 40 hours provided by an outside counsel at the hourly rate of \$190.
- 7) Anticipates a 5.0% across-the-board increase in hourly rates for the County Auditor's Office in 2008-2009.

**FY2008-2009 Draft Allocation for Annual LAFCO Costs to County and Cities (3/21/08)**  
**(Alternative Allocation Formula Approved by Cities)**

<b>Step 1</b>	<b>LAFCO Budget</b>		Final <u>FY07-08</u>	Draft Proposed <u>FY08-09</u>	Difference <u>Dollar</u>	Difference <u>Percentage</u>			
	Total	\$	466,671.72	\$ 497,167.80	\$ 30,496.08	6.5%			
<b>Step 2</b>	<b>Annual Allocation</b>								
	50% to County	\$	233,335.86	\$ 248,583.90	\$ 15,248.04	6.5%			
	50% to Cities	\$	233,335.86	\$ 248,583.90	\$ 15,248.04	6.5%			
<b>Step 3a</b>	<b>Cities' Share Based on Total General Taxes*</b>								
	<u>General Tax Revenues</u>		<u>American Canyon</u>	<u>Calistoga</u>	<u>Napa</u>	<u>St. Helena</u>	<u>Yountville</u>	<u>All Cities</u>	
	Secured & Unsecured Property Tax	\$	4,545,186	\$ 701,215	\$ 6,145,405	\$ 1,832,604	\$ 356,712	\$ 13,581,122	
	Voter Approved Indettedness Property Tax	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	
	Other Property Tax	\$	812,106	\$ 280,020	\$ 4,175,654	\$ 322,645	\$ 217,200	\$ 5,807,625	
	Sales and Use Taxes	\$	1,141,614	\$ 387,446	\$ 7,296,549	\$ 1,764,833	\$ 333,917	\$ 10,924,359	
	Transportation Tax	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	
	Transient Lodging Tax	\$	119,303	\$ 2,257,440	\$ 5,697,141	\$ 1,163,367	\$ 2,842,489	\$ 12,079,740	
	Franchises	\$	305,033	\$ 130,702	\$ 2,243,052	\$ 128,643	\$ 50,602	\$ 2,858,032	
	Business License Taxes	\$	141,421	\$ 131,693	\$ 2,351,101	\$ 133,008	\$ 3,767	\$ 2,760,990	
	Real Property Transfer Taxes	\$	248,217	\$ 36,734	\$ 637,586	\$ 57,077	\$ 16,143	\$ 995,757	
	Utility Users Tax	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	
	Other Non-Property Taxes	\$	1,666,103	\$ 244,010	\$ 2,375,561	\$ 481,299	\$ 101,189	\$ 4,868,162	
	Total	\$	8,978,983	\$ 4,169,260	\$ 30,922,049	\$ 5,883,476	\$ 3,922,019	\$ 53,875,787	
	Percentage of Total Taxes to all Cities		16.7%	7.7%	57.4%	10.9%	7.3%	100%	
<b>Step 3b</b>	<b>Cities' Share Based on Total Population**</b>		<u>American Canyon</u>	<u>Calistoga</u>	<u>Napa</u>	<u>St. Helena</u>	<u>Yountville</u>	<u>All Cities</u>	
	Population		16,031	5,302	76,997	5,993	3,290	107,613	
	Population Percentage		14.90%	4.93%	71.55%	5.57%	3.06%	100%	
<b>Step 4</b>	<b>Cities Allocation Formula</b>		<u>American Canyon</u>	<u>Calistoga</u>	<u>Napa</u>	<u>St. Helena</u>	<u>Yountville</u>	<u>All Cities</u>	
	Cities' Share Based on Total General Taxes		16.7%	7.7%	57.4%	10.9%	7.3%	100%	
	Portion of LAFCO Budget	\$	16,571.68	\$ 7,694.82	\$ 57,069.97	\$ 10,858.59	\$ 7,238.51	\$ 40%	
	Cities' Share Based on Total Population		14.90%	4.93%	71.55%	5.57%	3.06%	100%	
	Portion of LAFCO Budget	\$	22,218.78	\$ 7,348.51	\$ 106,716.93	\$ 8,306.23	\$ 4,559.90	\$ 60%	
	Total Agency Allocation	\$	38,790.45	\$ 15,043.33	\$ 163,786.90	\$ 19,164.81	\$ 11,798.41	\$ 248,583.90	
	Allocation Share		15.6046%	6.0516%	65.8880%	7.7096%	4.7462%	100%	
<b>Step 5</b>	<b>FY08-09 Projected Invoice</b>		<u>County</u>	<u>American Canyon</u>	<u>Calistoga</u>	<u>Napa</u>	<u>St. Helena</u>	<u>Yountville</u>	<u>All Agencies</u>
	FY07-08 Agency Share	\$	248,583.90	\$ 38,790.45	\$ 15,043.33	\$ 163,786.90	\$ 19,164.81	\$ 11,798.41	\$ 497,167.80
	Less Agency Credits***	\$	43,939.63	\$ 6,856.60	\$ 2,659.05	\$ 28,950.94	\$ 3,387.57	\$ 2,085.46	\$ 87,879.25
	Net Invoice	\$	204,644.28	\$ 31,933.85	\$ 12,384.28	\$ 134,835.95	\$ 15,777.25	\$ 9,712.95	\$ 409,288.55

Notes:

\* Draft amounts are drawn from the FY04-05 State Controller's Cities Annual Report and does not include functional revenues.

\*\* Draft amounts are drawn from the California Department of Finance, January 2007. Estimates for January 1, 2008 are not expected to be released until May 1, 2008

\*\*\* Staff has incorporated a total credit amount of \$87,879.2. This amount reflects LAFCO's budgeted reserve and contingency operating funds for FY07-08. Acutal credits will not be determined until the end of the fiscal year.

**RESOLUTION NO. \_\_\_\_**

**RESOLUTION OF  
THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY  
ADOPTING A PROPOSED BUDGET FOR THE 2008-2009 FISCAL YEAR**

**WHEREAS**, the Local Agency Formation Commission of Napa County (hereinafter referred to as “the Commission”) is required by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq., hereinafter referred to as “Act”) to adopt a proposed budget for the next fiscal year; and

**WHEREAS**, Government Code Section 56381 requires the Commission to adopt a proposed budget no later than May 1; and

**WHEREAS**, at the direction of the Commission, the Executive Officer circulated for review and comment a draft of the proposed budget to the administrative officer and financial officer of each of the six local agencies that contribute to the Commission budget, those agencies being the County of Napa and the Cities of American Canyon, Calistoga, Napa, St. Helena, and Town of Yountville; and

**WHEREAS**, the Commission reviewed all substantive written and oral comments concerning the draft proposed budget; and

**WHEREAS**, the Executive Officer prepared a report concerning the proposed budget, including his recommendations thereon; and

**WHEREAS**, the Executive Officer’s report was presented to the Commission in the manner provided by law; and

**WHEREAS**, the Commission heard and fully considered all the evidence presented at its public hearing on the proposed budget held on April 7, 2008; and

**WHEREAS**, the Commission determined the proposed budget projects the staffing and program costs of the Commission as accurately and appropriately as is possible;

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

1. The proposed budget as outlined in Exhibit A is approved.

The foregoing resolution was duly and regularly adopted by the Local Agency Formation Commission of Napa County, State of California, at a regular meeting held on the 7<sup>th</sup> day of April 2008, by the following vote:

AYES: Commissioners \_\_\_\_\_

NOES: Commissioners \_\_\_\_\_

ABSTAIN: Commissioners \_\_\_\_\_

ABSENT: Commissioners \_\_\_\_\_

ATTEST: Keene Simonds  
Executive Officer

RECORDED: Kathy Mabry  
Commission Secretary



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

**2008-2009 Draft Proposed Budget: Operating Costs**

	Final FY05-06	Final FY06-07	Final FY07-08	Draft Proposed FY08-09	Difference (Dollars)	Difference (Percentage)
<b>Salaries and Benefits</b>						
<u>Account No. Account Name</u>						
51100000	\$ 187,206.00	\$ 190,230.92	\$ 185,526.79	\$ 194,915.43 <sup>1,2</sup>	\$ 9,388.64	5.06%
51200100	\$ 2,206.26	\$ -	\$ -	\$ -		
51200200	\$ -	\$ -	\$ -	\$ -		
51200500	\$ 4,050.00	\$ 3,600.00	\$ 9,600.00	\$ 9,600.00		
51300100	\$ 32,235.20	\$ 32,953.28	\$ 31,583.44	\$ 34,550.93	\$ 2,967.49	9.40%
TBD	-	-	-	\$ 11,295.00 <sup>3</sup>	\$ 11,295.00	100%
51300300	\$ 2,674.13	\$ 2,849.46	\$ 2,649.92	\$ 2,826.27	\$ 176.35	6.66%
51300500	\$ 26,875.92	\$ 36,030.00	\$ 43,168.32	\$ 40,148.04	\$ (3,020.28)	-7.00%
51301200	\$ 749.00	\$ 685.00	\$ 185.00	\$ 149.00	\$ (36.00)	-19.46%
51301700	\$ 1,500.00	\$ 1,500.00	\$ -	\$ -		
51301800	\$ 840.00	\$ 840.00	\$ 840.00	\$ 840.00		
	\$ 258,336.51	\$ 268,688.66	\$ 273,553.47	\$ 294,324.68	\$ 20,771.21	7.59%
<b>Services and Supplies</b>						
<u>Account No. Account Name</u>						
52243900	-	-	\$ 850.00	\$ 850.00		
52070000	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00		
52100300	\$ 335.00	\$ 534.00	\$ 352.00	\$ 546.00	\$ 194.00	55.11%
52150000	\$ 1,400.00	\$ 2,200.00	\$ 2,000.00	\$ 2,200.00 <sup>4</sup>	\$ 200.00	10.00%
52170000	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00		
52180200	\$ 13,378.27	\$ 17,799.91	\$ 16,387.00	\$ 17,201.00 <sup>5</sup>	\$ 814.00	4.97%
52180500	\$ 18,750.00	\$ 18,750.00	\$ 21,500.00	\$ 26,320.00 <sup>6</sup>	\$ 4,820.00	22.42%
52190000	\$ 1,000.00	\$ 1,000.00	\$ 1,500.00	\$ 1,500.00		
52185000	\$ 5,000.00	\$ 6,500.00	\$ 7,150.00	\$ 7,507.50 <sup>7</sup>	\$ 357.50	5.00%
52235000	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00		
52240500	\$ 25,540.80	\$ 26,307.02	\$ 27,000.00	\$ 27,000.00		
52250000	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00		
52250800	\$ 3,000.00	\$ 3,000.00	\$ 4,000.00	\$ 4,000.00		
52251200	\$ 1,500.00	\$ 1,500.00	\$ 1,000.00	\$ 1,000.00		
	\$ 93,404.07	\$ 101,090.93	\$ 105,239.00	\$ 111,624.50	\$ 6,385.50	6.07%
<b>Sub Total Expenses</b>	\$ 351,740.58	\$ 369,779.59	\$ 378,792.47	\$ 405,949.18		
<b>Contingencies and Reserves</b>						
<u>Account No. Account</u>						
54000900	\$ 35,174.06	\$ 36,977.96	\$ 37,879.25	\$ 40,594.92		
54001000	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00		
	\$ 85,174.06	\$ 86,977.96	\$ 87,879.25	\$ 90,594.92	\$ 2,715.67	3.09%
<b>TOTAL</b>	\$ 436,914.64	\$ 456,757.55	\$ 466,671.72	\$ 496,544.10	\$ 29,872.38	6.40%

**Notes**

- 1) This account budgets two fulltime (Executive Officer and Analyst II) and one partime (Secretary) employee and anticipates scheduled salary step increases.
- 2) Assumes approval of a 3.2% cost-of-living adjustment for all employees. The County MOU with represented employees requires a cost-of-living adjustment to be determined by an agreed formula. The adjustment could be as low as 2.5% and as high as 5.0%. County CAO advises using a 3.2% factor at this time.
- 3) At its April 10, 2007 meeting, the County Board of Supervisors approved a payment plan to begin prefunding its current unfunded liability involving Other Post Employment Benefits (OPEB) over the next 14 years. OPEB involves non-pension benefits, such as retiree health care coverage. It has been the practice of the County to fund these benefits at the time they are due (pay-as-you-go). In 2008-2009, the County's OPEB payment is \$6.0 million. LAFCO's portion of the 2008-2009 payment is based on its total number of budgeted fulltime employees. The County's 2009-2010 payment is tentatively scheduled at \$6.2 million.
- 4) Current membership dues are limited to CALAFCO. CALAFCO has scheduled an approximate 10% increase in all member dues for 2008-2009.
- 5) This account is for administration costs associated with the County's Information Technology Information Department (ITS) and includes network maintenance for payroll, purchasing, accounting, and geographic information services. ITS costs, which are calculated by the County, are apportioned to all of its "customers" by a series of formulae that consider the number of computers and the number of employees in a each department and agency.
- 6) This account budgets a total of 160 hours for legal services. It is expected that 120 hours will be provided by County Counsel at the hourly rate of \$156, with the remaining 40 hours provided by an outside counsel at the hourly rate of \$190.
- 7) Anticipates a 5.0% across-the-board increase in hourly rates for the County Auditor's Office in 2008-2009.



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

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

**April 7, 2008**  
**Agenda Item No. 8a**

March 31, 2008

**TO:** Local Agency Formation Commission

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: City of Calistoga – Municipal Service Review (Discussion)**

The Commission will receive a municipal service review report on the City of Calistoga. The report is in draft-form and is being presented for discussion.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 directs Local Agency Formation Commissions (LAFCOs) to review and update each local agency's sphere of influence every five years as needed. As a prerequisite to sphere reviews, LAFCOs must prepare municipal service reviews to determine the adequacy and range of governmental services that are being provided within their respective jurisdictions. The intent of the municipal service review is to evaluate the adequacy, efficiency, and effectiveness of services in relationship to local needs and circumstances. The municipal service review process culminates with LAFCO making determinations on a range of service and organizational issues and may lead the agency to take other actions under its authority.

**Discussion**

In accordance with LAFCO of Napa County's inaugural study schedule adopted in 2001, the attached report represents the municipal service review of the City of Calistoga. The report is in draft-form has been prepared by Baracco and Associates under the direction of the Executive Officer. The purpose of this report is two-fold: 1) evaluate the current level and range of services provided by Calistoga within its own designated planning area and 2) inform a subsequent sphere review of the City. Written determinations are included in the draft report and serve as the executive summary.

The report is being presented to the Commission for discussion. Staff will provide a brief presentation highlighting the key service and policy issues discussed in the report. Following the meeting, staff will circulate a notice of review on the report to interested parties. Staff anticipates presenting a final report, with or without revisions, to the Commission for consideration at its next regularly scheduled meeting.

Attachment: as stated

Jack Gingles, Commissioner  
Mayor, City of Calistoga

Juliana Inman, Commissioner  
Councilmember, City of Napa

Cindy Coffey, Alternate Commissioner  
Councilmember, City of American Canyon

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

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

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

Brian J. Kelly, Vice Chair  
Representative of the General Public

Gregory Rodeno, Alternate Commissioner  
Representative of the General Public

Keene Simonds  
Executive Officer

# LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

## CITY OF CALISTOGA MUNICIPAL SERVICE REVIEW

**Draft Report  
April 2008**

**Prepared by:**

**Baracco and Associates**  
40 Eureka Street  
Sutter Creek, California 95685

**LAFCO of Napa County**  
1700 Second Street, Suite 268  
Napa, California 94559

*Committed to serving the citizens and government agencies of its jurisdiction by encouraging the preservation of agricultural lands and open-space and coordinating the efficient delivery of municipal services.*

Brad Wagenknecht, Chair, County Member  
Brian J. Kelly, Vice-Chair, Public Member  
Bill Dodd, Commissioner, County Member  
Jack Gingles, Commissioner, City Member  
Juliana Inman, Commissioner, City Member  
Cindy Coffey, Alternate Commissioner, City Member  
Mark Luce, Alternate Commissioner, County Member  
Gregory Rodeno, Alternate Commissioner, Public Member

Keene Simonds, Executive Officer  
Jackie Gong, Commission Counsel  
Kathy Mabry, Commission Secretary



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**TABLE OF CONTENTS**

<b>Section</b>	<b>Page</b>
<b>I. Introduction.....</b>	<b>4</b>
<b>A. Local Agency Formation Commissions.....</b>	<b>4</b>
<b>B. Municipal Service Reviews.....</b>	<b>4</b>
<b>C. Municipal Service Review of the City of Calistoga.....</b>	<b>4</b>
<b>II. Overview.....</b>	<b>5</b>
<b>A. Setting.....</b>	<b>5</b>
<b>B. Growth and Development.....</b>	<b>5</b>
<b>C. General Plan Policies.....</b>	<b>6</b>
<b>III. Adopted Boundaries.....</b>	<b>7</b>
<b>A. Incorporated Boundary.....</b>	<b>7</b>
<b>B. Sphere of Influence.....</b>	<b>7</b>
<b>IV. Growth and Population Projections.....</b>	<b>7</b>
<b>V. Governance.....</b>	<b>8</b>
<b>A. Advisory Boards, Commissions, and Committees.....</b>	<b>8</b>
<b>VI. Administration.....</b>	<b>9</b>
<b>VII. Municipal Services.....</b>	<b>11</b>
<b>A. Municipal Services Provided Directly.....</b>	<b>11</b>
<b>B. Municipal Services Provided by Contract or JPA.....</b>	<b>15</b>
<b>VIII. Financial.....</b>	<b>15</b>
<b>A. Budget Process.....</b>	<b>15</b>
<b>B. Budget Organization.....</b>	<b>16</b>
<b>C. 2007-2008 Budget.....</b>	<b>16</b>
<b>IX. Written Determinations.....</b>	<b>18</b>
<b>A. Infrastructure Needs and Deficiencies.....</b>	<b>18</b>
<b>B. Growth and Population Projections.....</b>	<b>19</b>
<b>C. Financing Constraints and Opportunities.....</b>	<b>19</b>
<b>D. Cost Avoidance Opportunities.....</b>	<b>20</b>
<b>E. Opportunities for Rate Restructuring.....</b>	<b>20</b>
<b>F. Opportunities for Shared Resources.....</b>	<b>21</b>
<b>G. Government Structure Options.....</b>	<b>21</b>
<b>H. Evaluation of Management Efficiencies.....</b>	<b>21</b>
<b>I. Local Accountability and Governance.....</b>	<b>22</b>
<b>X. References and Resources.....</b>	<b>23</b>
<b>XI. Attachments.....</b>	
<b>Map: Calistoga General Plan Planning Area.....</b>	<b>A</b>
<b>Map: Calistoga Jurisdiction and Sphere of Influence.....</b>	<b>B</b>

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## **I. INTRODUCTION**

### **A. Local Agency Formation Commissions**

Local Agency Formation Commissions (LAFCOs) were established in 1963 and are responsible for administering California Government Code §56000 et seq., which is now known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. LAFCOs are delegated regulatory and planning responsibilities to coordinate the orderly formation and development of local governmental agencies and services, preserve agricultural and open-space resources, and discourage urban sprawl. Duties include regulating governmental boundary changes through annexations or detachments, approving or disapproving city incorporations, and forming, consolidating, or dissolving special districts. LAFCOs are also responsible for conducting studies to inform and direct regional planning activities and objectives. LAFCOs are located in all 58 counties in California.

### **B. Municipal Service Reviews**

Beginning January 1, 2001, LAFCOs are required to review and update each local agency's sphere of influence ("sphere") by January 1, 2008 and every five years thereafter as needed.<sup>1</sup> As a prerequisite to sphere reviews, LAFCOs must prepare municipal service reviews to determine the adequacy and range of governmental services that are being provided within their respective jurisdictions. The intent of the municipal service review is to evaluate the adequacy, efficiency, and effectiveness of services in relationship to local needs and circumstances. The municipal service review process culminates with LAFCO making determinations on a range of service and organizational issues and may lead the agency to take other actions under its authority.

### **C. Municipal Service Review of the City of Calistoga**

In accordance with California Government Code §56430, this report represents LAFCO of Napa County's municipal service review of the City of Calistoga. The report has been prepared by Baracco and Associates under the direction of the Executive Officer. The purpose of this report is two-fold: 1) evaluate the current level and range of services provided by Calistoga and 2) inform a subsequent sphere review of the City. Accordingly, the geographic area of the municipal service review includes all lands located within the planning area identified in the Calistoga General Plan, which is depicted in Attachment A.<sup>2</sup>

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<sup>1</sup> California Government Code §56076 defines a sphere as "a plan for the probable physical boundary and service area of a local agency, as defined by the commission."

<sup>2</sup> Calistoga is the primary municipal service provider within its planning area. Five other countywide local agencies also provide services in the planning area: County Service Area No. 4; Napa County Flood Control and Water Conservation District; Napa County Mosquito Abatement District; Napa County Regional Park and Open Space District; and the Napa County Resource Conservation District. The majority of the services provided by these agencies have been comprehensively reviewed by LAFCO as part of earlier municipal service reviews. Services provided by the Napa County Regional Park and Open Space District, which was formed in 2006, will be reviewed in the near future.

## II. OVERVIEW

Calistoga was initially settled in 1845 and incorporated as a general-law city in 1886. It provides a full range of municipal services either directly or by contract with other governmental agencies or private companies. Calistoga is currently staffed by 63 full-time equivalent employees and has an estimated resident population of 5,302.<sup>3</sup>

### A. Setting

Calistoga is located at the north end of the Napa Valley approximately 27 miles northwest of the City of Napa. Calistoga is bisected by the Napa River and bounded to the east and west by the Howell Mountain and Mayacamas Mountain ridges, respectively. In addition to the dramatic visual setting provided by the adjacent mountain ridges, local geology provides Calistoga with unique geothermal resources, which underlies its celebrated hot-springs. Calistoga is also surrounded by rich volcanic and alluvial soils providing for the production of premium wine grapes.

### B. Growth and Development

Beginning with Dr. Edward Turner Bale, the first wave of settlers began arriving at the north end of the Napa Valley in the early 1840s. In the 1860s, Samuel Brannon opened the Calistoga Hot Springs Resort, which served as the community's initial tourist attraction. Brannon also began subdividing blocks of land leading to the creation of a business district along Lincoln Avenue. It was during this time that the first churches and fraternal societies were established, the first newspaper was founded, and the first school was started in the community. The community's gradual development eventually culminated in its incorporation as the City of Calistoga in 1886.

Calistoga has experienced modest growth and development since its incorporation. In 1930, the United States Census estimated Calistoga's population at 1,000. Calistoga's population continued to grow modestly over the next four decades reaching 1,882 by 1970. It was between 1970 and 1980 when Calistoga experienced its most significant period of growth as its population more than doubled to 3,879 following the construction of several mobile home parks. Calistoga's growth rate, however, slowed in the 1980s and 1990s due to capacity constraints associated with the water and sewer systems.

In 2005, after completing several infrastructure improvements to the water and sewer systems, Calistoga adopted an ordinance to control the annual rate of residential and non-residential growth in the City. The "Growth Management System" restricts population growth to no more than a 1.35% annual average increase and correlates non-residential growth to available water supplies at 8.0 acre feet per year. Calistoga administers this system by annually determining the available number of "allocations" for residential and non-residential projects. Allocations are subject to an application process and formally awarded by the City Council in November. In 2008, the City Council awarded allocations for 31 residential units that are expected to accommodate a population increase of 89.<sup>4</sup>

<sup>3</sup> Population estimate provided by the California Department of Finance, January 1, 2007.

<sup>4</sup> The City Council also awarded non-residential allocations to two redevelopment projects, which includes the renovation and expansion of the 80-unit Calistoga Village Inn and Spa.

### C. General Plan Policies

Calistoga's General Plan was comprehensively updated in 2003 and codifies land use policies for the City through 2020. The "General Plan" includes a total of 12 elements. This includes the seven mandatory elements required under California Government Code §65302 – land use, circulation, housing, open space, conservation, noise, and safety – along with five additional elements – community identity, infrastructure, public services, geothermal, and economic development. Significantly, although it designates a planning area that is measurably larger than Calistoga's incorporated boundary, the General Plan includes a policy discouraging the annexation of adjacent unincorporated lands.

The General Plan establishes standards with respect to the timing, delivery, and adequacy of public services in Calistoga. These standards help to define the level of service in the community and provide the public with a tool to measure the success of Calistoga in meeting its service objectives. The General Plan emphasizes infill development by calling for less development along the perimeter of the City as compared to the 1990 General Plan. The General Plan includes a policy statement that "Calistoga's identity as a small town is based on its physical appearance, including eclectic small buildings set on walkable streets and the surrounding natural environment."<sup>5</sup> Other key land use and infrastructure policies included in the General Plan are summarized below.

- Commercial development in Calistoga shall be focused in the downtown area;
- Calistoga shall encourage infill development over peripheral development;
- Tourism activities shall be regulated to minimize adverse impacts to other segments of the economy and the resident population;
- Calistoga shall collaborate with the County of Napa and LAFCO to protect existing land uses from development inappropriate for rural areas;
- New commercial and industrial development shall occur at a rate that maintains a healthy jobs to housing balance in conformance with Calistoga's Growth Management System;
- Extension of water service beyond the current service area shall be prohibited; and
- New development will be suspended if and when 95% of the water and or sewer system capacities have been reached.

---

<sup>5</sup> Calistoga General Plan, Community Identity Element; page CI-18

### III. ADOPTED BOUNDARIES

#### A. Incorporated Boundary

Calistoga's incorporated boundary comprises approximately 1,663 acres, or 2.60 square miles. The Commission has approved a total of nine jurisdictional changes involving Calistoga since 1963. All nine approved jurisdictional changes involve annexations. However, only two of the nine approved annexations were actually completed. The last completed annexation was approved by the Commission in 1972 and involved the annexation of nine parcels totaling 17 acres located along Myrtdale Road north of Greenwood Avenue.

#### Approved Jurisdictional Changes involving the City of Calistoga

<u>Proposal Name</u>	<u>Action</u>	<u>Approval Date</u>
Myrtdale Road/Greenwood Avenue	Annexation	March 8, 1967*
Kimball Dam	Annexation	March 8, 1967*
Fiege Canyon Reservoir	Annexation	March 8, 1967*
Kortum Canyon Road	Annexation	March 8, 1967*
Silverado Trail No. 1	Annexation	January 12, 1972
Myrtdale Road/Greenwood Avenue (Resubmital)	Annexation	September 11, 1972
Kimball Dam (Resubmital)	Annexation	September 11, 1972*
Fiege Canyon Reservoir (Resubmital)	Annexation	November 8, 1972*
Calistoga Airport Lands	Annexation	September 11, 1972*

\* Proposals were abandoned prior to recordation for unknown reasons.

#### B. Sphere of Influence

Calistoga's sphere includes approximately 1,669 acres, or 2.61 square miles. The sphere was established by the Commission in 1973 and is generally contiguous with Calistoga's incorporated boundary with the exception of including one unincorporated parcel located along Washington Street immediately south of the City. This parcel is approximately 5.2 acres and is owned and used by Calistoga as part of its municipal sewer system.<sup>6</sup> There have been no amendments to Calistoga's sphere since its establishment in 1973.

### IV. GROWTH AND POPULATION PROJECTIONS

The Association of Bay Area Governments (ABAG) publishes population, household, job, labor force, and income projections for the nine-county San Francisco Bay Region. ABAG incorporates these projections in allocating housing need assignments to cities and counties in the Bay Area as determined by the California Department of Housing and Community Development. ABAG recently issued *Projections 2007*, which includes a range of growth-related estimates for Calistoga through 2035. ABAG projections for Calistoga relating to population, households, and jobs are listed below.

<sup>6</sup> It was previously believed that the affected parcel was annexed to Calistoga as part of the "Calistoga Airport Lands" proposal approved by the Commission in 1972. However, in preparing this report, it was determined that the annexation proposal was abandoned for unknown reasons and never recorded with the State of California's Board of Equalization.

**ABAG Growth and Population Projections: City of Calistoga**(Source: *Projections 2007*)

	2005	2010	2015	2020	2025	2030	2035
Population	5,200	5,280	5,300	5,400	5,300	5,400	5,400
Households	2,080	2,110	2,140	2,170	2,190	2,210	2,220
Total Jobs	2,770	2,810	2,070	3,250	3,440	3,540	3,650

On June 29, 2007, ABAG released its draft regional housing need allocation (RHNA) for the 2007-2014 planning period. Based on this draft, Calistoga will be responsible for accommodating a total of 94 new housing units as part of its next seven-year housing element, which must be updated by June 2009. If developed, this amount would represent a \*\*% increase to Calistoga's existing number of housing units.<sup>7</sup>

**V. GOVERNANCE**

Calistoga operates under the council-manager system of government. Calistoga is governed by a five-member City Council that includes a directly elected mayor. Elections are conducted by general vote; the mayor serves a two-year term while the four council members serve staggered four-year terms. Council duties include adopting a biennial budget and municipal ordinances along with approving General Plan amendments, zoning changes, parcel maps, and subdivision maps. The Council also approves growth management allocations, appoints committee members, and hires the city manager.

Calistoga City Council meetings are conducted on the first and third Tuesdays of each month beginning at 7:00 P.M. at the Calistoga Community Center, located at 1307 Washington Street. Meetings are open to the public and are also broadcast on local public access television. Agendas and minutes are posted at City Hall, 1232 Washington Street, and are available on the Calistoga website: [www.ci.calistoga.ca.us](http://www.ci.calistoga.ca.us).

**A. Advisory Boards, Commissions, and Committees**

The Calistoga City Council has established local advisory bodies to assist the City in its decision-making processes. Specific responsibilities for each advisory body are established by their respective ordinance or resolution. Calistoga's five active advisory bodies are summarized below.

***Planning Commission***

The Planning Commission consists of five members appointed by the Mayor with City Council concurrence. The Commission meets twice monthly and is responsible for approving design reviews, conditional use permits, and variances. The Commission also makes recommendations to the City Council on General Plan amendments, zoning changes, and tentative parcel and subdivision maps.

<sup>7</sup> Final RHNA allocations are scheduled to be adopted in June 2008.

### *Community Resources Commission*

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The Community Resources Commission consists of seven members appointed by the Mayor with City Council concurrence. The Commission meets monthly and is responsible for overseeing a variety of community recreational and cultural programs, such as organizing youth and senior activities.

### *Bicycle Advisory Committee*

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The Bicycle Advisory Committee consists of three members appointed by the Mayor with City Council concurrence. The Committee meets quarterly and advises the Planning Commission and City Council on bicycle transit matters in the City.

### *Building-Fire Code Board of Appeals*

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The Building-Fire Code Board of Appeals consists of five members appointed by the Mayor with City Council concurrence. The Board meets as needed and considers appeals made to the City Council involving building code complaints or discrepancies.

### *Design Advisory Panel*

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The Design Advisory Panel consists of five members appointed by the Mayor with City Council concurrence. The Panel meets as needed and provides input on design issues to applicants prior to the review by the Planning Commission and City Council.

## **VI. ADMINISTRATION**

The administration of Calistoga is the principal responsibility of the City Manager, who is appointed to oversee and implement policies on behalf of the City Council. The City Manager serves at-will and oversees Calistoga's seven municipal departments: 1) Administration; 2) Administrative Services; 3) Fire; 4) Planning and Building; 5) Police; 6) Public Works, and 7) Community Resources.<sup>8</sup> An overview of each municipal department is provided below.

### *Administration*

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Administration includes the City Manager and City Clerk. Key duties for the City Manager include implementing policy direction from the City Council and directing staff resources. The City Manager also serves as the Personnel Director and the Director of Emergency Services. The City Clerk is responsible for preparing agendas and minutes, providing public notices, conducting general municipal and special elections, and maintaining official records. Administration also includes an Administrative Analyst/Deputy Clerk.

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<sup>8</sup> Calistoga contracts with the law firm of McDonough Holland & Allen for legal services.

### *Administrative Services*

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Administrative Services is responsible for the budget and financial project activities well as account management (payroll, accounts payable, accounts receivable). Administrative Services also provides treasury, tax collection, water and wastewater billing, risk management, computer network systems, and grant administration services. The Department is managed by the Administrative Services Director/Treasurer and includes an Administrative Services Coordinator, a Senior Account Clerk, and an Account Clerk.

### *Fire Department*

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The Fire Department is responsible for providing fire protection and emergency medical services in Calistoga as well as within certain surrounding unincorporated areas pursuant to separate agreements with the Counties of Napa and Sonoma. The total coverage area for the Department to provide first response services is 56 square miles. The Department is managed by the Fire Chief and includes three fulltime firefighters and approximately 18 part-time paid call firefighters.

### *Police Department*

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The Police Department is responsible for providing law enforcement services in Calistoga. The Department is managed by the Police Chief and includes two Sergeants, eight sworn officers, five dispatchers, and two field technicians. The Department is also responsible for providing emergency preparedness services and includes one employee devoted to these efforts.

### *Planning and Building Department*

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The Planning and Building Department is responsible for providing land use planning, building, and code enforcement services in Calistoga. Key duties include implementing the policies of the General Plan, issuing building permits, conducting inspections, and reviewing project applications. Outside consulting building permit plan check services are employed by the Department. The Department is managed by the Planning and Building Director and includes a Senior Planner, Associate Planner, Building Inspector, and an Administrative Secretary.

### *Public Works Department*

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The Public Works Department manages all public facilities and infrastructure in Calistoga. This includes maintaining streets, storm drains, parks, and the water and sewer systems. The Department is managed by the Public Works Director/City Engineer and includes a Senior Civil Engineer, Administrative Analyst, Administrative Secretary, Maintenance Superintendent, and Water and Sewer Plant Superintendents. The Department also includes nine maintenance technicians and five plant operators.

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### *Community Resources Department*

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Beginning in January 2008, Calistoga consolidated its recreation programs and special events into the new Community Resources Department. The Department is responsible for developing and managing aquatics, recreational, community, and leisure service programs in Calistoga. The Department is managed by the Community Resources Director and supported by one Community Resource Superintendent, one Community Resource Technician, and several seasonal program aides. Additional staff will be hired this year when Calistoga opens its new community pool facility.

## **VII. MUNICIPAL SERVICES**

Calistoga provides a full range of municipal services either directly or through contracts or joint power authorities with other governmental agencies or private companies. Municipal services provided directly by Calistoga include law enforcement, fire protection and emergency medical, water, sewer, streets, planning, and community recreation. Municipal services provided by Calistoga through contracts or joint-power authorities with other agencies or companies include garbage collection, specialized engineering services, building inspection and plan check services, and other specialized services as needed. An overview of all municipal services provided by Calistoga follows.

### **A. Municipal Services Provided Directly**

#### *Law Enforcement Services*

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The Calistoga Police Department (CPD) is responsible for providing law enforcement services within the City. CPD also responds to incidents in surrounding unincorporated areas based on separate mutual aid agreements with the California Highway Patrol and County of Napa. Patrol units are set up to include two officers for both the day shift and swing shift, and one officer for the graveyard shift. Five patrol vehicles are operational at any given time and each is equipped with multi-frequency radio and video. One 'radar trailer' is utilized on selected streets to emphasize posted speed limits. Patrol vehicles are replaced at a rate of one per year.

CPD is currently staffed by 11 sworn officers. This provides Calistoga with a relatively high ratio of sworn officers for every 1,000 residents of 2.07. The current average response time is less than two minutes from dispatch to arrival, which is well within Calistoga's operating standard of five minutes. CPD's current budget is \$2.123 million. This amount accounts for 31% of Calistoga's total operating budget for the fiscal year and represents a capita expense of \$400.

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### *Fire Protection and Emergency Medical Services*

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The Calistoga Fire Department (CFD) is responsible for providing fire protection and emergency medical services in the City. CFD is also under contract with the Counties of Napa and Sonoma. These contracts commit CFD to providing first-response fire protection and emergency medical services to an approximate 56 square mile unincorporated area that extends north to Lake County and west into Sonoma County.

CFD is currently staffed by three fulltime firefighters and 18 part-time paid call firefighters. CFD recently implemented a new staffing plan that provides for three response teams, each consisting of one full time firefighter combined with ten part-time paid call firefighters. The teams rotate and volunteers are compensated 'standby' pay while on their rotation shift.<sup>9</sup> The average response times from dispatch to arrival are less than two minutes for the day shift, and less than three minutes for the night shift, which satisfies its adopted response time of five minutes.<sup>10</sup> CFD's current budget is \$0.733 million. This amount accounts for 11% of Calistoga's total General Fund budget for the fiscal year and represents a capita expense of \$138.

\* An expanded review of Calistoga's fire protection and emergency medical services was prepared as part of LAFCO's *Comprehensive Study of Fire Protection Services* (2006). The study is available at the LAFCO office or website: <http://napa.lafco.ca.gov>.

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### *Water Services*

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Calistoga's Public Works Department is responsible for providing water services in the City and to several unincorporated properties located within planning area of the City General Plan. Calistoga's water supplies are drawn from two sources, Kimball Reservoir and the State Water Project (SWP). Kimball Reservoir, which is located north of the City, receives diversions from Kimball Creek and has an estimated holding capacity of 392 acre-feet. Water from Kimball Reservoir is treated at the adjacent Kimball Water Treatment Plant, which has a daily capacity of 3.7 acre-feet. Water from the SWP is secured through a contract with the Napa County Flood Control and Water Conservation District and currently allocates Calistoga an annual entitlement of 1,625 acre-feet. Calistoga contracts with the City of Napa to treat and deliver its SWP entitlement through an interconnection between the two agencies' transmission lines. Capacity constraints with Calistoga's transmission line, however, limit the daily amount of deliveries from Napa to no more than 2.7 acre-feet. Calistoga's total treated water storage capacity in the City is 3.1 acre-feet.

Calistoga currently provides water service to 2,035 connections. Of this amount, 75 connections are located outside Calistoga. Total water demand in 2007 was 767 acre-feet, which represents an average daily amount of 2.1 acre-feet.

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<sup>9</sup> CFD anticipates adding two new pieces of apparatus in 2008, a Water Tender Fire Engine (\$330,000) and a Multi-Function Fire Engine (\$450,000).

<sup>10</sup> In 2007, CFD responded to approximately 800 calls, 80% of which related to emergency medical services. Approximately 250 of the 800 calls were for incidents occurring outside Calistoga.

In 2007-2008, Calistoga's budgeted operating cost for its water enterprise is \$2.02 million. This amount represents an approximate per connection expense of \$993.

#### City of Calistoga: Water System Capacities and Demands (Approximations)

	Acre-Feet	Gallons
Annual Available Water Supply	1,378 <sup>(1)</sup>	449.0 million
Available Daily Water Treatment Capacity	3.7 <sup>(2)</sup>	1.2 million
Available Treated Water Storage Capacity	3.1 <sup>(2)</sup>	1.0 million
2007 Total Water Demand	767	249.9 million
2007 Average Daily Water Demand	2.1	0.7 million

<sup>(1)</sup> Estimate based on the projected holding capacity of Kimball Reservoir (392 acre-feet) and current annual capacity of Calistoga's transmission line (986 acre-feet) connecting to the City of Napa for SWP deliveries.

<sup>(2)</sup> Estimates reflect only the available treatment and storage capacities in Calistoga.

\* An expanded review of Calistoga's water services was prepared as part of LAFCO's *Comprehensive Water Service Study* (2004). The study is available at the LAFCO office or website: <http://napa.lafco.ca.gov>.

#### Sewer Services

Calistoga's Public Works Department is responsible for providing sewer services in the City. Calistoga's sewer system collects and provides tertiary treatment of wastewater before it is discharged into the Napa River during the wet season (October 1<sup>st</sup> through May 15<sup>th</sup>) or distributed for recycled water use or conveyed into storage ponds. Calistoga's sewer treatment plant has a permitted dry-weather daily capacity of 0.84 million gallons, or 2.6 acre-feet.

Calistoga currently provides sewer service to approximately 1,265 connections.<sup>11</sup> All sewer connections are located in Calistoga. Calistoga's current average dry-weather sewer demand is approximately 0.54 million gallons, or 1.7 acre-feet, and can be adequately accommodated by the City.

In 2007-2008, Calistoga's budgeted operating cost for its sewer enterprise is \$2.56 million. This amount represents an approximate per connection expense of \$2,024.

#### City of Calistoga: Sewer System Flow Capacities and Demands (Approximates)

	Acre-Feet	Gallons
Permitted Daily Dry-Weather Flow Capacity	2.6	0.84 million
Average Daily Dry-Weather Flow Demand	1.7	0.54 million
Average Daily Flow Demand (Dry and Wet)	2.7	0.90 million

\* An expanded review of Calistoga's sewer services was prepared as part of LAFCO's *Comprehensive Study of Sanitation and Wastewater Treatment Providers* (2005). The study is available at the LAFCO office or website: <http://napa.lafco.ca.gov>.

<sup>11</sup> Approximately 84% of Calistoga's sewer connections are for residential uses.

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### *Street Services*

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Calistoga's Public Works Department is responsible for providing minor street repair (potholes and patching, curb and gutter maintenance) and street sign replacement services in the City. Larger construction projects, such as overlays, handicapped curb cuts, and striping, are contracted out to private companies. Current funding for street related expenses is drawn from the General Fund (\$305,550) and Calistoga's proportional share of gas tax revenues (\$132,100). The budgeted General Fund portion represents 4% of Calistoga's total operating budget for the fiscal year and represents a capita expense of \$58.

The Metropolitan Transportation Commission (MTC) recently issued an update to its annual report on the condition of the Bay Area's transportation system. The report includes evaluating and ranking current street conditions for all local agencies in the nine county Bay Area. The most recent update computing 2005 pavement conditions using special equipment measuring road vibrations ranked Calistoga as "fair." Overall, Calistoga's finished 95 among the 107 agencies evaluated by MTC in the Bay Area.

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### *Planning Services*

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Calistoga's Planning and Building Department is responsible for providing development review, building inspection, and code enforcement services in the City. This includes the review of all proposed improvement and development projects, such as General Plan amendments, zoning requests, use permits, and parcel and subdivision maps. As part of its process, the Department coordinates an interdepartmental review to determine if the project will impact existing services in Calistoga including confirming the availability of water and sewer services. The Department's current budget is \$0.719 million. This amount accounts for 10% of Calistoga's total operating budget for the fiscal year and represents a capita expense of \$135.

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### *Community Services*

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Calistoga's Community Resources Department provides a variety of community-related services offering recreational opportunities for youth (summer camp, teen center), adults (yoga, jujitsu, aerobics, golf, tennis, pilates), and seniors (golf, computers, day trips). Current emphasis is preparing to open the new community swimming pool and developing comprehensive recreation and leisure service programs. The Department's current budget is \$0.576 million. This amount accounts for 8% of Calistoga's total operating budget for the fiscal year and represents a capita cost of \$64.

## **B. Municipal Services Provided by Contract or through a Joint Power Authorities**

### ***Garbage Collection Services***

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Garbage collection in Calistoga is provided on a weekly basis by Upper Valley Disposal Service, Inc. (UVDS). UVDS is a private company under contract with the Upper Valley Waste Management Agency, a joint-powers authority that represents Calistoga, St. Helena, Yountville, and the County. UVDS' contract runs through 2025 and specifies that it is the exclusive contractor for the collection of garbage and rubbish in Calistoga. Current monthly charges for roadside garbage collection are \$20.85, \$41.70, and \$62.55 for 35, 65, 95-gallon toters, respectively. All customers also receive 96-gallon recycling and yard toters at no additional charge. These charges are consistent with the rates assigned to customers in St. Helena and Yountville.

### ***Specialized Engineering Services***

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Calistoga contracts with private firms to provide specialized engineering services in the City. These services include construction inspections, water and sewer system improvements, and general architectural and engineering services.

### ***Building Inspection and Plan Check Services***

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Calistoga contracts with qualified private firms to provide plan check services for most development. The City also contracts to provide supplemental or specialized building inspection services.

### ***Other Specialized Services***

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Calistoga contracts with a variety of private firms to provide specialized audit, financial, legal, planning, information/communication systems, and other services for the City. This is a typical and cost effective method of cities to contract for these types of periodic and specialized services instead of providing the services with city staff.

## **VIII. FINANCIAL**

### **A. Budget Process**

Calistoga practices a two-year budget process. The rationale in utilizing a two-year budget is to better anticipate and consider short-term trends in expenses and revenues. The adoption of the budget is preceded by a process in which each department submits a two year schedule of requests for appropriations to the City Manager. The City Manager uses these requests as the foundation in preparing a budget for consideration by the City Council. The budget is adopted at a noticed public hearing and is continually monitored to consider whether revisions are appropriate.

## B. Budget Organization

Calistoga's budget is divided into three units: 1) General Fund; 2) Enterprise Funds; and 3) Special Funds. General Fund revenues are primarily drawn from taxes and support discretionary governmental services. Enterprise Fund revenues are collected from user fees and charges. Special Fund revenues are generated from a variety of sources, including impact fees and governmental subventions, and are used to fund specific programs.

## C. 2007-2008 Budget

Calistoga's adopted revised budget for 2007-2008 anticipates total revenues and expenditures at \$26.7 million and \$30.7 million, respectively. Budgeted and accumulated reserves are expected to cover the anticipated shortfall. Projected totals within Calistoga's three budget units are summarized below.

### General Fund

Calistoga's adopted revised budget for 2007-2008 anticipates balanced General Fund revenues and expenses at \$15.35 million. Calistoga's General Fund comprises five categories: 1) operating; 2) debt proceeds; 3) grant improvements; 4) special projects; and 5) capital projects. An outline of revenues and expenses within these five categories follows.

<b>General Fund</b>	<b>07-08 Revenues</b>	<b>07-08 Expenses</b>
Operating	\$7,313,955	\$6,884,450
Debt Proceeds	\$3,857,050	-
Grant Improvements	\$1,911,200	-
Special Projects	-	\$318,100
Capital Projects [1]	\$2,276,445	\$8,156,100
<b>Total</b>	<b>\$15,358,650</b>	<b>\$15,358,650</b>

[1] Includes net transfers from other funds (\$1,930,524) and use of General Fund reserves (\$345,921) primarily for capital improvement projects.

General Fund operating revenues and expenses are key indicators in assessing the fiscal health and the solvency of an agency. Nearly half of Calistoga's projected General Fund operating revenues in 2007-2008 are expected to be drawn from its transient occupancy tax (47%). Other key General Fund operating revenues are expected to be drawn from property (20%) and sale (10%) taxes. Primary General Fund operating expenses in 2007-2008 include law enforcement (31%), administrative support services (22%), public works (16%), and fire protection (11%).

### Enterprise Funds

Enterprise Funds account for Calistoga's municipal operations that are intended to be self-funding through the collection of user fees and charges. Enterprise Funds in Calistoga include water and sewer services.

Calistoga projects total revenues and expenses for its water enterprise fund in 2007-2008 at \$8.46 million and \$9.41 million, respectively. The majority of these budgeted revenues and expenses are associated with approximately \$6.8 million in planned improvements to the water system, which will be primarily funded through various subventions.<sup>12</sup> Anticipated water service operating revenues and expenses in 2007-2008 are budgeted at \$2.27 million and \$2.02 million, respectively. These amounts reflect an expected operating surplus of \$0.25 million. Calistoga projects total revenues and expenses for its sewer enterprise fund at \$3.33 million and \$4.38 million. Approximately \$1.7 million of these funds are associated with planned improvements to the sewer system.<sup>13</sup> Anticipated sewer service operating revenues and costs in 2007-2008 are budgeted at \$1.91 million and \$2.56 million, respectively. These amounts reflect an expected operating shortfall of \$0.65 million.

***Special Funds***

Special Funds account for non-discretionary monies that may be used by Calistoga for specific purposes. Calistoga has established 23 special revenue funds, most of which derive their monies from specific sources, such as governmental subventions and developer fees, state transportation funds, fees for services, and transfers from other funds. In 2007-2008, Calistoga has budgeted \$1.84 million and \$1.56 million in revenues and expenses within these 23 affected funds.

**D. Expenditure and Revenue Trends**

The California State Controller’s Office (SCO) publishes annual expenditure and revenue information for all counties, cities, and special districts in California. Information reported by SCO is drawn from reports submitted by the local agencies and generally published two years after the end of the affected fiscal year. Key expenditure and revenue information for Calistoga over the last three reported fiscal years follows.

**Recent Expenditures and Revenues for the City of Calistoga**

(Source: SCO’s *Cities Annual Report 2002-2003 through 2004-2005*)

<b>Fiscal Year</b>	<b>Total Expenses<sup>1</sup></b>	<b>Total Revenues<sup>2</sup></b>	<b>Operating Net</b>
2002-2003	\$14,908,374	\$10,436,149	(\$4,472,225) <sup>3</sup>
2003-2004	\$10,174,452	\$10,464,041	\$289,589
2004-2005	\$9,451,431	\$9,985,623	\$534,192

<sup>1</sup> Includes operating and capital outlays

<sup>2</sup> Includes general (non-dedicated) and functional (dedicated) revenues

<sup>12</sup> Calistoga’s Water System Capital Improvement Program budgets a total of \$6.8 million in 2007-2008. Planned improvements include \$4.6 million for the Mt. Washington Water Tank (1.0 million gallons), \$1.1 million in upgrades to the water treatment plant, \$525,000 for the Dwyer Road Pump Station, and \$691,000 to replace old water mains. Financing for these improvements is expected to be drawn from Calistoga’s Water Capital Fund, USDA Loans and Grants, Proposition 50 Water Security Grant, and Measure A (1998 Napa County Flood Protection and Water Supply).

<sup>13</sup> Calistoga Wastewater System Capital Improvement Program budgets a total of \$1.7 million in 2007-2008. Planned improvements include making inflow and infiltration improvements and developing a wastewater system assessment and master plan. Financing for these improvements are expected to be drawn from Calistoga Wastewater Capital Fund which is funded from connection charges and financing proceeds.

- <sup>3</sup> Calistoga reports that the deficit amount in FY 2002-2003 was due to the timing of debt proceeds to fund the sewer treatment plant improvements and was resolved in subsequent years.

### Principal General Revenue Sources for the City of Calistoga

(Source: SCO's *Cities Annual Report 2002-2003 through 2004-2005*)

Fiscal Year	Property Tax	Sales Tax	Transient Tax
2002-2003	\$699,386	\$684,232	\$2,311,823
2003-2004	\$735,185	\$631,570	\$2,161,628
2004-2005	\$701,215	\$387,446	\$2,257,440

## IX. WRITTEN DETERMINATIONS

In anticipation of reviewing Calistoga's sphere, and based on the information included in this report, the following written determinations make statements involving the service factors the Commission must consider as part of a municipal service review.<sup>14</sup>

### A. Infrastructure Needs and Deficiencies

- 1) The City of Calistoga has been diligent in developing plans to accommodate the service needs of current and future constituents. Calistoga regularly reviews and updates to its service plans to help ensure that infrastructure needs and deficiencies are addressed in a timely manner.
- 2) Calistoga has sufficient water supply, storage, and treatment capacities to meet current service demands. Calistoga has recently undertaken construction of a new storage facility and expansion to its treatment plant. Completion of these projects will help solidify Calistoga's ability to meet future water system demands under normal conditions within the timeframe of this review.
- 3) Calistoga has experienced an approximate nine percent decrease in water usage over the last five years. This decrease can be attributed to recent infrastructure improvements curtailing losses, concerted efforts to promote conservation practices, and modifications in uses by a prominent commercial customer.

*In 2002, Calistoga's overall water usage was 843 acre-feet. In 2007, Calistoga's overall water usage was 767 acre-feet.*

- 4) A considerable portion of Calistoga's water supplies are drawn from the State Water Project. A recent federal ruling aimed at protecting smelt in the Sacramento-San Joaquin Delta restricts the amount of water the State of California can deliver to local contractors. This ruling highlights an important external constraint on all local agencies that rely on imported water supplies in meeting system demands.

<sup>14</sup> The service factors addressed in this report reflect the requirements of California Government Code §56430(a) as of December 31, 2007. (This section was amended effective January 1, 2008 to revise the number of service factors the Commission must address as part of its municipal service review requirement from nine to six.)

- 5) There are significant discrepancies existing between the average daily wastewater flows within Calistoga's sewer system between dry-weather and wet-weather periods. These discrepancies suggest improvements are needed to the collection system to address suspected deficiencies involving excessive storm and groundwater intrusion.

*In 2007, Calistoga's average day dry-weather and wet-weather wastewater flows are approximately 0.54 and 0.90 million gallons, respectively.*

- 6) Calistoga recently received a score of "fair" for pavement conditions within the City from the Metropolitan Transportation Commission. This score indicates that pavement in Calistoga is generally worn and in need of rehabilitation.
- 7) Calistoga has made a significant investment over the last several years in funding various capital improvements and reflects a concerted effort by the City to enhance the level and range of its municipal services.

## **B. Growth and Population Projections**

- 1) Calistoga has been proactive in adopting policies to control the amount of new growth and development in the City. These efforts include a policy discouraging annexations of unincorporated lands.
- 2) Calistoga's Growth Management System is an innovative approach in controlling growth and development in the City by creating a market for residential and non-residential allocations. This system helps Calistoga preserve its desired rural character while providing an incentive for applicants to submit quality proposals.
- 3) The Association of Bay Area Governments estimates a modest population growth of 100 for Calistoga over the next 10 years, which represents an annual increase of less than 0.2%. This estimate, which is less than Calistoga's average annual rate of population growth of 0.6% over the last 10 years, reflects a regional assumption that growth in the Bay Area will increasingly migrate towards existing urban areas.
- 4) County of Napa's land use policies for unincorporated lands located within the Planning Area of the Calistoga General Plan are restrictive and limit opportunities for new growth and development adjacent to the City.

## **C. Financing Constraints and Opportunities**

- 1) Approximately half of Calistoga's annual operating revenue is generated from its transient-occupancy tax. Although this source has proven reliable, the dependency on one revenue stream over which Calistoga has no direct control represents a constraint for budgeting purposes.
- 2) Calistoga's recent and anticipated annual share of transient-occupancy tax revenues is markedly higher than the majority of neighboring communities in Napa County as measured on a per capita basis.

*In 2007-2008, Calistoga anticipates collecting approximately \$645 per capita in transient-occupancy tax revenues. Comparatively, the Cities of American Canyon, Napa, and St. Helena anticipate per capita transient-occupancy tax revenues in 2007-2008 at \$19, \$97, and \$245, respectively. The Town of Yountville anticipates the largest per capita receipt of transient-occupancy tax revenues at \$1,003.*

- 3) The limited amount of planned new growth and development in Calistoga presents a long-term financing constraint for the City in providing water and sewer services due the diseconomies of scale associated with having confined customer bases.

#### **D. Cost Avoidance Opportunities**

- 1) Calistoga benefits from participating in a number of cost-sharing programs with other local governmental agencies. These programs promote the benefits of regional partnerships and provide significant cost-savings in providing key governmental services, such as affordable housing, garbage collection, and public transit.
- 2) Calistoga maintains and annually reviews a capital improvement plan to coordinate the financing and construction of needed infrastructure and facility improvements. This process enables Calistoga to maximize its operational efficiencies while avoiding unnecessary expenditures associated with deferring improvements.
- 3) Calistoga's two-year budget process includes several checks and procedures during the fiscal year to help allocate available funding with appropriate levels of service.

#### **E. Opportunities for Rate Restructuring**

- 1) Calistoga's rates and fees for municipal services are established by ordinance or resolution. The ordinances or resolutions are based on staff recommendations and adopted by the City Council. This administrative process provides an opportunity for public input and strengthens the ability of Calistoga to allocate costs with the desired levels of service of its constituents.
- 2) Calistoga has been proactive in establishing a number of impact fees relating to new development. These fees help ensure that Calistoga is practicing an appropriate level of cost-recovery as it relates to serving new development in a manner that is equitable to existing constituents.
- 3) Calistoga's current funding deficit for the operation of its sewer system suggests rates need to be reviewed to ensure an appropriate level of cost-recovery.

## **F. Opportunities for Shared Resources**

- 1) Calistoga participates in joint-power arrangements with the Upper Valley Waste Management Agency, the Napa County Transportation and Planning Agency, and the Napa County Flood Control and Water Conservation District. These arrangements help maximize local resources among participating agencies in providing garbage collection, public transportation, and flood control services within their respective jurisdictions.

## **G. Government Structure Options**

- 1) Calistoga provides effective services through its council-manager form of government, and utilizes other governmental advising bodies, community organizations, and the general public to help inform its decision-making process.
- 2) Calistoga has established water service to several properties located outside its incorporated boundary. LAFCO and Calistoga must work together to ensure new and extended services provided by the City outside its jurisdiction is consistent with the provisions of California Government Code Section 56133.

*California Government Code §56133 was enacted in 1994 and requires cities and special districts to receive written approval from LAFCO prior to providing new and extended services by contract or agreement outside their jurisdictions.*

- 3) LAFCO approved several small annexations to Calistoga in the early 1970s that were not subsequently recorded with the State of California. LAFCO should work with Calistoga and the State in identifying why these proposals were not recorded and take the necessary actions to complete the proceedings as originally approved.

## **H. Evaluation of Management Efficiencies**

- 1) Calistoga adopts its budget at public meetings in which members of the public are allowed to comment with regard to expenditures and service programs. The budget process enhances the accountability of elected officials and provides a clear directive towards staff with regard to prioritizing local resources.
- 2) Calistoga has been diligent in the development of policies and service plans that address the existing and future needs of the community. These efforts provide effective performance measures and demonstrate a commitment by Calistoga to hold itself accountable to the public.
- 3) Calistoga has an established a policy to maintain reserves equal to approximately 30% of its annual operating costs. This policy reflects prudent fiscal management by helping to protect against unanticipated expenditures or shortfalls in revenues.

## **I. Local Accountability and Governance**

- 1) Calistoga City Council meetings are held twice a month and are open to the public. Regularly scheduled meetings provide an opportunity for residents to ask questions of elected representatives and help ensure service information is effectively communicated to the public.

## **X. REFERENCES AND SOURCES**

### **Agency Contacts**

James McCann, City Manager  
Su Sneddon, City Clerk  
Charlene Gallina, Planning and Building Director  
Ken MacNab, Senior Planner

### **Documents and Materials**

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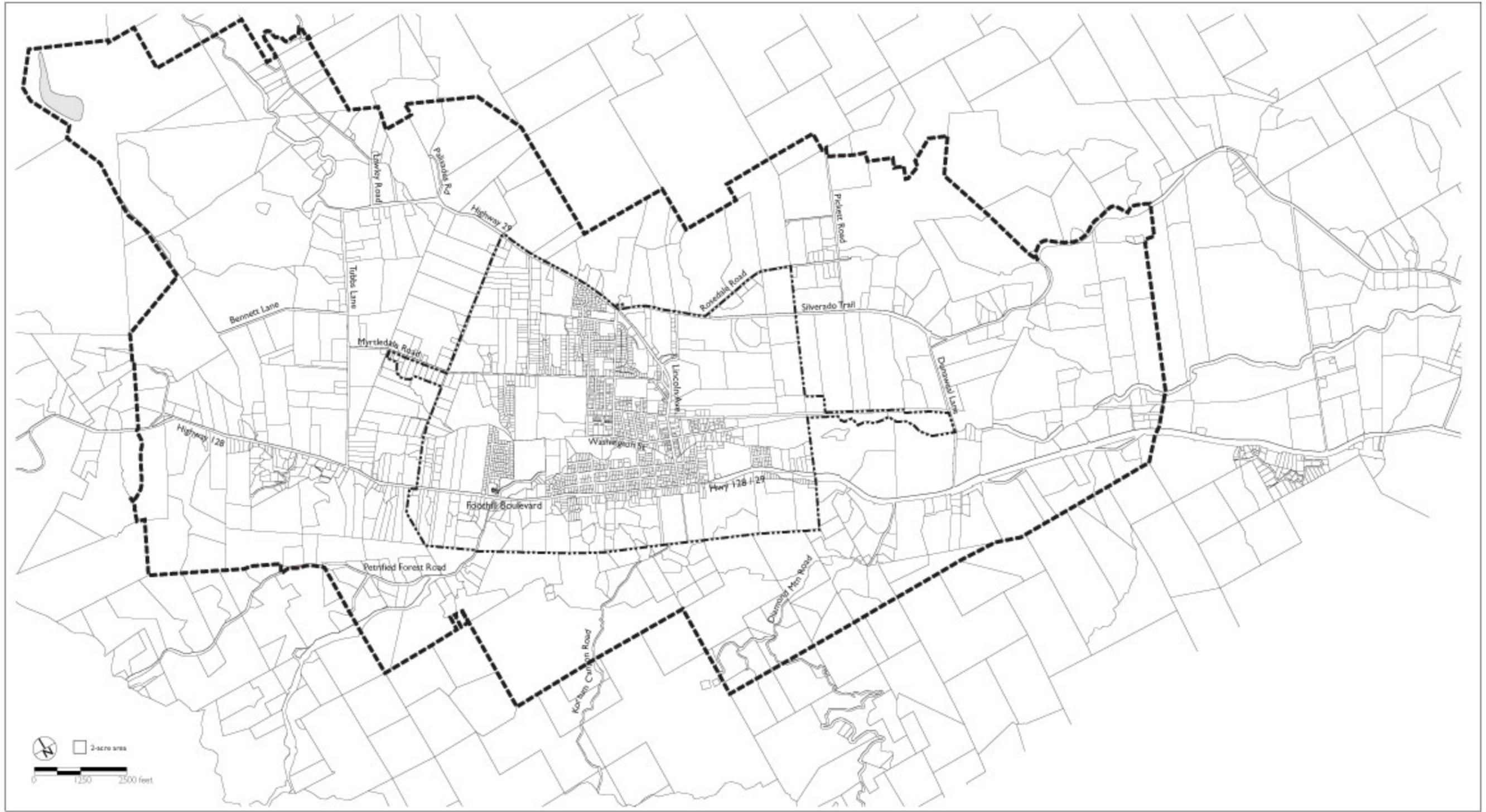
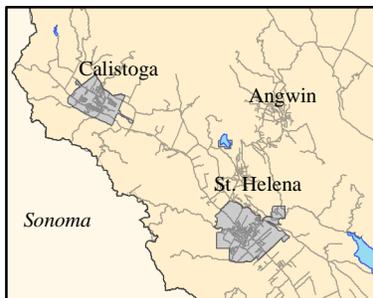
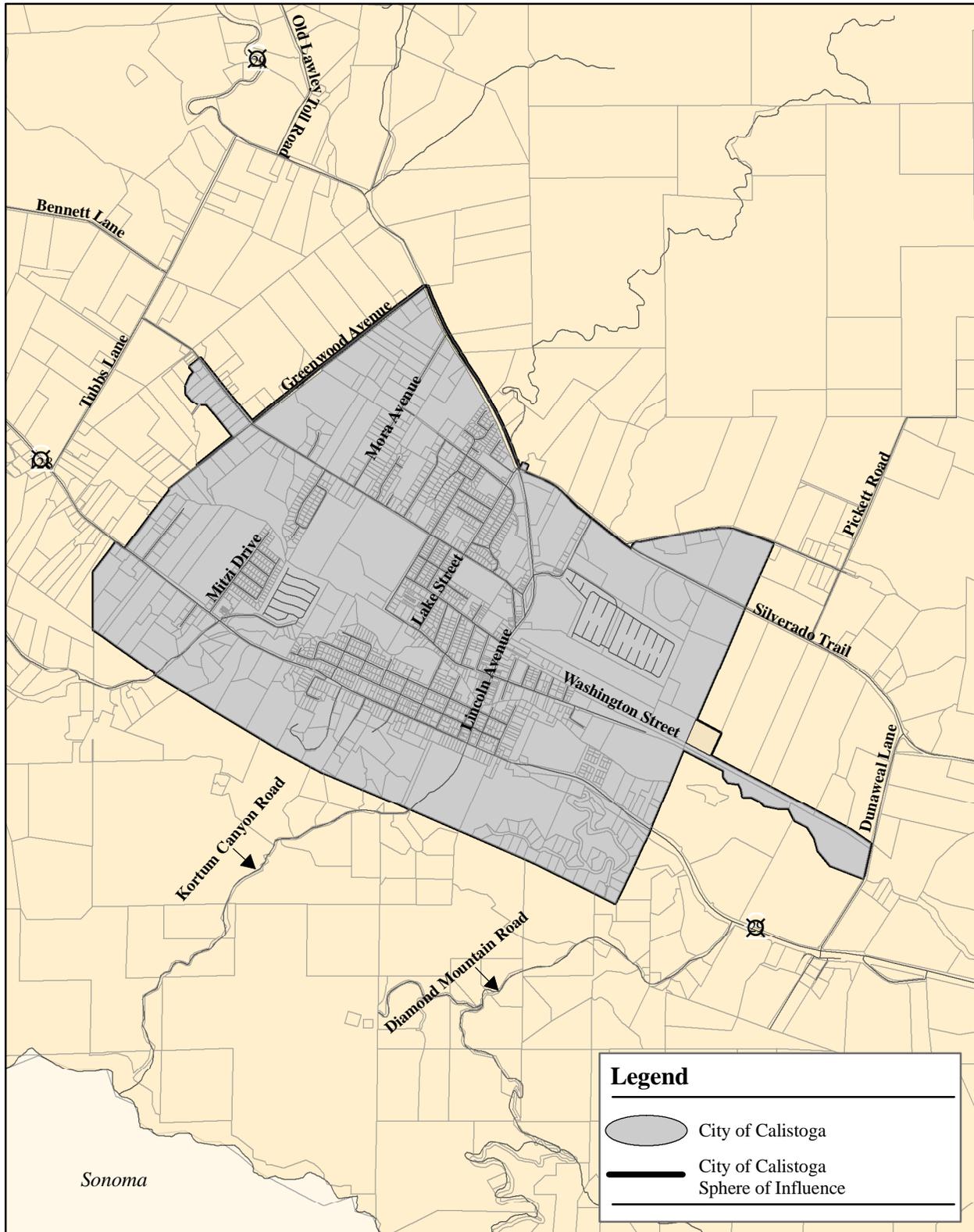


FIGURE INTRO-2

CITY LIMITS AND PLANNING AREA

- Planning Area Boundary
- City Limits

# City of Calistoga



Not to Scale  
March 14, 2008  
Prepared by KS

  
LAFCO of Napa County  
1700 Second Street, Suite 268  
Napa, California 94559  
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**April 7, 2008**  
**Agenda Item No. 8b**

March 31, 2008

**TO:** Local Agency Formation Commission

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: City of St. Helena – Municipal Service Review (Discussion)**

The Commission will receive a municipal service review report on the City of St. Helena. The report is in draft-form and is being presented for discussion.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 directs Local Agency Formation Commissions (LAFCOs) to review and update each local agency's sphere of influence every five years as needed. As a prerequisite to sphere reviews, LAFCOs must prepare municipal service reviews to determine the adequacy and range of governmental services that are being provided within their respective jurisdictions. The intent of the municipal service review is to evaluate the adequacy, efficiency, and effectiveness of services in relationship to local needs and circumstances. The municipal service review process culminates with LAFCO making determinations on a range of service and organizational issues and may lead the agency to take other actions under its authority.

**Discussion**

In accordance with LAFCO of Napa County's inaugural study schedule adopted in 2001, the attached report represents the municipal service review of the City of St. Helena. The report is in draft-form has been prepared by Baracco and Associates under the direction of the Executive Officer. The purpose of this report is two-fold: 1) evaluate the current level and range of services provided by St. Helena within its own designated planning area and 2) inform a subsequent sphere review of the City. Written determinations are included in the draft report and serve as the executive summary.

The report is being presented to the Commission for discussion. Staff will provide a brief presentation highlighting the key service and policy issues discussed in the report. Following the meeting, staff will circulate a notice of review on the report to interested parties. Staff anticipates presenting a final report, with or without revisions, to the Commission for consideration at its next regularly scheduled meeting.

Attachment: as stated

Jack Gingles, Commissioner  
Mayor, City of Calistoga

Juliana Inman, Commissioner  
Councilmember, City of Napa

Cindy Coffey, Alternate Commissioner  
Councilmember, City of American Canyon

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

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

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

Brian J. Kelly, Vice Chair  
Representative of the General Public

Gregory Rodeno, Alternate Commissioner  
Representative of the General Public

Keene Simonds  
Executive Officer

# LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

## CITY OF ST. HELENA MUNICIPAL SERVICE REVIEW

**Draft Report  
April 2008**

**Prepared by:**

**Baracco and Associates**  
40 Eureka Street  
Sutter Creek, California 95685

**LAFCO of Napa County**  
1700 Second Street, Suite 268  
Napa, California 94559

*Committed to serving the citizens and government agencies of its jurisdiction by encouraging the preservation of agricultural lands and open-space and coordinating the efficient delivery of municipal services.*

Brad Wagenknecht, Chair, County Member  
Brian J. Kelly, Vice-Chair, Public Member  
Bill Dodd, Commissioner, County Member  
Jack Gingles, Commissioner, City Member  
Juliana Inman, Commissioner, City Member  
Cindy Coffey, Alternate Commissioner, City Member  
Mark Luce, Alternate Commissioner, County Member  
Gregory Rodeno, Alternate Commissioner, Public Member

Keene Simonds, Executive Officer  
Jackie Gong, Commission Counsel  
Kathy Mabry, Commission Secretary



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**TABLE OF CONTENTS**

<b>Section</b>	<b>Page</b>
<b>I. Introduction.....</b>	<b>4</b>
A. Local Agency Formation Commissions.....	4
B. Municipal Service Reviews.....	4
C. Municipal Service Review of the City of St. Helena.....	4
<b>II. Overview.....</b>	<b>5</b>
A. Setting.....	5
B. Growth and Development.....	5
C. General Plan Policies.....	6
<b>III. Adopted Boundaries.....</b>	<b>7</b>
A. Incorporated Boundary.....	7
B. Sphere of Influence.....	7
<b>IV. Growth and Population Projections.....</b>	<b>8</b>
<b>V. Governance.....</b>	<b>8</b>
A. Advisory Boards, Commissions, and Committees.....	8
<b>VI. Administration.....</b>	<b>10</b>
<b>VII. Municipal Services.....</b>	<b>11</b>
A. Municipal Services Provided Directly.....	12
B. Municipal Services Provided by Contract or JPA.....	16
<b>VIII. Financial.....</b>	<b>16</b>
A. Budget Process.....	16
B. Budget Organization.....	16
C. 2007-2008 Budget.....	17
<b>IX. Written Determinations.....</b>	<b>18</b>
A. Infrastructure Needs and Deficiencies.....	18
B. Growth and Population Projections.....	19
C. Financing Constraints and Opportunities.....	19
D. Cost Avoidance Opportunities.....	20
E. Opportunities for Rate Restructuring.....	20
F. Opportunities for Shared Resources.....	21
G. Government Structure Options.....	21
H. Evaluation of Management Efficiencies.....	21
I. Local Accountability and Governance.....	22
<b>X. References and Resources.....</b>	<b>23</b>
<b>XI. Attachments.....</b>	
Map: St. Helena Urban Planning Area.....	A
Map: St. Helena Jurisdiction and Sphere of Influence.....	B

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## **I. INTRODUCTION**

### **A. Local Agency Formation Commissions**

Local Agency Formation Commissions (LAFCOs) were established in 1963 and are responsible for administering California Government Code §56000 et seq., which is now known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. LAFCOs are delegated regulatory and planning responsibilities to coordinate the orderly formation and development of local governmental agencies and services, preserve agricultural and open-space resources, and discourage urban sprawl. Duties include regulating governmental boundary changes through annexations or detachments, approving or disapproving city incorporations, and forming, consolidating, or dissolving special districts. LAFCOs are also responsible for conducting studies to inform and direct regional planning activities and objectives. LAFCOs are located in all 58 counties in California.

### **B. Municipal Service Reviews**

Beginning January 1, 2001, LAFCOs are required to review and update each local agency's sphere of influence ("sphere") by January 1, 2008 and every five years thereafter as needed.<sup>1</sup> As a prerequisite to sphere reviews, LAFCOs must prepare municipal service reviews to determine the adequacy and range of governmental services that are being provided within their respective jurisdictions. The intent of the municipal service review is to evaluate the adequacy, efficiency, and effectiveness of services in relationship to local needs and circumstances. The municipal service review process culminates with LAFCO making determinations on a range of service and organizational issues and may lead the agency to take other actions under its authority.

### **C. Municipal Service Review of the City of St. Helena**

In accordance with California Government Code §56430, this report represents LAFCO of Napa County's municipal service review of the City of St. Helena. The report has been prepared by Baracco and Associates under the direction of the Executive Officer. The purpose of this report is two-fold: 1) evaluate the current level and range of services provided by St. Helena and 2) inform a subsequent sphere review of the City. Accordingly, the geographic area of the municipal service review includes all lands located within the urban planning area identified in the St. Helena General Plan, which is depicted in Attachment A.<sup>2</sup>

---

<sup>1</sup> California Government Code §56076 defines a sphere as "a plan for the probable physical boundary and service area of a local agency, as defined by the commission."

<sup>2</sup> St. Helena is the primary municipal service provider within its planning area. Five other countywide local agencies also provide services in the planning area: County Service Area No. 4; Napa County Flood Control and Water Conservation District; Napa County Mosquito Abatement District; Napa County Regional Park and Open Space District; and the Napa County Resource Conservation District. The majority of the services provided by these agencies have been comprehensively reviewed by LAFCO as part of earlier municipal service reviews. Services provided by the Napa County Regional Park and Open Space District, which was formed in 2006, will be reviewed in the near future.

## II. OVERVIEW

St. Helena was initially settled in the 1830s and incorporated in 1876. It provides a full range of municipal services either directly or by contract with other governmental agencies or private companies. St. Helena is currently staffed by 74 full-time equivalent employees, and has an estimated resident population of 5,993.<sup>3</sup>

### A. Setting

St. Helena is located towards the northern end of the Napa Valley approximately 18 miles northwest of the City of Napa. St. Helena is bisected by the Sulphur and York Creeks that are year-round tributaries of the Napa River, which lies along the eastern border of the City. St. Helena is also bounded to the west and east by the Howell and Mayacamas Mountains, respectively. St. Helena serves as the regional economic and social anchor for the nearby unincorporated communities of Angwin and Deer Park as well as a commercial development near the intersection of Zinfandel Lane and State Highway 29.

### B. Growth and Development

The community of St. Helena began developing into a commercial center for nearby farmers and ranchers in the 1830s as a result of a land grant from Mexico to General Mariano Vallejo. By the 1860s, the Napa Valley Railroad Company, precursor to future branches of the Central Pacific Railroad and Southern Pacific Railroad Companies, was extended north from Napa to include stops in Yountville, Oakville, Rutherford, and St. Helena. The arrival of the railroad coincided with the expansion of St. Helena's commercial base as nearby vineyards began to flourish leading to the creation of a business district along Main Street.

St. Helena's emergence as a commercial center in the Napa Valley led to its incorporation in 1876.<sup>4</sup> St. Helena's incorporation was the first in Napa County and helped facilitate continued commercial and residential growth in the City over the next several decades.

Growth and development in St. Helena became stagnant beginning in the 1920s following the enactment of Prohibition. In 1930, the United States Census estimated St. Helena's population at 1,582. St. Helena's population grew modestly over the next few decades reaching 3,173 by 1970. It was between 1970 and 1980 when St. Helena experienced its most significant period of growth as its population increased by over half to 4,898 by 1980. St. Helena's growth rate, however, markedly declined over the next decade as the City responded to resident concerns by establishing several growth control policies. These actions coupled with infrastructure constraints involving water supplies and sewer treatment capacities contributed to decreasing St. Helena's population to 4,791 by 1990.

Since 1990, St. Helena has made a number of infrastructure improvements to increase its water supplies and sewer treatment facilities. These improvements paired with increasing demands for residential and tourist-related development has allowed St. Helena to experience a steady annual growth rate of approximately 1% over the past 18 years.

<sup>3</sup> Population estimate provided by the California Department of Finance, January 1, 2007.

<sup>4</sup> St. Helena was reincorporated in 1889.

Similar to other incorporated communities in Napa County, St. Helena has established its own growth control measure to limit the rate of residential development within the City. The measure is in the form of an ordinance known as the Residential Growth Management System, which limits annual residential growth in the City to approximately 2%. Under this ordinance, no more than nine building permits for new housing may be issued in 2008.

### **C. General Plan Policies**

St. Helena's General Plan was comprehensively updated in 1993 and codifies land use policies for the City through 2010. The "General Plan" includes a total of 12 elements. This includes the seven mandatory elements required under Government Code §65302 – land use, circulation (transportation), housing, open space, conservation, noise, and safety (public health and safety) – along with five additional elements – tourism management, community design, historic resources, public facilities and services, and parks and recreation.

An underlying policy theme in the General Plan is to preserve the rural, small town quality, and agricultural character of St. Helena. With this premise in mind, the General Plan establishes policies with respect to the timing, delivery, and adequacy of public services in St. Helena. These policies restrict growth to a level consistent with the ability of St. Helena to plan and provide the additional services necessary for a larger population. The General Plan also includes an "Urban Limit Line," which is a parcel-specific boundary that defines the interface between urban and non-urban uses within the City. Significantly, the General Plan does not designate land uses for territory located outside its incorporated boundary. Other key policies included in the General Plan are summarized below.

- New development shall be required to occur in a logical and orderly manner within well-defined boundaries, and be consistent with the ability to provide urban services.
- Urban development shall be limited to lands within St. Helena's Urban Limit Line.
- Limit the approval of new residential development to a maximum rate of nine (9) dwelling units per year.
- Adjust the Residential Growth Management System to insure that total dwelling units does not exceed 2,850 by 2010.
- Promote the continuation of agricultural activities within and adjacent to St. Helena.
- Protect prime agricultural vineyard lands from premature and/or unnecessary urban encroachment.
- Approval of new development shall be contingent upon the ability of St. Helena to provide water without exceeding the safe annual yield of its water supply system.
- Prohibit water service to new customers outside St. Helena unless a potential threat to public health and safety can be demonstrated.

In January 2007, St. Helena initiated work on preparing a comprehensive update to its General Plan. Initial actions have included the establishment of an appointed 17-member Steering Committee to oversee and provide direction to staff in preparing the update. It is expected that the update will be presented for City Council adoption by late 2009.

### III. ADOPTED BOUNDARIES

#### A. Incorporated Boundary

St. Helena's incorporated boundary comprises approximately 3,285 acres, or 5.1 square miles. The Commission has approved a total of eight jurisdictional changes involving St. Helena since 1963. The last jurisdictional change was approved by the Commission in 1997 and involved the detachment of a portion of one parcel approximately 2.36 acres in size located southwest of the intersection of Deer Park Road and State Highway 29.

#### **Approved Jurisdictional Changes involving the City of St. Helena**

<b>Proposal Name</b>	<b>Action</b>	<b>Approval Date</b>
Indian Valley	Annexation	September 23, 1964
Mount La Salle Vineyards	Annexation	November 12, 1964
Stonebridge	Annexation	March 9, 1966
Sewer Treatment Plant	Annexation	December 13, 1966
Beroldo	Annexation	March 13, 1968
Stonebridge	Detachment	December 12, 1973*
St. Helena Lower Reservoir	Annexation	November 9, 1994
State Highway 29/Deer Park Road	Detachment	February 7, 1997

\* Detachment was terminated as a result of protest proceedings

#### B. Sphere of Influence

St. Helena's sphere includes approximately 2,929 acres, or 4.6 square miles. The sphere was established by the Commission in 1974 and is generally contiguous with St. Helena's incorporated boundary with the exception of excluding two separate incorporated areas. The first incorporated area lying outside the sphere includes approximately 245 acres located along Howell Mountain Road east of Silverado Trail. This area was annexed to St. Helena in 1966 in anticipation of a planned hillside residential subdivision. The subdivision, however, did not materialize and the area remains largely undeveloped with a small number of rural residences. The Commission excluded the area from the sphere at the time of its establishment at the request of St. Helena.<sup>5</sup> The second incorporated area lying outside the sphere includes approximately 95 acres noncontiguous and northeast of St. Helena and includes part of Bell Canyon Reservoir, which serves as the City's principal water source.

The last change to the sphere was approved by the Commission in 1994 as part of a current annexation involving St. Helena's Lower Reservoir area.

<sup>5</sup> The Commission conditionally approved an application from St. Helena to detach the Howell Mountain Road area from the City in 1973. Detachment proceedings were terminated as a result of protest proceedings.

#### IV. GROWTH AND POPULATION PROJECTIONS

The Association of Bay Area Governments (ABAG) publishes population, household, job, labor force, and income projections for the nine-county San Francisco Bay Region. ABAG incorporates these projections in allocating housing need assignments to cities and counties in the Bay Area as determined by the California Department of Housing and Community Development. ABAG recently issued *Projections 2007*, which includes a range of growth-related estimates for St. Helena through 2035. ABAG projections for St. Helena relating to population, households, and jobs are listed below.

##### Growth and Population Projections for the City of St. Helena

(Source: ABAG *Projections 2007*)

	2005	2010	2015	2020	2025	2030	2035
Population	6,100	6,100	6,100	6,100	6,200	6,200	6,200
Households	2,420	2,450	2,480	2,510	2,540	2,570	2,600
Total Jobs	5,810	5,850	5,970	6,100	6,190	6,290	6,400

On June 29, 2007, ABAG released its draft regional housing need allocation (RHNA) for the 2007-2014 planning period. Based on this draft, St. Helena will be responsible for accommodating a total of 121 new housing units as part of its seven-year housing element, which must be updated by June 2009. If developed, this amount would represent a 4% increase to St. Helena’s existing number of housing units.<sup>6</sup>

#### V. GOVERNANCE

St. Helena operates under the council-manager system of government. Decision-making authority under this system is equally distributed among a five-member City Council that includes a directly elected mayor. Elections are conducted by general vote; the mayor serves a two-year term while four council members serve staggered four-year terms. Key duties of the City Council include making policies, adopting an annual budget, enacting ordinances, appointing committee members, and hiring the city manager.

St. Helena City Council meetings are currently conducted on the second and fourth Tuesdays of each month beginning at 7:00 P.M. in the Vintage Hall Board Room at St. Helena High School, located at 465 Main Street. Meetings are open to the public and are also broadcast on local public access television. City Council agendas and minutes are posted at City Hall, 1480 Main Street, and are made available on St. Helena’s website, [www.ci.st-helena.ca.us](http://www.ci.st-helena.ca.us).

##### A. Advisory Boards, Commissions, and Committees

The St. Helena City Council has established local advisory bodies to assist the City in its decision-making processes. Specific responsibilities for each advisory body are established by their respective ordinance or resolution. St. Helena’s six active advisory bodies are summarized as follows.

<sup>6</sup> Final RHNA allocations are scheduled to be adopted in June 2008.

### ***Planning Commission***

---

The Planning Commission consists of five members appointed by the City Council to four-year terms. The Commission meets on the first and third Tuesdays of each month and is responsible for approving conditional use permits, parcel maps, and variances. The Commission also performs design review for proposed residential, commercial, and industrial development projects, and makes recommendations to the City Council on General Plan amendments, zoning changes, and subdivision maps.

### ***Parks and Recreation Commission***

---

The Parks and Recreation Commission consist of five members appointed by the City Council to three-year terms. The Commission meets on the third Monday of each month and is responsible for advising the City Council and Recreation Director on matters relating to public recreation, park development, and park management.

### ***Library Board of Trustees***

---

The Library Board of Trustees consists of five members appointed by the Mayor with consent of the City Council to three-year terms. The Board meets on the second Wednesday of each month and, subject to Council approval, establishes and enforces rules, regulations, and bylaws for the administration of the public library.

### ***Tree Committee***

---

The Tree Committee consists of five members and two alternates appointed by the City Council to three-year terms. The Committee meets on the fourth Thursday of each month and serves as an appeal board for decisions made by the Director of Public Works on tree related issues. The Tree Committee also reviews and makes recommendations to the Planning Department on all subdivision and parcel map applications with respect to conforming to the procedures and requirements established under St. Helena's Tree Ordinance.

### ***Climate Protection Task Force***

---

The Climate Protection Task Force was formed in 2006 to examine and make recommendations aimed at reducing global warming pollutants within St. Helena. The Task Force currently consists of fifteen members appointed by the City Council. Meetings are held on the third Wednesday of each month.

### ***Bocce Ball Committee***

---

The Bocce Ball Committee was formed in June 2007 and consists of five members appointed by the City Council to three-year terms. The Committee meets regularly and advises the City Council and Recreation Director with respect to the maintenance and operation of St. Helena's bocce ball courts located at Crane Park.

## VI. ADMINISTRATION

The administration of St. Helena is the principal responsibility of the City Manager, who is appointed to oversee and implement policies on behalf of the City Council. The City Manager serves at-will and oversees St. Helena's eight municipal departments: 1) Administration; 2) Police; 3) Parks and Recreation; 4) Planning and Building; 5) Fire; 6) Public Works; 7) Library; and 8) Finance.<sup>7</sup> An overview of each municipal department is provided below.

### *Administration*

---

Administration includes the City Manager and City Clerk/Administrative Assistant. Key duties for the City Manager include implementing City Council policies and directing staff resources. The City Manager also serves as the City Personnel Director. The City Clerk is responsible for preparing agendas and minutes, providing public notices, conducting general, municipal, and special elections, and maintaining official records. Administration also includes an Office Assistant position.

### *Police Department*

---

The Police Department is responsible for providing all related law enforcement services in St. Helena. These services include crime prevention, parking and traffic control, youth education, community awareness, and criminal investigations. The Department is managed by the Chief of Police and includes three Sergeants, one Investigator, eight sworn officers, four dispatchers, and two Community Service Officers.

### *Parks and Recreation Department*

---

The Parks and Recreation Department is responsible for providing a range of public leisure services in St. Helena. These services include offering youth and adult sports programs, vocational classes, arts and crafts, drama and music, park landscaping, and operating and maintaining a community pool and skateboard park. The Department is managed by the Recreation Director and includes one Recreation Supervisor, one Parks Supervisor, and four Maintenance Workers. The Department also utilizes temporary part-time employees to help operate a community teen center, weight room, swimming pool, and skateboard park.

### *Planning and Building Department*

---

The Planning and Building Department is responsible for providing planning, building inspection, and code enforcement services in St. Helena. The Department is managed by the Planning Director and includes one Associate Planner, one Administrative Assistant, one Building Official, and a Building Permit Technician/Office Manager. A Senior Planner has also been recently hired to oversee the update to the General Plan.

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<sup>7</sup> St. Helena contracts with the local law firm of Coombs & Dunlap for legal services.

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### *Fire Department*

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The Fire Department is responsible for providing fire protection and emergency medical services in St. Helena as well as certain surrounding unincorporated areas pursuant to an agreement between the City and the County of Napa. The Department is staffed by volunteer firefighters and managed by Fire Chief formally appointed by the City Council. The Department currently includes 26 volunteer firefighters who are paid on a per-call basis.

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### *Public Works Department*

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The Public Works Department manages all public facilities and infrastructure in St. Helena. The Department is divided into nine operating divisions: 1) water treatment; 2) water distribution; 3) wastewater collection; 4) wastewater treatment; 5) streets; 6) garage; 7) government buildings and grounds; 8) flood control; and 9) administration. The Department is managed by the Public Works Director/City Engineer and includes two Associate Engineers, one Administrative Assistant, one Office Assistant, three Public Works Supervisors, seven Maintenance Workers, one Mechanic, two Chief Plant Operators, one Lead Worker, and four Plant Operators.

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### *Library Department*

---

The Library Department operates the George and Elsie Wood Public Library located at 1492 Library Lane in St. Helena. The Department is managed by the Library Director and includes three Senior Librarians, one Librarian I, two Library Assistants, one Accounting Assistant, and part-time Library Associates and Library Shelves.

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### *Finance Department*

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The Finance Department is responsible for providing financial management and administrative services for St. Helena. This includes preparing financial reports, risk management, payroll, accounts payable and receivable, and purchasing. The Department also provides billing and collection for water and sewer services. The Finance Department is managed by the Finance Director-City Treasurer and includes an Accounting Technician and three Accounting Assistants.

## **VII. MUNICIPAL SERVICES**

St. Helena provides a full range of municipal services either directly or through contracts or joint power authorities with other governmental agencies or private companies. Municipal services provided directly by St. Helena include law enforcement, fire protection and emergency medical, water, sewer, streets, government buildings and grounds, planning and community development, and parks and recreation. Municipal services provided by St. Helena through contracts or joint-power authorities with other agencies or companies include garbage collection and specialized engineering services. An overview of these municipal services follows.

## A. Municipal Services Provided Directly

### *Law Enforcement Services*

---

The St. Helena Police Department (SHPD) provides law enforcement services within the City. SHPD also responds to incidents in surrounding unincorporated areas based on separate mutual aid agreements with the California Highway Patrol and County of Napa. Patrol units are divided into eight ‘beats,’ with one officer per beat. Five patrol vehicles are operational at any given time and each is equipped with multi-frequency radio and video equipment.

SHPD is currently staffed by 13 sworn officers. This provides St. Helena with a relatively high ratio of sworn officers for every 1,000 residents of 2.32. The current average response time is less than three minutes from dispatch to arrival, which is well within St. Helena’s operating standard of five minutes. SHPD’s current budget is \$2.34 million. This amount accounts for 28% of St. Helena’s operating budget for the fiscal year and represents a per capita expense of \$389.

### *Fire Protection and Emergency Medical Services*

---

The St. Helena Fire Department (SHFD) is an all-volunteer department and provides fire protection and emergency medical services within the City. SHFD is also under contract with the County of Napa as first responder within an additional 20 square mile unincorporated area extending north to Bale Lane, east to Conn Valley Road, south to Whitehall Lane, and west to Langtry Road.

SHFD is currently staffed by 26 volunteer firefighters.<sup>8</sup> In 2007, SHFD responded to 714 calls, of which 63% related to emergency medical or rescue services. Only 8% of the calls in 2007 related to fires. The average response time from dispatch to arrival within St. Helena is 4 minutes and 40 seconds, which satisfies its adopted response time of five minutes. SHFD’s current budget is \$0.43 million. This amount accounts for 5% of St. Helena’s total operating budget for the fiscal year and represents a per capita expense of \$73.

- \* An expanded review of St. Helena’s fire protection and emergency medical services was prepared as part of LAFCO’s *Comprehensive Study of Fire Protection Services* (2006). The study is available at the LAFCO office or website: <http://napa.lafco.ca.gov>.

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<sup>8</sup> Volunteer firefighters are paid a \$14 stipend for each call.

### *Water Services*

St. Helena's Public Works Department is responsible for providing water services in the City and to several unincorporated properties located along State Highway 29. Water supplies are drawn from three sources: Bell Canyon Reservoir; two municipal wells collectively known as the "Stonebridge Wells;" and the City of Napa. Water drawn from the 2,350 acre-foot capacity Bell Canyon Reservoir is supplied by Bell Creek, a tributary of the Napa River. This water is treated at St. Helena's Louis Stralla Water Treatment Plant, which has a daily capacity of 11 acre-feet. The Stonebridge Wells have a combined daily operating capacity of almost 3 acre-feet and water produced is treated at an adjacent facility with a daily capacity of 0.2 acre-feet. Production from the Stonebridge Wells is limited to 20% of supply or less under normal circumstances by General Plan policy. St. Helena recently reached agreement with the City of Napa to purchase up to 400 acre-feet per year at a daily maximum rate of 3 acre-feet through an interconnection between the two agencies' water systems. Notably, St. Helena's ability to fully utilize this connection will be realized when the Rutherford Booster Pump Station replacement project is complete – currently scheduled for spring of 2009. St. Helena's total treated water storage capacity in the City is 13.22 acre-feet.

St. Helena currently provides water service to approximately 2,100 accounts within its incorporated boundary. St. Helena also provides water service to an additional 350 outside accounts extending along State Highway 29 north of the City to Lodi Lane and south of the City to Niebaum Lane. Total water demand in 2007 was approximately 1,570 acre-feet, which represents an average daily amount of 4.3 acre-feet.

In 2007-2008, St. Helena's budgeted operating costs for its water enterprise is \$3.096 million. This amount represents a per account expense of \$1,264.

#### **City of St. Helena: Water System Capacities and Demands**

	<b>Acre-Feet</b>	<b>Gallons</b>
Annual Available Water Supply	3,845 <sup>(1)</sup>	1.25 billion
Available Daily Water Treatment Capacity	11.2 <sup>(2)</sup>	3.65 million
Available Treated Water Storage Capacity	13.22 <sup>(2)</sup>	4.31 million
Total Water Demand	1,570	511.6 million
Average Daily Water Demand	4.3	1.4 million

<sup>(1)</sup> Estimate based on the total projected holding capacity of Bell Canyon Reservoir (2,350 acre-feet), combined production capacity of the Stonebridge Wells (1,095 acre-feet), and maximum purchase from the City of Napa (400 acre-feet)

<sup>(2)</sup> Estimates reflect only the available treatment and storage capacities in St. Helena.

\* An expanded review of St. Helena's water system was prepared as part of LAFCO's *Comprehensive Water Service Study* (2004). The study is available at the LAFCO office or website: <http://napa.lafco.ca.gov>.

### *Sewer Services*

St. Helena's Public Works Department is responsible for providing sewer services in the City. The sewer system collects and provides secondary treatment of wastewater before it is discharged to the Napa River during the wet season (September through May) or used for local spray irrigation during the dry season (June through August). St. Helena's sewer treatment plant has a permitted dry-weather capacity of 0.5 million gallons, or 1.5 acre-feet. A scheduled expansion of the treatment plant to include some tertiary production is expected to increase the permitted dry-weather daily capacity to 0.65 million gallons, or 2.0 acre-feet. It is anticipated that the expansion and upgrade to the treatment plant will be completed by 2009 with the long-term goal of completely transitioning to tertiary production as funding permits.

St. Helena currently provides sewer service to approximately 1,700 accounts within its incorporated boundary, of which 82% are single family residential. St. Helena does not provide sewer service outside the City. St. Helena's current average dry-weather sewer demand is approximately 0.42 million gallons, or 1.3 acre-feet, and can be adequately accommodated by the City.

In 2007-2008, the operating expense budget for St. Helena's sewer enterprise is \$1.27 million. This amount represents a per account expense of \$749.

#### **City of St. Helena: Sewer System Flow Capacities and Demands**

	<b>Acre-Feet</b>	<b>Gallons</b>
Permitted Daily Dry-Weather Flow Capacity	1.5	0.500 million
Average Daily Dry-Weather Flow Demand	1.3	0.420 million
Average Daily Flow Demand (Dry and Wet)	2.8	0.900 million

\* An expanded review of St. Helena's sewer system was prepared as part of LAFCO's *Comprehensive Study of Sanitation and Wastewater Treatment Providers* (2005). The study is available at the LAFCO office or website: <http://napa.lafco.ca.gov>.

### *Street Services*

St. Helena's Public Works Department is responsible for maintaining the public right of way within incorporated limits in safe and accessible condition. St. Helena also provides minor street repair (potholes and patching, curb and gutter maintenance), sweeping, striping and street sign placement, replacement and repair, and storm drain maintenance. Primary funding for street related expenditures comes from St. Helena's General Fund as well as its proportional share of gas tax revenues. In 2007-2008, St. Helena budgeted a total of \$247,691 for street services.<sup>9</sup> This amount accounts for 3% of St. Helena's total operating budget for the fiscal year and represents a per capita expense of \$41.

<sup>9</sup> It is expected that an additional \$114,500 for street services will be provided to St. Helena in 2007-2008 from the State of California through the gas tax.

The Metropolitan Transportation Commission (MTC) recently issued an update to its annual report on the condition of the Bay Area's transportation system. The report includes evaluating and ranking current pavement conditions for all local agencies in the nine county Bay Area. The most recent update computing 2005 pavement conditions using special equipment measuring road vibrations ranked St. Helena as "good." Overall, St. Helena's finished 87 among the 107 agencies evaluated by MTC in the Bay Area.

### *Governmental Building and Ground Services*

St. Helena's Public Works Department provides maintenance and custodial services to all City-owned buildings, which currently includes approximately 65,000 square feet. These services include repairing and replacing roofs, floors, heating/cooling units, windows, lights, and general landscaping.

In 2007-2008, St. Helena budgeted a total of \$336,061 for government building and ground services. This amount accounts for 4% of St. Helena's total operating budget for the fiscal year and represents a per capita expense of \$56.

### *Planning and Community Development Services*

St. Helena's Planning and Building Department provides a variety of services relating to development review, building inspection, and code enforcement. This includes the review of all proposed improvement and development projects, such as General Plan amendments, rezoning requests, use permits, and parcel and subdivision maps.

In 2007, 2008, St. Helena budgeted a total of \$841,602 for planning and community development services, of which \$600,000 is associated with updating the General Plan. This amount accounts for 10% of St. Helena's total operating budget for the fiscal year and represents a per capita expense of \$140.

### *Parks and Recreational Services*

St. Helena's Park and Recreation Department provides a variety of public leisure services ranging from organizing community activities to offering specific programs for youth (summer camp, teen center), adults (gymnastics,), and seniors (golf, computers, day trips). This includes maintaining St. Helena's seven public parks.

In 2007, 2008, St. Helena budgeted a total of \$805,157 for park and recreational services. This amount accounts for 10% of St. Helena's total operating budget for the fiscal year and represents a per capita expense of \$134.<sup>10</sup>

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<sup>10</sup> Additional funding for park and recreational services is drawn from the Community Activity Fund (private donations), which is expected to amount to \$66,842 in 2007-2008.

## Municipal Services Provided by Contract or through a Joint Power Authorities

### Garbage Collection Services

Garbage collection in St. Helena is provided on a weekly basis by Upper Valley Disposal Service, Inc. (UVDS). UVDS is a private company under contract with the Upper Valley Waste Management Agency, a joint-powers authority that represents St. Helena, Calistoga, Yountville, and the County. UVDS' contract runs through 2025 and specifies that it is the exclusive contractor for the collection of garbage and rubbish in St. Helena. Current monthly charges for roadside collection are \$20.14, \$40.28, and \$60.42 for 35, 65, and 95-gallon toters, respectively. All customers also receive 96-gallon recycling and yard toters at no additional charge. These charges are consistent with the rates assigned to customers in neighboring communities.

### Specialized Engineering Services

St. Helena contracts with private companies to provide specialized engineering services as needed. In the past, this has included contracting with private firms for technical services relating to St. Helena's flood control improvement project.

In 2007-2008, St. Helena budgeted a total of \$147,000 for specialized engineering services. This amount accounts for 2% of St. Helena's total operating budget for the fiscal year and represents a per capita expense of \$26.

## VIII. FINANCIAL

### A. Budget Process

St. Helena practices a single-year budget process. As provided under its municipal code, the City Manager is required to submit an annual budget to the City Council by May 15<sup>th</sup> of each year. The adoption of the budget generally occurs in late June and is preceded by a process in which each municipal department submits a budget request to the Finance Department, which is then reviewed individually by the City Manager and Finance Director. The City Manager uses these requests, along with revenue projections prepared by the Finance Department, as the foundation in preparing a proposed budget for consideration by the City Council. The City Council conducts budget study sessions prior to adopting the budget to receive input from constituents as it relates to their desired level and range of municipal services for the upcoming fiscal year.

### B. Budget Organization

St. Helena's annual budget is divided into three units: 1) General Fund; 2) Enterprise Funds; and 3) Restricted Funds. General Fund revenues are primarily drawn from taxes and operating licenses and support discretionary general governmental services. Enterprise Fund revenues are collected from user fees and charges. Restricted Fund revenues are generated from a variety of sources, including grants and governmental subventions, and are used to fund specific programs or services.

### C. 2007-2008 Budget

St. Helena's adopted budget for 2007-2008 projects total revenues and expenditures at \$33.09 million and \$33.69 million, respectively. Existing fund balances are expected to cover the projected shortfall. Projected totals within St. Helena's three budget units are summarized below.

#### *General Fund*

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St. Helena anticipates total General Fund operating revenues and expenses in 2007-2008 at \$7.88 and \$8.24 million, respectively. These projected revenues and expenses reflect increases over the current fiscal year by 7.8% and 13.7%. St. Helena's largest projected revenue source is property taxes, which is expected to represent 34% of overall General Fund revenues. Other key General Fund revenues are expected from sales (31%) and transient occupancy (19%) taxes. The largest projected General Fund expense is attributed to law enforcement, which is expected to account for 29% of the total General Fund. Other prominent General Fund expenses include library (12%) and planning (11%) services.

#### *Enterprise Funds*

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Enterprise Funds account for St. Helena's municipal operations that are intended to be self-funding through the collection of user fees and charges. Enterprises in St. Helena include water and sewer services. St. Helena projects total revenues and expenses for the water enterprise in 2007-2008 at \$9.37 million and \$9.73 million. The majority of these revenues and expenses are dedicated and associated with capital improvements (\$3.29 million), impact fees (\$.09 million), and long-term debt (\$2.85 million).<sup>11</sup> Anticipated water operating revenues and expenses are budgeted at \$3.14 million and \$3.10 million, respectively. These amounts reflect an expected operating surplus of \$0.04 million. St. Helena projects total revenues and expenses for the sewer enterprise in 2007-2008 equally at \$3.09 million. A considerable portion of these revenues and expenses are dedicated and associated with capital improvements (\$0.94 million), impact fees (\$0.18 million), and long-term debt (\$0.70 million).<sup>12</sup> Anticipated sewer operating revenues and expenses are both budgeted at \$1.33 million.

#### *Restricted Funds (Non Enterprise)*

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Restricted Funds account for non-discretionary monies designated by St. Helena for specific purposes. There are currently 33 funds within this category, most of which derive their monies from outside sources, including grants, governmental subventions, developer fees, and private donations. A smaller portion of these funds are supported through General Fund transfers. In 2007-2008, St. Helena projects revenues and expenses within these affected funds to total \$12.75 million and \$12.63 million.

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<sup>11</sup> Capital improvements to the water system include upgrading the capacity of the Rutherford Pump Station at a budgeted cost of \$1.12 million.

<sup>12</sup> Capital improvements to the sewer system include upgrading the wastewater treatment plant at a budgeted cost of \$0.75 million.

## D. Expenditure and Revenue Trends

The California State Controller's Office (SCO) publishes annual expenditure and revenue and information for all counties, cities, and special districts in California. Information reported by SCO is drawn from reports submitted by the local agencies and generally published two years after the end of the affected fiscal year. Key expenditure and revenue information for St. Helena over the last three reported fiscal years follows.

### Recent Expenditures and Revenues for the City of St. Helena

(Source: SCO's *Cities Annual Report 2002-2003 through 2004-2005*)

Fiscal Year	Total Expenses <sup>1</sup>	Total Revenues <sup>2</sup>	Operating Net
2002-2003	\$11,802,924	\$12,755,311	\$952,387
2003-2004	\$12,484,670	\$12,575,097	\$90,427
2004-2005	\$15,510,656	\$16,233,479	\$722,823

<sup>1</sup> Includes operating and capital outlays

<sup>2</sup> Includes general (non-dedicated) and functional (dedicated) revenues

### Principal General Revenue Sources for the City of St. Helena

(Source: SCO's *Cities Annual Report 2002-2003 through 2004-2005*)

Fiscal Year	Property Tax <sup>1</sup>	Sales Tax <sup>2</sup>	Transient Tax <sup>3</sup>
2002-2003	\$1,694,852	\$2,106,952	\$1,112,471
2003-2004	\$1,826,438	\$2,116,958	\$1,143,556
2004-2005	\$1,832,604	\$2,246,132	\$1,163,367

<sup>1</sup> St. Helena receives approximately \$0.16 for each \$1.00 of property tax collected within its incorporated boundary.

<sup>2</sup> St. Helena receives 1% of retail sales within its incorporated boundary.

<sup>3</sup> St. Helena's transient occupancy tax on all lodging business is 12%.

## IX. WRITTEN DETERMINATIONS

In anticipation of reviewing St. Helena's sphere, and based on the information included in this report, the following written determinations make statements involving the service factors the Commission must consider as part of a municipal service review.<sup>13</sup>

### A. Infrastructure Needs and Deficiencies

- 1) St. Helena has been diligent in developing plans to accommodate the municipal service needs of current and future constituents. St. Helena regularly reviews and updates its service plans to help ensure that infrastructure needs and deficiencies are addressed in a timely manner.

<sup>13</sup> The service factors addressed in this report reflect the requirements of California Government Code §56430(a) as of December 31, 2007. (This section was amended effective January 1, 2008 to revise the number of service factors the Commission must address as part of its municipal service review requirement from nine to six.)

- 2) St. Helena has sufficient water supply, storage, and treatment capacities to meet current service demands. These capacities appear sufficient to accommodate future system demands based on expected growth and demand within the timeframe of this review under normal conditions.
- 3) St. Helena benefits from having direct control over the majority of its water supplies, which measurably enhances the ability of the City to effectively plan for current and future system demands.
- 4) St. Helena has experienced an approximate 20 percent decrease in water usage over the last five years. This decrease can be attributed to recent infrastructure improvements curtailing water losses as well as a concerted effort to promote water conservation practices.

*In 2002, St. Helena's overall water usage was 1,956 acre-feet. In 2007, St. Helena's overall water usage was 1,570 acre-feet.*

- 5) St. Helena's sewer system is nearing capacity with regard to meeting existing wastewater flow demands. Improvements are needed to help solidify the ability of St. Helena to adequately collect, treat, and discharge existing service demands as well as to accommodate future service demands.

## **B. Growth and Population Projections**

- 1) St. Helena has been successful in implementing policies and programs aimed at controlling new growth and development within the City. Most notably, this includes establishing an urban growth boundary line that includes less than two-thirds of St. Helena's incorporated boundary.
- 2) The Association of Bay Area Governments estimates a slight population growth of 100 for St. Helena over the next 10 years, which represents an annual increase of less than 0.2%. This estimate, which is less than St. Helena's average annual rate of population growth of 0.8% over the last 10 years, reflects a regional assumption that growth in the Bay Area will increasingly migrate towards existing urban areas.
- 3) County of Napa's land use policies for unincorporated lands adjacent to St. Helena are generally restrictive and limit opportunities for new growth and development.

## **C. Financing Constraints and Opportunities**

- 1) St. Helena has experienced steady growth in property, sales, and transient-occupancy tax revenues over the last several years reflecting a relatively strong local economy. These tax revenue sources are generally proportionate and limit St. Helena's dependency on one particular funding stream.

- 2) St. Helena's recent and anticipated annual share of sale tax revenues is measurably higher than in neighboring municipalities in Napa County as measured by per capita.

*In 2007-2008, St. Helena anticipates collecting approximately \$313 per capita in sales tax revenues. Comparatively, the Cities of American Canyon, Calistoga, Napa, and Town of Yountville anticipate per capita sale tax revenues in 2007-2008 at \$104, \$146, \$177, and \$180, respectively.*

- 3) The limited amount of planned new growth and development in St. Helena presents a long-term financing constraint for the City in providing water and sewer services due the diseconomies of scale associated with having confined customer bases.

#### **D. Cost Avoidance Opportunities**

- 1) St. Helena benefits from participating in several cost-sharing programs with other local governmental agencies. These programs promote the benefits of regional partnerships and provide significant cost-savings in providing key governmental services, such as affordable housing, garbage collection, and public transit.
- 2) St. Helena has made a concerted effort to explore and implement cost-avoidance measures as part of its annual budget process. In order to better anticipate and consider short-term trends in revenues and expenditures, St. Helena may wish to undertake a two-year budget process.
- 3) St. Helena currently dedicates less than five percent of its operating budget on fire protection services as a result of utilizing volunteer staff. This staffing arrangement provides measurable cost-savings to St. Helena and helps the City fund a number of discretionary public services, such as its own public library, which are not available in neighboring municipalities.
- 4) St. Helena maintains and annually reviews a capital improvement plan to coordinate the financing and construction of needed infrastructure and facility improvements. This process helps St. Helena maximize its operational efficiencies while avoiding unnecessary expenditures associated with deferring improvements.

#### **E. Opportunities for Rate Restructuring**

- 1) St. Helena's rates and fees for municipal services are established by ordinance or resolution. The ordinances or resolutions are based on staff recommendations and adopted by the City Council. Because of the limited funds provided by impact fees generated by new development, current user charges for services are one of the few ways to internally generate funds to improve municipal services.

- 2) St. Helena is currently considering new water supply policies, including rate restructuring to further reduce water consumption in the City. Increasing user fees will not necessarily enhance revenues but it should help maximize local water supplies by lessening overall system demands as well as reduce St. Helena's dependence on groundwater, which will benefit adjacent agricultural operations.

#### **F. Opportunities for Shared Resources**

- 1) St. Helena participates in joint-power arrangements with the Upper Valley Waste Management Agency, the Napa County Transportation and Planning Agency, and the Napa County Flood Control and Water Conservation District. These arrangements facilitate shared resources among participating agencies in providing garbage collection, public transportation, and flood control services within their respective jurisdictions.

#### **G. Government Structure Options**

- 1) St. Helena provides effective services through its council-manager form of government, and utilizes other governmental advising bodies, community organizations, and the general public to help inform its decision-making process.
- 2) St. Helena has established water service to several properties located outside its incorporated boundary. LAFCO and St. Helena must work together to ensure new and extended services provided by the City outside its jurisdiction is consistent with the provisions of California Government Code Section 56133.

*California Government Code §56133 was enacted in 1994 and requires cities and special districts to receive written approval from LAFCO prior to providing new and extended services by contract or agreement outside their jurisdictions.*

#### **H. Management Efficiencies**

- 1) St. Helena adopts its budget at noticed public meetings in which members of the public are allowed to comment with regard to expenditures and service programs. The budget process enhances the accountability of elected officials and provides a clear directive towards staff with regard to prioritizing local resources.
- 2) St. Helena has been diligent in developing policies and service plans addressing the existing and future municipal service needs of the community. These efforts provide effective performance measures and demonstrate a commitment by St. Helena to hold itself accountable to the public.
- 3) St. Helena has developed a detailed budget document clearly outlining the City's collection and allocation of public funds. This budget document reflects effective and transparent management practices.

## **I. Local Accountability and Governance**

- 1) St. Helena City Council meetings are held twice a month and are open to the public. Regularly scheduled meetings provide an opportunity for residents to ask questions of elected representatives and help ensure service information is effectively communicated to the public.
  
- 2) St. Helena is the first local governmental agency in Napa County to establish a task force dedicated to examining strategies to reduce environmental pollutants within the City. The establishment of this task force reflects a proactive and concerted effort by St. Helena to develop, promote, and legitimize sustainable living practices that are accountable to the long-term needs of its constituents.

## **X. REFERENCES AND SOURCES**

### **Agency Contacts**

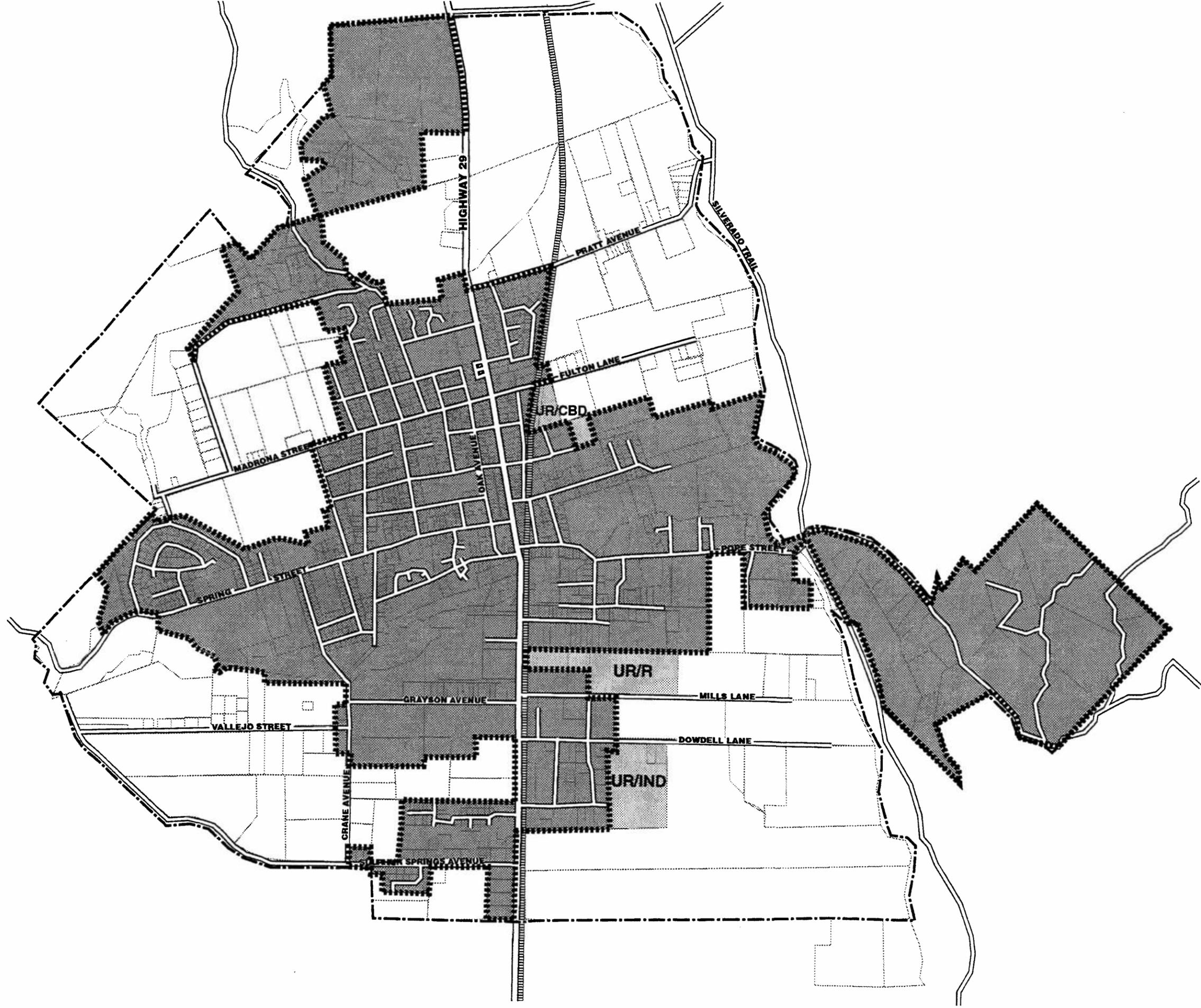
Bert Johansson, City Manager  
Carol Poole, Planning Director  
Karen Scalabrini, Finance Director  
Jonathon Goldman, Public Works Director

### **Documents and Materials**

\* Note: Complete list is being prepared and will be included in the final report

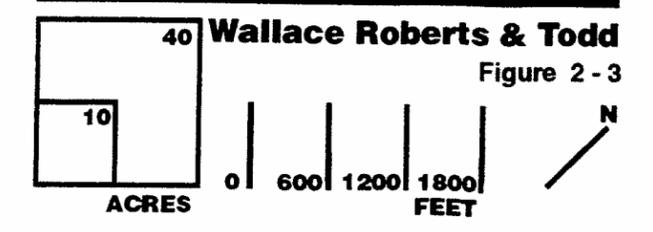
# Urban Service Area

- ..... Urban Limit Line
- Urban Service Area
- UR/CBD Urban Reserve Area with Underlying Land Use Designation

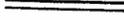


==== Railroad

## St. Helena General Plan Update



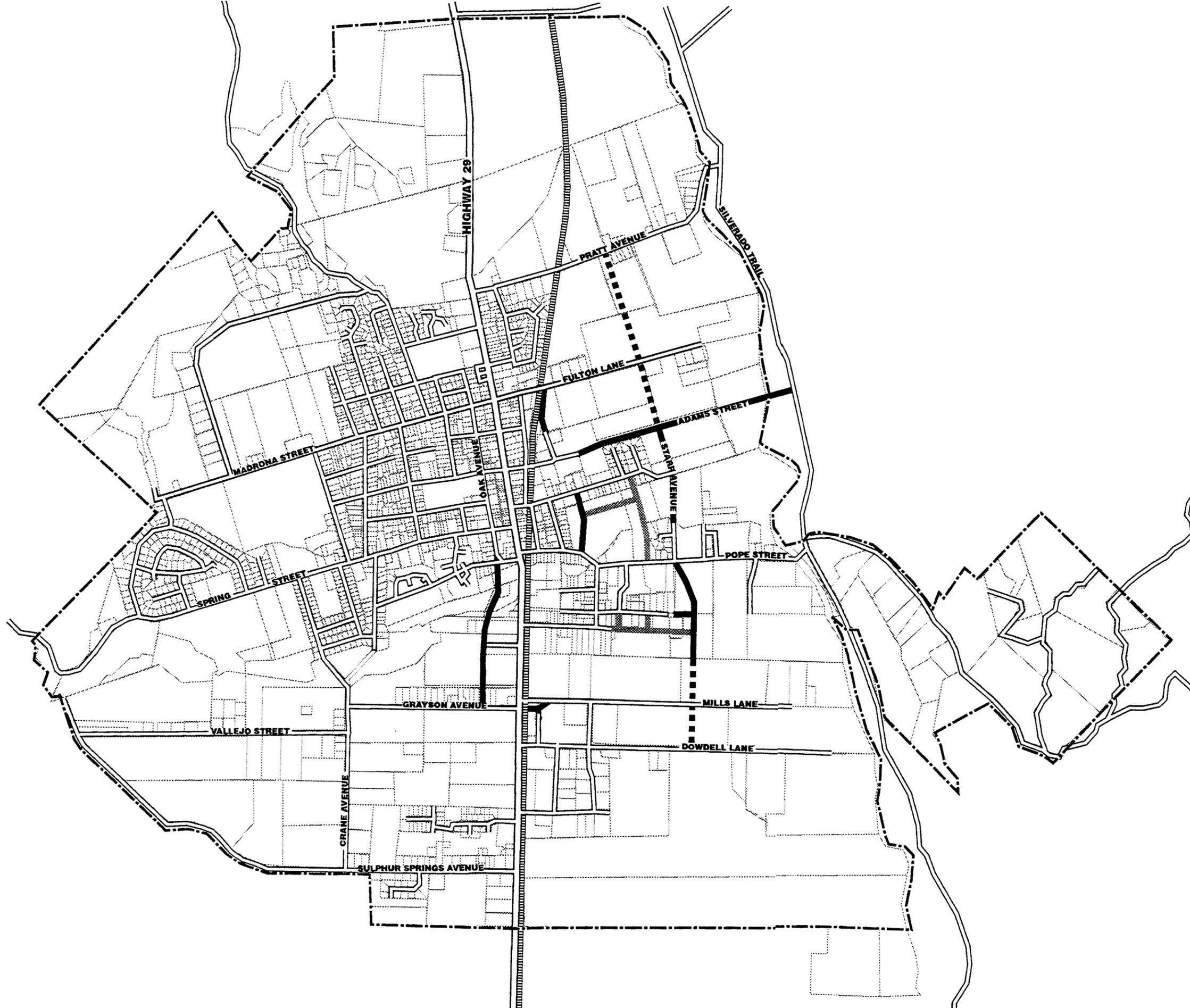
# Street System Extensions

-  Existing Roadways
-  Proposed Framework Roadways
-  Conceptual Neighborhood Roadways
-  Right-of-Way Reservations

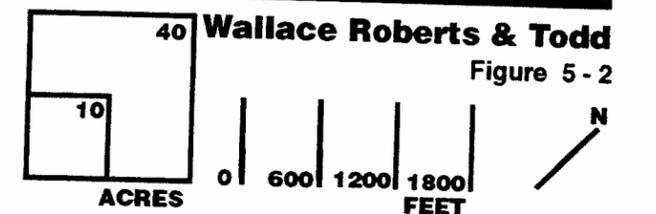
 Railroad

**NOTE:**

Roadway alignments for proposed streets are conceptual. Precise alignments will be identified during the development review process for projects to be served by these streets.

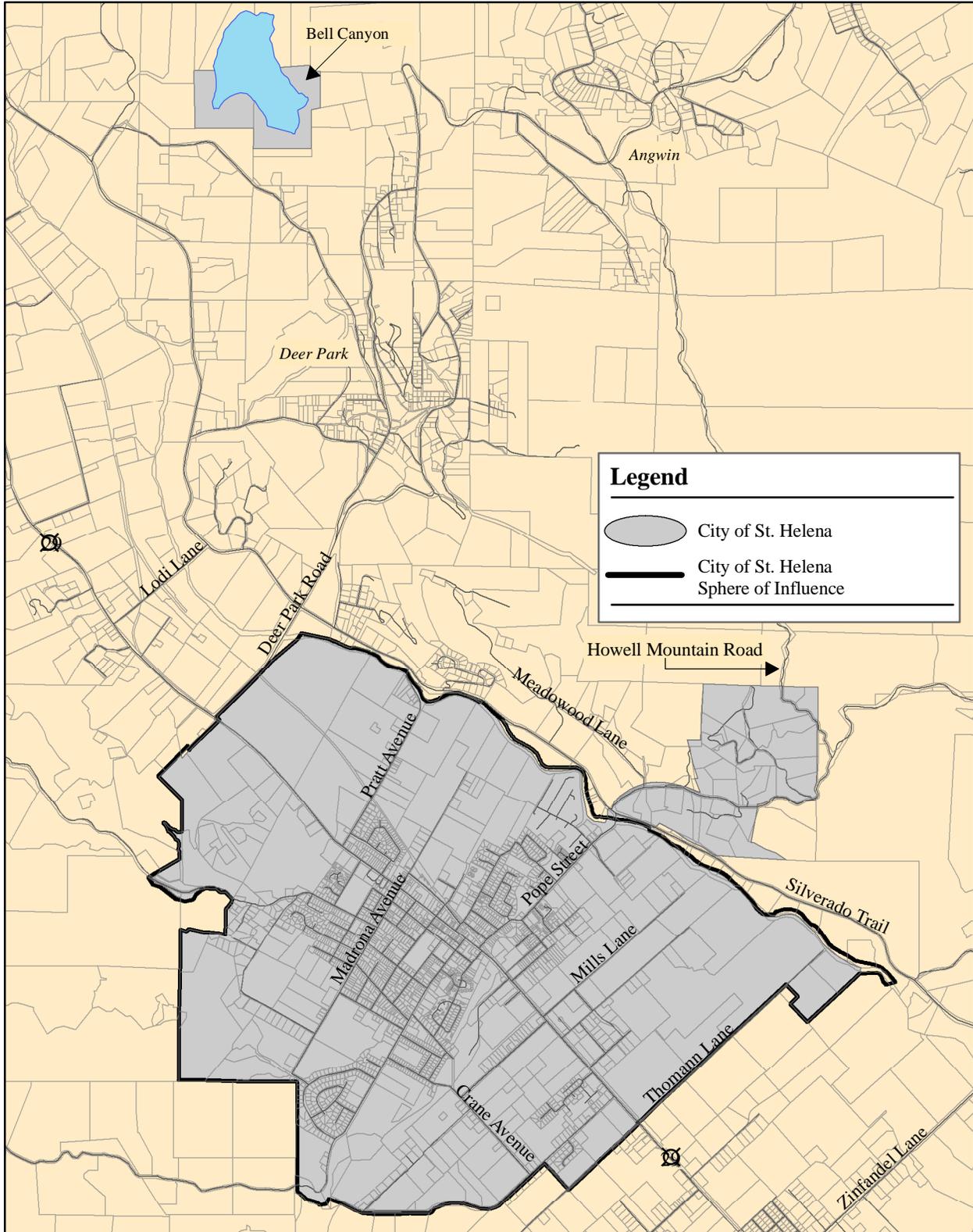


## St. Helena General Plan Update



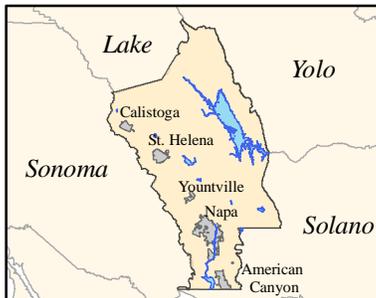
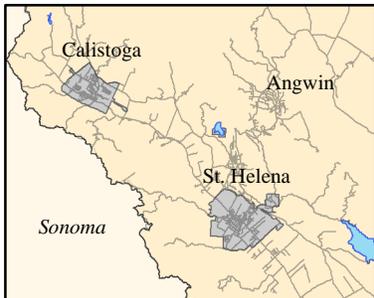
# City of St. Helena

Attachment B



**Legend**

-  City of St. Helena
-  City of St. Helena Sphere of Influence



*Not to Scale  
March 31, 2008  
Prepared by KS*

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



**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>

**April 7, 2008**  
**Agenda Item No. 8c**

March 28, 2008

**TO:** Local Agency Formation Commission

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: Legislative Report (Discussion)**

The Commission will receive a report on the legislative activities of the California Association of Local Agency Formation Commissions. The report summarizes the bills under consideration in the current legislative session relevant to the Commission. The report is being presented for discussion.

Staff 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 legislative recommendations to the CALAFCO Board of Directors. The CALAFCO Board recently met to review the work of the Legislative Committee and consider positions on bills that have either a direct impact on LAFCO law or the laws LAFCO helps to administer. A summary of the key bills CALAFCO is currently tracking as part of the current legislative session follows.

**Bills Sponsored or Supported by CALAFCO**

**Assembly Bill 1998 (Jim Silva)**

***Transferring Administration of LAFCO Disclosure Requirements to the FPPC***

Existing law requires all affected parties to disclose their political expenditures and contributions made in support of or in opposition to change of organization or reorganization proposals that may come before LAFCO. Political expenditures and contributions made during protest proceedings are also subject to disclosure requirements. These disclosure requirements were made mandatory beginning this year as a result of AB 745 (Silva). AB 1998 is co-sponsored by CALAFCO and would change the responsibility for administering the disclosure requirements from LAFCO to the Fair Political Practices Commission (FPPC). CALAFCO is seeking this change because the FPPC is more experienced and prepared in the filing and review of disclosure statements than LAFCO staff. The FPPC recently issued a letter opposing the bill unless amended to provide funding to assume the added work responsibility.

Jack Gingles, Commissioner  
Mayor, City of Calistoga

Juliana Inman, Commissioner  
Councilmember, City of Napa

Cindy Coffey, Alternate Commissioner  
Councilmember, City of American Canyon

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

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

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

Brian J. Kelly, Vice Chair  
Representative of the General Public

Gregory Rodeno, Alternate Commissioner  
Representative of the General Public

Keene Simonds  
Executive Officer

**Assembly Bill 2484 (Anna Caballero)**

***Expanding the Definition of Change of Organization to Include Special Districts Providing New Services and Divesting Service Powers***

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Existing law designates LAFCO as the sole authority in approving or disapproving change of organizations. Change of organizations are currently defined under law to include 1) city incorporations, 2) district formations, 3) annexations or detachments involving cities or districts, 4) city disincorporations, 5) district dissolutions, 6) consolidations involving cities or districts, and 7) merger or establishment of subsidiary districts. AB 2484 is co-sponsored by CALAFCO and would expand the definition for change of organizations to include proposals involving districts providing new or different functions or classes of services as well as divesting service powers. CALAFCO is seeking this change to clarify that proposals in which districts shall provide new services authorized under their principal acts represents substantive change of organizations, and divesting service powers warrants LAFCO review and approval. There is no formal opposition to this bill at this time.

**Assembly Bill 3047 (Anna Caballero)**

***Annual CALAFCO Omnibus Bill***

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Existing law establishes a LAFCO in every county in California with regulatory and planning responsibilities. AB 3047 is co-sponsored by CALAFCO and includes several non-substantive changes to LAFCO law aimed at clarifying and improving existing procedures and processes.

**Senate Bill 301 (Gloria Romero)**

***Extension of Vehicle License Fee Subventions for Incorporations to July 2014***

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Existing law establishes a formula to provide additional vehicle-license fee (VLF) subventions to cities upon their incorporation or annexation of inhabited areas through July 1, 2009. This additional funding is intended to backfill the loss in property tax revenues for cities as a result of Proposition 1A (2004). SB 301 is sponsored by the California League of Cities and would eliminate the sunset date for additional VLF subventions for inhabited annexations and extend the sunset date another five years for incorporations. CALAFCO recognizes the importance of VLF subventions in making incorporations and inhabited annexations financially feasible and supports the bill.

**Senate Bill 1458 (Senate Local Government Committee)**

***Comprehensive Rewrite of County Service Area Law***

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Existing law establishes procedures for the formation and operation of County Service Areas (CSA), which are governed by county board of supervisors and empowered to provide a range of municipal services. SB 1458 represents a comprehensive rewrite of CSA law to make it more consistent with the provisions of LAFCO law. CALAFCO participated in the working group convened last year that made recommendations to the Senate Local Government Committee on changes to CSA law and supports this bill.

## **Bills Under CALAFCO Review**

### **Assembly Bill 2278 (Greg Aghazarian)**

#### ***Authorizing Fire Protection Districts to Negotiate Property Tax Sharing Agreements***

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Existing law provides procedures for counties and cities to negotiate their respective share of property taxes at the time annexations to cities are proposed. The law specifies LAFCO cannot consider an annexation proposal until a property tax agreement has been reached. With respect to annexations involving special districts, the law currently states that the county shall determine the share of property taxes “in consultation” with the affected special district. AB 2278 would allow fire protection districts to negotiate their share of property taxes. The CALAFCO Legislative Committee generally recognizes that special districts should have a more direct role in negotiating their share of property taxes at the time of annexation. However, this bill only provides negotiation power for fire protection districts, which are not the only districts that provide fire protection services in California. The CALAFCO Legislative Committee is recommending a watch position.

### **Assembly Bill 2367 (Felipe Fuentes)**

#### ***Prohibiting Changes to Zoning Standards for Annexed Land from Two to Five Years***

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Existing law specifies that a city cannot change its general plan designation or zoning standard for annexed land that does not conform to the rezoning assignment present at the time of application to LAFCO for a period of two years unless the city makes specific findings at a public hearing. AB 2367 would extend the prohibition on the city changing its general plan designation or zoning standard for annexed land that does not conform to the rezoning assignment for a period of five years. The bill would also eliminate the ability of a city to make findings to override these restrictions. The CALAFCO Legislative Committee believes this is an important change to help protect against potentially bait-and-switch land use actions and is recommending a support position.

### **Senate Bill 375 (Darrell Steinberg)**

#### ***Establishing Sustainable Communities Strategies***

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Existing law authorizes the California Transportation Commission to prescribe study areas for analysis and evaluation in regional transportation plans (RTP) prepared by designated regional transportation agencies. SB 375 is co-sponsored by the League of Conservation Voters and would require RTPs to include a sustainable communities strategy (SCS) to guide smart growth practices in the region with the goal of reducing greenhouse gas emissions. Projects consistent with the regional SCS would be eligible for additional transportation funding and qualify for an abbreviated review under the California Environmental Quality Act. This bill has been amended to require regional transportation agencies consider spheres of influence in preparing their SCS. CALAFCO is concerned that this bill should it become law may create planning conflicts if and when differences emerge between SCS and local LAFCO policies and has adopted a watch position.

**Senate Bill 1191 (Elaine Alquist)**

***Authorizing Community Service Districts to Provide Broadband Services***

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Existing law establishes procedures for the formation and operation of Community Service Districts (CSD), which are generally governed by resident voters and empowered to provide a range of municipal services. SB 11911 would expand CSDs' service powers to include operating and providing broadband services. The intent of this bill is to facilitate the development of broadband services in unincorporated areas before transferring ownership to private entities. This proposed provision was originally included in the comprehensive rewrite of CSD law in 2005 but was removed due to strong objections by private broadband service providers. The CALAFCO Legislative Committee is recommending a watch position.

The next meeting of the CALAFCO Board is May 2, 2008 in Los Angeles. The next meeting of the CALAFCO Legislative Committee is May 21, 2008 in Ontario.

Attachment:

- 1) 2008 CALAFCO Adopted Legislative Policies and Priorities



# CALAFCO Legislative Policies

Adopted by the Board of Directors on 9 November 2007

## 1. LAFCo Purpose and Authority

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

## 2. LAFCo Organization

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

independent districts and oppose removal of special districts from any LAFCo.

- 2.4. Support communication and collaborative decision making among neighboring LAFCos when growth pressures and multicounty agencies extend beyond a LAFCo's boundaries.

## 3. Agricultural and Open Space Protection

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

## 4. Orderly Growth

- 4.1. Support the recognition and use of spheres of influence as the management tool to provide better planning of growth and development, and to preserve agricultural and open space.
- 4.2. Support adoption of LAFCo spheres by other agencies involved in determining long-term growth and infrastructure plans.
- 4.3. Support orderly boundaries of local agencies and the elimination of islands within the boundaries of agencies.
- 4.4. Support communication between cities, counties, and districts through a collaborative process that resolves service, housing, land use, and fiscal issues prior to application to LAFCo.

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

**5. Service and Local Agency Effectiveness**

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

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

**Agriculture and Open Space Protection** Preservation of prime agriculture, open space, and natural habitats that maintain the quality of life in California. Support that recognizes LAFCo ability to protect prime agricultural and open space lands, and that encourage other agencies to coordinate with local LAFCos on preservation and orderly growth.

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

**Issues of Interest**

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**Housing** Provision of territory and services to support affordable housing, and the consistency of regional land use plans with local LAFCo policies.

**Transportation** Infrastructure impact of transportation systems on future growth and services needs, and ability of local agencies to provide future services.

**Flood Control** The ability and effectiveness of local agencies to maintain and improve levees, and the public safety of uninhabited flood risk territory proposed for annexation to urban areas. Support legislation that includes assessment of agency viability in decisions involving new funds for levee repair.

**2008 Legislative Priorities**

**Primary Issues**

---

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



**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>

**April 7, 2008**  
**Agenda Item No. 8d**

March 28, 2008

**TO:** Local Agency Formation Commission

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: Financial Audit for Fiscal Year Ending June 30, 2007 (Discussion)**

The Commission will receive a final audit report from Bartig, Basler & Ray for the fiscal year ending June 30, 2007. The report is being presented to the Commission to review and file.

---

In August 2007, the Commission executed an agreement with Bartig, Basler & Ray (BBR) to conduct an independent audit of the agency's financial statements for the fiscal year ending June 30, 2007. BBR has completed its audit and has found no material weakness or instances of non-compliance with governmental accounting principles. A copy of BBR's final report is attached for review and file.

Attachment: as stated

---

Jack Gingles, Commissioner  
Mayor, City of Calistoga

Juliana Inman, Commissioner  
Councilmember, City of Napa

Cindy Coffey, Alternate Commissioner  
Councilmember, City of American Canyon

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

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

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

Brian J. Kelly, Vice Chair  
Representative of the General Public

Gregory Rodeno, Alternate Commissioner  
Representative of the General Public

Keene Simonds  
*Executive Officer*

**LOCAL AGENCY FORMATION  
COMMISSION OF NAPA COUNTY**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2007**

**LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY**

Audit Report  
For the Year Ended June 30, 2007

TABLE OF CONTENTS

	<u>Page</u>
Commission Membership .....	i
 <b><u>FINANCIAL SECTION</u></b>	
Independent Auditor’s Report.....	1-2
Management’s Discussion and Analysis .....	3-7
Statement of Net Assets and Governmental Fund Balance Sheet .....	8
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance.....	9
Notes to Financial Statements.....	10-17
 <b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.....	18
Notes to the Required Supplementary Information .....	19
 <b><u>OTHER REPORT</u></b>	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	20-21

**LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY**

Commission Membership

For the Year Ended June 30, 2007

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Jack Gingles	Chair City Selection Committee	May 2009
Brad Wagenknecht	Vice-Chair County of Napa Board of Supervisors	May 2008
Bill Dodd	Member County of Napa Board of Supervisors	May 2010
Juliana Inman	Member City Selection Committee	May 2011
Brian J. Kelly	Member Public Member	May 2010
Gregory Rodeno	Alternate Member Public Member	May 2008
Mark Luce	Alternate Member County of Napa Board of Supervisors	May 2009
Cindy Coffey	Alternate Member City Selection Committee	May 2009

## **FINANCIAL SECTION**



**BARTIG, BASLER & RAY, LLP**  
A GALLINA LLP COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

## **INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Local Agency Formation Commission of Napa County  
Napa, California

We have audited the accompanying basic financial statements of the Local Agency Formation Commission of Napa County as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the Local Agency Formation Commission of Napa County management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Local Agency Formation Commission of Napa County as of June 30, 2007, and the respective changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Board of Commissioners  
Local Agency Formation Commission of Napa County  
Napa, California

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2008, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

BARTIG, BASLER & RAY, LLP  
A GALLINA LLP Company

A handwritten signature in black ink that reads "Bartig Basler & Ray, LLP". The signature is written in a cursive, flowing style.

February 13, 2008  
Roseville, California

# LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2007

The Local Agency Formation Commission (Commission) of Napa County is a state mandated local agency that administers California Government Code Sections 56000 et. seq., known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The Commission is responsible for encouraging the logical formation and development of local agencies in a manner that preserves agricultural and open-space lands, promotes the orderly extension of municipal services, and discourages urban sprawl. Key duties include regulating boundary changes through annexations or detachments, approving or disapproving city incorporations; and forming, consolidating, or dissolving special districts. The Commission is also responsible for preparing studies that address a range of governance and service issues for each city and special district within its jurisdiction. As of June 30, 2007, there are currently 23 cities and special districts in Napa County.

The Commission was first established in 1963 as an office within the County of Napa. From 1963 to 2000, 100% of the Commission's budget was funded by the County. On July 1, 2001, in response to changes in state law, the Commission became independent of the County. The Commission adopts an annual budget. Pursuant to Government Code Section 56381, responsibility for funding this budget is divided between six agencies. The County of Napa is responsible for 50% of the budget. The five cities in Napa County are responsible for the remaining 50%; each city pays a share that is determined by a jointly adopted formula.

This narrative overview and analysis of the financial activities for the fiscal year ending June 30, 2007, is offered by the Commission's manager, the Executive Officer, to provide greater context to the audit performed by the Commission's independent auditor, Bartig, Basler, & Ray, LLP. Please read it in conjunction with the Commission's Financial Statements, which follow this section.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The following Statement of Net Assets and Governmental Fund Balance Sheet, and the Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance provide information about the activities of the Commission. The financial statements also include various footnote disclosures, which further describe the Commission's activities.

### **Government-Wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private sector business.

The *statement of net assets and governmental fund balance sheet* presents information on all of the Commission's assets and liabilities, with the difference between the two reported as *net assets*.

## LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2007

The *statement of activities and governmental fund revenues, expenditures and changes in fund balances* presents information showing how the Commission's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

#### **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate the comparison between governmental funds and government wide statements.

The Commission adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the fund to demonstrate compliance with the budget.

#### **Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

#### **Required Supplementary Information (RSI)**

RSI is presented concerning the Commission's General Fund budgetary schedule. The Commission adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

#### **Government-wide Financial Analysis**

The Commission has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), Basic Financial Statements – and Management's Discussion and Analysis (MD&A) – for State and Local Governments.

**LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007

**Local Agency Formation Commission  
Net Assets**

	<u>2007</u>	<u>2006</u>	<u>Variance</u>
<b>Assets:</b>			
Current Assets	\$ 224,651	\$ 187,359	\$ 37,292
Total Assets	<u>224,651</u>	<u>187,359</u>	<u>37,292</u>
 <b>Liabilities:</b>			
Current Liabilities	8,311	7,597	714
Noncurrent Liabilities	11,722	8,840	2,882
Total Liabilities	<u>20,033</u>	<u>16,437</u>	<u>3,596</u>
 <b>Net Assets:</b>			
Unrestricted	204,618	170,922	33,696
Total net assets	<u>\$ 204,618</u>	<u>\$ 170,922</u>	<u>\$ 33,696</u>

The law requires the County and the five cities of Napa County to fund the Commission's budget each year. It is the desire of the Commission to minimize this fiscal impact on local agencies as much as possible. At the close of each fiscal year, the Commission determines the amount of its net assets. This portion of total net assets is then returned to the six funding agencies in the form of credits against the subsequent fiscal year's mandatory contribution. The amount returned to each agency is in proportion to the amount each agency contributed to the budget. For the fiscal year ending June 30, 2007, the Commission determined that a total of \$183,338 should be returned to the funding agencies in the form of credits. This amount, which surpasses the prior year's credit of \$145,317, is attributed to the reduction in actual salary expenditures due to the extended vacancy of one of the Commission's two budgeted full time positions.

**Governmental Activities**

The government-wide financial statement presented on the following page represents an analysis of the Commission's governmental activities. It should be noted that *Intergovernmental Revenues* represent the amount each agency was required to contribute to the Commission's budget. The sum of these contributions and the fund balance at the beginning of the fiscal year must sum to the adopted budget.

## LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2007

#### Local Agency Formation Commission Changes in Net Assets June 30, 2007

	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>Variance</u>	<u>Percentage</u>
<b>Revenues:</b>				
Program Revenues				
Intergovernmental	\$ 311,439	\$ 348,228	\$ (36,789)	-10.56%
Planning fees	5,600	3,750	1,850	49.33%
Total program revenues	<u>317,039</u>	<u>351,978</u>	<u>(34,939)</u>	<u>-9.93%</u>
General revenues				
Interest	11,984	7,477	4,507	60.28%
Miscellaneous	191	4,074	(3,883)	-95.31%
Total revenues	<u>12,175</u>	<u>11,551</u>	<u>624</u>	<u>5.40%</u>
<b>Expenses:</b>				
Services and supplies	<u>295,518</u>	<u>293,049</u>	<u>2,469</u>	<u>0.84%</u>
Total expenditures/expenses	<u>295,518</u>	<u>293,049</u>	<u>2,469</u>	<u>0.84%</u>
Change in net assets	33,696	70,480	(36,784)	52.19%
Net assets - beginning	<u>170,922</u>	<u>100,442</u>	<u>70,480</u>	<u>70.17%</u>
Net assets - ending	<u>\$ 204,618</u>	<u>\$ 170,922</u>	<u>\$ 33,696</u>	<u>19.71%</u>

#### **Financial Analysis of the Commission's Governmental Fund**

As noted earlier, fund accounting is used by the Commission to ensure and demonstrate compliance with finance-related legal requirements.

For the fiscal year ending June 30, 2007, the Commission reported an ending fund balance of \$216,340 for an increase of \$36,578 (or 20.4%) from the prior year. The increase in fund balance is primarily attributed to the reduction in actual salary expenditures due to the extended vacancy of one of the Commission's two budgeted full time positions.

#### **Fund Budgetary Highlight**

The Commission practices bottom-line accounting, giving management the discretion to use excess funds in one account to offset deficits in other accounts. This allows management to minimize the fiscal impact of unanticipated increases in salaries and benefits by controlling spending in other accounts.

# LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007

## **Capital Assets and Debt Administration**

### **Capital Assets**

No capital investments or divestments occurred during the fiscal year 2006-2007.

### **Debt Administration**

With the close of the fiscal year on June 30, 2007, the Commission did not have any long-term obligations outstanding.

## **Economic Factors and Next Year's Budget**

The Commission is committed to fulfilling its state-mandated mission with as little fiscal impact on local agencies as possible. In preparing the budget for fiscal year 2007-2008, the Commission used a spending baseline to estimate how much it would cost to continue the level of its activities and services at next year's price for labor and supplies. The Commission's adopted fiscal year 2007-2008 Budget is \$466,671, an overall percentage increase of 2.2. The primary factor for the increase is attributed to LAFCO's group insurance, which represents employee healthcare costs, LAFCO's group insurance for 2007-2008 is budgeted to rise by approximately 20 percent, or \$7,138.

## **Requests for Information**

This financial report is designed to provide a general overview of the Commission's finances for all those interested. Through a memorandum of understanding, the County of Napa provides certain management and administrative functions, including financial management and accounting. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Local Agency Formation Commission of Napa County  
1700 Second Street, Suite 268  
Napa, California, 94559

**LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY**

Statement of Net Assets and  
Governmental Fund Balance Sheet  
June 30, 2007

<u>ASSETS</u>	<u>General Fund</u>	<u>Adjustments (See Notes)</u>	<u>Statement of Net Assets</u>
Cash in County Treasury	\$ 224,551	\$ --	\$ 224,551
Imprest cash	<u>100</u>	<u>--</u>	<u>100</u>
Total Assets	<u><u>\$ 224,651</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 224,651</u></u>
 <u>LIABILITIES</u>			
Accounts payable	\$ 612	\$ --	\$ 612
Accrued salaries payable	7,699	--	7,699
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences	--	3,100	3,100
Portion due or payable after one year:			
Compensated absences	<u>--</u>	<u>8,622</u>	<u>8,622</u>
Total Liabilities	<u>8,311</u>	<u>11,722</u>	<u>20,033</u>
 <u>FUND BALANCES/NET ASSETS</u>			
Fund Balances:			
Reserved for imprest cash	100	(100)	--
Unreserved:			
Designated	86,978	(86,978)	--
Undesignated	<u>129,262</u>	<u>(129,262)</u>	<u>--</u>
Total Fund Balances	<u>216,340</u>	<u>(216,340)</u>	<u>--</u>
Total Liabilities and Fund Balances	<u><u>\$ 224,651</u></u>		
Net Assets:			
Unrestricted		<u>204,618</u>	<u>204,618</u>
Total Net Assets		<u>204,618</u>	<u>204,618</u>
Total Liabilities and Net Assets		<u><u>\$ --</u></u>	<u><u>\$ 224,651</u></u>

The accompanying notes are an integral part of these financial statements.

**LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY**

Statement of Activities and  
Governmental Fund Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2007

	General Fund	Adjustments (See Notes)	Statement of Activities
<b><u>EXPENDITURES/EXPENSES</u></b>			
Salaries and benefits	\$ 197,445	\$ 2,882	\$ 200,327
Services and supplies	95,191	--	95,191
Total Expenditures/Expenses	292,636	2,882	295,518
<b><u>PROGRAM REVENUES</u></b>			
Intergovernmental revenues:			
County of Napa	155,720	--	155,720
City of Napa	106,679	--	106,679
St. Helena	12,095	--	12,095
American Canyon	20,542	--	20,542
Calistoga	9,243	--	9,243
Yountville	7,160	--	7,160
Planning fees	5,600	--	5,600
Total Program Revenues	317,039	--	317,039
Net Program Revenue			21,521
<b><u>GENERAL REVENUES</u></b>			
Interest income	11,984	--	11,984
Miscellaneous	191	--	191
Total General Revenues	12,175	--	12,175
Excess (Deficiency) of Revenues Over (Under) Expenditures	36,578	(36,578)	--
Change in Net Assets	--	33,696	33,696
Fund Balance/Net Assets - Beginning of Year	179,762	--	170,922
Fund Balance/Net Assets - End of Year	\$ 216,340	\$ --	\$ 204,618

The accompanying notes are an integral part of these financial statements.

# LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

Notes to Financial Statements  
June 30, 2007

Note 1: **Summary of Significant Accounting Policies**

**A. Reporting Entity**

The Local Agency Formation Commission of Napa County (Commission) was created in 1963 by the California Legislature to encourage the orderly formation and development of local agencies, promote the efficient extension of municipal services, and protect against the premature conversion of agricultural and open-space lands. In 2001, following the enactment of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, the Commission became an independent agency separate from the County of Napa. As of June 30, 2007, there are currently 23 cities and special districts under the jurisdiction of the Commission in Napa County.

The Commission is comprised of five regular and three alternate members. Each member is appointed pursuant to California Government Code Section 56000 et. Seq. and represents one of the following three interests:

- **County Members:** Two regular and one alternate member represent the County of Napa. These members are Board of Supervisors. Appointments are made by the Board of Supervisors.
- **City Members:** Two regular and one alternate member represent the five cities in Napa County. The members are mayors or council members. Appointments are made by the City Selection Committee.
- **Public Members:** One regular and one alternate member represent the general public. Appointments are made by the county and city members on the Commission.

The Commission includes all activities (operations of its administrative staff and commission officers) considered to be a part of the Commission. The Commission reviewed the criteria developed by the Governmental Accounting Standards Board (GASB) in its issuance of Statement No. 14, relating to the financial reporting entity to determine whether the Commission is financially accountable for other entities. The Commission has determined that no other outside entity meets the above criteria, and therefore, no agency has been included as a component unit in the financial statements. In addition, the Commission is not aware of any entity that would be financially accountable for the Commission that would result in the Commission being considered a component unit of that entity.

# LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

Notes to Financial Statements  
June 30, 2007

Note 1: **Summary of Significant Accounting Policies** (continued)

## **B. Basis of Presentation and Accounting**

In this report, the government-wide statements and the fund statements for the Commission are presented on the same page with the adjustments column showing the differences.

### *Government-Wide Statements*

The statement of net assets and statement of activities display information about the primary government (Commission). These statements include the financial activities of the overall Commission.

The statement of activities presents a comparison between direct expenses and program revenues for the Commission's governmental activity. Direct expenses are those that are specifically associated with the Commission. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of the Commission. Revenues that are not classified as program revenues, including all taxes and investment income, are presented as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the related cash flows take place. Nonexchange transactions in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include sales taxes and grants. Revenues from sales tax are recognized when the underlining transactions take place. Revenues from grants are recognized in the fiscal year in which all eligible requirements have been satisfied.

When both restricted and unrestricted net assets are available, restricted resources are used for non-restricted purposes only after the unrestricted resources are depleted.

**LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY**

Notes to Financial Statements  
June 30, 2007

Note 1: **Summary of Significant Accounting Policies** (continued)

**D. Compensated Absences**

Earned vacation may be accumulated up to a maximum of 536 hours by management personnel. Supervisory employees may accumulate up to 416 hours vacation. The following chart is to be used for unused vacation benefits accrual by all other personnel.

<u>Year of Continuous Commission Service</u>	<u>Maximum Accrual of Unused Vacation Benefits</u>
Years 1 through 3	240 maximum hours
Years 4 through 10	300 maximum hours
Years 11 or more	400 maximum hours

The Commission accounts for compensated absences in accordance with Governmental Accounting Standards Board Statement No. 16 *Accounting for Compensated Absences*. The earned vacation is payable upon termination and is reported at the current balance of the liability. There is no payout of sick leave upon termination from the Commission.

**E. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2: **Cash**

Cash at June 30, 2007 consisted of the following:

Cash in County Treasury	<u>\$ 224,651</u>
-------------------------	-------------------

The Commission maintains all of its cash and investments with the Napa County Treasurer in an investment pool. On a quarterly basis the Treasurer allocates interest to participants based upon their average daily balances. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The County of Napa's financial statements may be obtained by contacting the County of Napa's Auditor-Controller's office at 1195 Third Street, Room B-10, Napa, California 94559. The Napa County Treasury Oversight Committee oversees the Treasurer's investments and policies.

# LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

Notes to Financial Statements  
June 30, 2007

Note 1: **Summary of Significant Accounting Policies** (continued)

**B. Basis of Presentation and Accounting** (continued)

*Fund Financial Statements*

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available (“susceptible to accrual”). Taxes, interest, certain state and federal grants, and charges for services revenues are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be measurable and available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

The General Fund is the Commission’s primary operating fund. It accounts for all financial resources of the general government.

**C. Capital Assets**

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed fixed assets are valued at their estimated fair market value on the data contributed. The Commission defines capital assets as assets with an initial, individual cost of more than \$5,000 for equipment and building and improvements and an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (assets under capital leases) under the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements. Depreciation begins on the first day of the fiscal year following the period the asset is placed in service and ends in the fiscal year that it is retired from service or is fully depreciated.

The estimated useful lives are as follows:

Equipment	5 years
Buildings and improvements	25 to 50 years

# LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

Notes to Financial Statements  
June 30, 2007

Note 4: **Reconciliation of Fund and Government-Wide Financial Statements** (continued)

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities on page 9 of this report.**

Amounts reported for governmental activities in the statement of activities are different because:

Changes in compensated absences payable reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

\$ 2,882

Note 5: **Net Assets/Fund Balance**

### **Net Assets**

The government-wide fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- *Invested in Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Unrestricted Net Assets* – This category represents net assets of the Commission, not restricted for any project or other purpose.

### **Fund Balances**

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions. The Commission's management will sometimes designate portions of unreserved (available) fund balance based on tentative future spending plans.

**LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY**

Notes to Financial Statements  
June 30, 2007

Note 2: **Cash** (continued)

Required disclosures for the Commission's deposit and investment risks at June 30, 2007, were as follows:

Credit risk	Not rated
Custodial risk	Not applicable
Concentration of credit risk	Not applicable
Interest rate risk	Not available

Investments held in the County's investment pool are available on demand and are stated at cost plus accrued interest, which approximates fair value.

Note 3: **Long-Term Liabilities**

The following is a summary of long-term liability activity of the Commission for the year ended June 30, 2007:

	<u>July 1, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2007</u>	<u>Amount Due Within One Year</u>
Compensated absences	\$ <u>8,840</u>	\$ <u>5,982</u>	\$ <u>(3,100)</u>	\$ <u>11,722</u>	\$ <u>3,100</u>

Note 4: **Reconciliation of Fund and Government-Wide Financial Statements**

A. **Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets on page 8 of this report.**

Amount reported for governmental activities in the statement of net assets are different because:

Compensated absences payable are not due and payable in the current period and, therefore, are not reported in the governmental funds \$ 11,722

**LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY**

Notes to Financial Statements  
June 30, 2007

Note 5: **Net Assets/Fund Balance** (continued)

**Fund Balances** (continued)

As of June 30, 2007, the Commission has “reserved” fund balances as follows:

- *Reserve for Encumbrances* was created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts signed by the Commission but not yet completed as of the close of the year.
- *Reserve for Imprest Cash* was created to represent the portion of the fund balance that is not available for expenditure because the Commission maintains various levels of revolving funds for daily operations.

*Designations of Unreserved Fund Balance* is created to indicate tentative plans for financial resource utilization in a future period, such as for general contingencies or debt service. Such plans or intent are subject to change and have not been legally authorized and do not represent commitments of the Commission.

The Commission has designated fund balance as follows:

Professional services	\$ 50,000
Operating reserve	<u>36,978</u>
Total	<u>\$ 86,978</u>

Note 6: **Related Party Transactions**

During the fiscal year ended June 30, 2007, the Commission paid the County of Napa, a related party, \$43,800 for legal, personnel, and other support services.

In addition, the Commission received \$155,720 during the fiscal year ended June 30, 2007 from the County of Napa, a related party, pursuant to Government Code Section 56381. The County provides half of the intergovernmental revenue to the Commission. The other half is funded by City of Napa, City of St. Helena, City of American Canyon, City of Calistoga and Town of Yountville.

Due to the fluctuations of revenue from applicant’s proposals, the Commission’s practice is to return excess revenues to the County and Cities in the form of a credit towards the subsequent fiscal year Local Agency Formation Commission funding allocation.

**LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY**

Notes to Financial Statements  
June 30, 2007

Note 7: **Operating Lease**

The Commission is committed under various noncancelable operating leases for buildings and photocopy machines. The minimum future lease commitments on these leases are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2008	\$ 30,739
2009	30,739
2010	<u>934</u>
Total	<u>\$ 62,412</u>

Rent expenditures were \$27,000 for the year ended June 30, 2007.

Note 8: **Risk Management**

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission participates in the County of Napa's risk pool. Information about coverage can be found in the County's basic financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY**

Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual - General Fund  
For the Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>REVENUES</u>				
Intergovernmental revenues	\$ 348,228	\$ 348,228	\$ 311,439	\$ (36,789)
Interest income	5,000	5,000	11,984	6,984
Planning fees	--	--	5,600	5,600
Miscellaneous	--	--	191	191
	<u>353,228</u>	<u>353,228</u>	<u>329,214</u>	<u>(24,014)</u>
<u>EXPENDITURES</u>				
Salaries and benefits	268,688	268,688	197,445	71,243
Services and supplies	101,091	101,091	95,191	5,900
	<u>369,779</u>	<u>369,779</u>	<u>292,636</u>	<u>77,143</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (16,551)</u>	<u>\$ (16,551)</u>	36,578	<u>\$ 53,129</u>
Fund Balance - Beginning of Year			<u>179,762</u>	
Fund Balance - End of Year			<u>\$ 216,340</u>	

The accompanying notes are an integral part of these financial statements.

## **LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY**

Notes to the Required Supplementary Information  
For the Year Ended June 30, 2007

### **BUDGET AND BUDGETARY REPORTING**

The Commission prepares and legally adopts a final budget on or before June 15<sup>th</sup> of each fiscal year.

After the budget is approved, the appropriations can be added to, subtracted from or changed only by Commission resolution. All such changes must be within the revenues and reserves estimated as available in the final budget or within revised revenue estimates as approved by the Commission.

An operating budget is adopted each fiscal year on the modified accrual basis. Additionally, encumbrance accounting is utilized to assure effective budgetary control. Encumbrances outstanding at year end represent the estimated amount of the expenditures ultimately to result if the unperformed contracts in process at year end are completed or purchase commitments satisfied. Such year end encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year and included in the subsequent year's budget. Unencumbered appropriations lapse at year end. Budgets are prepared using generally accepted accounting principles.

The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is at the object level. Object levels of expenditures are as follows: salaries and benefits, services and supplies, and other charges.

## **OTHER REPORT**



**BARTIG, BASLER & RAY, LLP**  
A GALLINA LLP COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners  
Local Agency Formation Commission of Napa County  
Napa, California

We have audited the financial statements of the Local Agency Formation Commission of Napa County as of and for the year ended June 30, 2007, and have issued our report thereon dated February 13, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Local Agency Formation Commission of Napa County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Local Agency Formation Commission of Napa County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Board of Commissioners  
Local Agency Formation Commission of Napa County  
Napa, California

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Local Agency Formation Commission of Napa County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Local Agency Formation Commission, management and the six agencies that fund LAFCO and is not intended to be and should not be used by anyone other than these specified parties.

BARTIG, BASLER & RAY, LLP  
A GALLINA LLP Company



February 13, 2008  
Roseville, California



**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>

**April 7, 2008**  
**Agenda Item No. 10a**

April 1, 2008

**TO:** Local Agency Formation Commission

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: Staff Work Plan (Information)**

The Commission will receive a staff work plan for the current calendar year. The work plan is being presented for information.

At the February 4, 2008 meeting, the Commission adopted a final study schedule calendaring its second round of municipal service reviews and sphere of influence reviews for the 2008-2012 period (attached). Drawing from the adopted study schedule, staff has prepared the following work plan for the remainder of the 2008 calendar year. The work plan addresses both scheduled reviews and other warranted administrative activities identified by the Executive Officer. Other anticipated staff activities in 2008, such as processing change of organization proposals, are reoccurring tasks and are not listed in the work plan.

**2008 Staff Work Plan**

<b>Activity</b>	<b>Start Date</b>
Evaluate and Recommend Staffing Options	Active
Comprehensive Policy Review	Active
City of Calistoga MSR and SOI	Active
City of St. Helena MSR and SOI	Active
Public Cemeteries MSR and SOI	Active
Evaluate and Recommend Office Improvement Options	May 2008
Evaluate and Recommend Outside Counsel Options	May 2008
City of American Canyon MSR and SOI	July 2008
American Canyon Fire Protection District MSR and SOI	July 2008
County Service Area No. 3 MSR and SOI	July 2008
Comprehensive Study of the Lake Berryessa Region	September 2008

MSR: Municipal Service Review  
SOI: Sphere of Influence Review

Attachment: as stated

Jack Gingles, Commissioner  
Mayor, City of Calistoga

Juliana Inman, Commissioner  
Councilmember, City of Napa

Cindy Coffey, Alternate Commissioner  
Councilmember, City of American Canyon

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

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

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

Brian J. Kelly, Vice Chair  
Representative of the General Public

Gregory Rodeno, Alternate Commissioner  
Representative of the General Public

Keene Simonds  
Executive Officer



**LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY  
FINAL STUDY SCHEDULE (2008-2012)**

**Municipal Service Reviews (Government Code §56430)  
Sphere of Influence Reviews (Government Code §56425)**

Adoption Date: February 4, 2008

**Calendar Year 2008**

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City of American Canyon

Municipal Service Review and Sphere of Influence Review

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American Canyon Fire Protection District

Municipal Service Review and Sphere of Influence Review

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County Service Area No. 3

Municipal Service Review and Sphere of Influence Review

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Comprehensive Study of the Lake Berryessa Region

Governance Study, Municipal Service Review, and Sphere of Influence Review

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**Calendar Year 2009**

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County Service Area No. 4

Municipal Service Review and Sphere of Influence Review

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Napa County Regional Park & Open Space District

Municipal Service Review and Sphere of Influence Establishment

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Napa County Mosquito Abatement District

Municipal Service Review and Sphere of Influence Review

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Law Enforcement Services

Municipal Service Review

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**Calendar Year 2010**

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City of Napa

Municipal Service Review and Sphere of Influence Review

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Napa Sanitation District

Municipal Service Review and Sphere of Influence Review

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Napa River Reclamation District No. 2109

Municipal Service Review and Sphere of Influence Review

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Silverado Community Services District

Municipal Service Review and Sphere of Influence Review

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Transportation Services (Public Transit and Roads)

Municipal Service Review

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**Calendar Year 2011**

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Town of Yountville

Municipal Service Review and Sphere of Influence Review

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Circle Oaks County Water District

Municipal Service Review and Sphere of Influence Review

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Congress Valley Water District

Municipal Service Review and Sphere of Influence Review

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Napa County Flood Control and Water Conservation District

Municipal Service Review and Sphere of Influence Review

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Napa County Resource Conservation District

Municipal Service Review and Sphere of Influence Review

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**Calendar Year 2012**

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City of Calistoga

Municipal Service Review and Sphere of Influence Review

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City of St. Helena

Municipal Service Review and Sphere of Influence Review

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Los Carneros Water District

Municipal Service Review and Sphere of Influence Review

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Monticello Public Cemetery District

Municipal Service Review and Sphere of Influence Review

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Pope Valley Cemetery District

Municipal Service Review and Sphere of Influence Review

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

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**April 7, 2008**  
**Agenda Item No. 10b**

April 1, 2008

**TO:** Local Agency Formation Commission

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: Current and Future Proposals (Information)**

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

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**Current Proposals**

Staff is currently processing two proposals for future consideration by the Commission. A summary of these two proposals follows.

**Borrette Lane No. 8 District Annexation to the Napa Sanitation District**

This application has been submitted by Karen and Kirk Reid. The applicants propose the annexation of an approximate 6.04-acre incorporated parcel located at 1020 Borrette Lane in the City of Napa to the Napa Sanitation District. The parcel currently includes a single-family residence, vineyard, and small winery facility. The purpose of the proposal is to facilitate the division of half the parcel into four new residential lots. The remaining portion of the parcel will include the existing single-family residence, vineyard (reduced in size), and the winery.

The application represents a redo of the "Borrette Lane No. 7 District Annexation to the Napa Sanitation District" proposal, which was conditionally approved by the Commission on April 2, 2007. One of the conditions included satisfying the terms adopted by the District within one year of Commission approval. Last month, the District amended its own terms to now allow wastewater generated at the winery to continue to be treated through an on-site septic system. Due to scheduling constraints, the Commission was unable to consider amending its own resolution of approval to incorporate the District's amended terms or to consider a time extension before the one-year deadline. Due to these circumstances, the earlier proposal has been abandoned and replaced by the current application.

**Status:** Staff anticipates presenting the application for Commission consideration as part of the May 5, 2008 meeting.

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Jack Gingles, Commissioner  
Mayor, City of Calistoga

Juliana Inman, Commissioner  
Councilmember, City of Napa

Cindy Coffey, Alternate Commissioner  
Councilmember, City of American Canyon

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

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

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

Brian J. Kelly, Vice Chair  
Representative of the General Public

Gregory Rodeno, Alternate Commissioner  
Representative of the General Public

Keene Simonds  
Executive Officer

### **Wilkins Avenue Reorganization**

This application has been submitted by the City of Napa. The applicant proposes the annexation of an approximate 0.77-acre unincorporated parcel located at 2138 Wilkins Avenue near the Napa State Hospital. Staff has reorganized the application to account for automatic detachment proceedings involving County Service Area (CSA) No. 4. The affected parcel includes an existing single-family residence. The purpose of the annexation is to facilitate the future division and development of the subject territory under the land use authority of the City.

Status: Staff is awaiting the submittal of an application fee from the City.

### **Future Proposals**

Staff is aware of four specific proposals that will eventually be submitted to LAFCO. A summary of these proposals follows.

#### **Trancas Crossing Park (City of Napa)**

The City of Napa has initiated a planning process to develop a 33-acre undeveloped parcel north of the intersection of Trancas Street and Old Soscol Avenue for a public park. Current planning activities completed to date include the preparation of an initial study and adopted mitigated negative declaration. As part of the proposed project, LAFCO approval is required to concurrently annex and add the subject territory to the City's sphere of influence. Detachment proceedings will be required for CSA No. 4.

Status: The City Council approved a resolution of application proposing the annexation of the affected parcel on March 18, 2008. LAFCO is currently awaiting the submittal of an application from the City.

#### **American Canyon High School and American Canyon Middle School (City of American Canyon and American Canyon Fire Protection District)**

The Napa Valley Unified School District (NVUSD) has initiated a multi-phased planning process to construct a 2,200-student high school and 530-student middle school to serve the City of American Canyon. The project site is located at the northeast intersection of American Canyon Road and Newell Drive. NVUSD recently approved a final environmental impact report for the project. It is anticipated that the construction on the high school and middle school sites will begin in 2008 and 2010, respectively. As part of the proposed project, LAFCO approval is required to annex the proposed high school site (45 acres) to American Canyon and the American Canyon Fire Protection District. LAFCO approval is also required to concurrently annex and add the proposed middle school site (17 acres) to both the City and District's sphere of influence. Detachment proceedings will be required for CSA No. 4.

Status: It appears that this project will be brought to the Commission in phases. The first phase appears to involve NVUSD proposing annexation of the high school site to the District in the next few months. Additional phases of this project will likely be brought to the Commission over the next year.

**Oat Hill Planned Development**

**(City of American Canyon and American Canyon Fire Protection District)**

The City of American Canyon has initiated a planning process to develop approximately 364 acres of land comprising 72 parcels located north of Eucalyptus Drive west of its intersection with Highway 29. The proposed project includes the development of 1,300 to 1,600 new residential units along with a mixture of commercial and public uses. Current planning activities completed to date include the preparation of an initial study and notice to prepare a draft environmental impact report. As part of the proposed project, LAFCO approval is required to annex one of the affected parcels totaling 107 acres into American Canyon and the American Canyon Fire Protection District. Detachment proceedings will be required for CSA. No. 4.

Status: The project has been placed on administrative hold since August 2006.

**American Canyon Town Center**

**(City of American Canyon and American Canyon Fire Protection District)**

The City of American Canyon has initiated a planning process to develop approximately 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, LAFCO approval is required to annex two of the three affected parcels totaling 70 acres into American Canyon. LAFCO approval is also required to annex one of the three affected parcels totaling 37 acres to the American Canyon Fire Protection District. Detachment proceedings will be required for CSA. No. 4.

Status: The project has been placed on administrative hold since July 2007.

Attachment: none